Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

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

Stock Code: 6690

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	Change
	RMB'M	*RMB'M*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**152,109**	156,469	(2.8)
Gross profit	**40,714**	41,240	(1.3)
Adjusted operating profit#	**12,752**	13,200	(3.4)
Profit for the period	**10,876**	12,485	(12.9)
Attributable to:			
Owners of the Company	**10,316**	12,033	(14.3)
Non-controlling interests	**560**	452	23.9
	10,876	12,485	
Earnings per share attributable to ordinary equity holders of the Company			
Basic	**RMB1.12**	RMB1.30	(13.8)
Diluted	**RMB1.12**	RMB1.29	(13.2)
Proposed dividend per 10 shares	—	RMB2.69	

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

* *For identification purpose only*

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haier Smart Home Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 together with comparative figures for the corresponding period in 2025. These interim condensed consolidated financial statements have been reviewed by the auditor of the Company, HLB Hodgson Impey Cheng Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" as issued by the Hong Kong Institute of Certified Public Accountants, and by the audit committee of the Company.

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

		For the six months ended 30 June	
		2026	2025
	Notes	***RMB'M***	*RMB'M*
		(Unaudited)	(Unaudited)
REVENUE	4	**152,109**	156,469
Cost of sales		**(111,395)**	(115,229)
Gross profit		**40,714**	41,240
Other gains, net	5	**1,083**	2,889
Selling and distribution expenses		**(16,438)**	(15,817)
Administrative expenses		**(12,118)**	(12,749)
Finance costs	7	**(924)**	(1,416)
Share of profits and losses of associates		**754**	850
PROFIT BEFORE TAX	6	**13,071**	14,997
Income tax expenses	8	**(2,195)**	(2,512)
PROFIT FOR THE PERIOD		**10,876**	12,485
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates		**(103)**	31
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		**32**	(132)
Exchange differences on translating foreign operations		**(2,427)**	1,712
		(2,498)	1,611

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	For the six months ended 30 June 2026 RMB'M (Unaudited)	2025 RMB'M (Unaudited)
Items that will not be reclassified to profit or loss in subsequent periods:			
Change arising from re-measurement of defined benefit plans		**(92)**	136
Change in fair value of equity investments designated at fair value through other comprehensive income ("**FVTOCI**"), net of tax		**(199)**	(294)
		(291)	(158)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(2,789)**	1,453
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**8,087**	13,938
Profit for the period attributable to			
— Owners of the Company		**10,316**	12,033
— Non-controlling interests		**560**	452
		10,876	12,485
Total comprehensive income attributable to:			
— Owners of the Company		**7,560**	13,489
— Non-controlling interests		**527**	449
		8,087	13,938
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic (RMB per share)	10	**1.12**	1.30
— Diluted (RMB per share)	10	**1.12**	1.29

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2026** ***RMB'M*** **(Unaudited)**	31 December 2025 *RMB'M* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**46,085**	45,708
Investment properties		**441**	334
Right-of-use assets		**9,387**	9,467
Goodwill		**26,335**	27,300
Other intangible assets		**10,065**	10,782
Interests in associates		**21,857**	21,757
Equity investments designated at FVTOCI		**5,152**	5,405
Financial assets measured at amortised cost		**12,668**	16,518
Long-term prepayments		**1,496**	1,680
Deferred tax assets		**2,334**	2,779
Other non-current assets		**1,559**	1,232
Total non-current assets		**137,379**	142,962
CURRENT ASSETS			
Inventories	12	**45,317**	46,847
Trade and bills receivables	13	**42,588**	33,548
Receivables at FVTOCI		**728**	1,788
Contract assets		**1,329**	1,008
Prepayments, deposits and other receivables		**10,625**	9,916
Financial assets measured at fair value through profit or loss ("**FVTPL**")		**7,750**	2,034
Financial assets measured at amortised cost		**14,936**	9,989
Derivative financial instruments		**400**	81
Pledged deposits		**854**	1,218
Other deposits with limited use		**133**	136
Cash and cash equivalents		**49,873**	46,268
Total current assets		**174,533**	152,833

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2026** *RMB'M* **(Unaudited)**	31 December 2025 *RMB'M* (Audited)
CURRENT LIABILITIES			
Trade and bills payables	14	**84,248**	77,415
Other payables and accruals		**34,804**	28,289
Contract liabilities		**6,651**	8,535
Interest-bearing borrowings		**22,723**	21,716
Lease liabilities		**1,624**	1,631
Tax payables		**2,141**	2,130
Provisions		**2,528**	2,638
Derivative financial instruments		**67**	191
Total current liabilities		**154,786**	142,545
NET CURRENT ASSETS		**19,747**	10,288
TOTAL ASSETS LESS CURRENT LIABILITIES		**157,126**	153,250
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**15,596**	14,666
Lease liabilities		**4,569**	4,551
Deferred income		**1,356**	1,243
Deferred tax liabilities		**1,659**	1,631
Provisions for pensions and similar obligations		**2,356**	2,444
Provisions		**1,958**	2,490
Other non-current liabilities		**257**	248
Total non-current liabilities		**27,751**	27,273
Net assets		**129,375**	125,977
EQUITY			
Share capital	15	**9,378**	9,378
Reserves		**110,300**	109,320
Equity attributable to owners of the Company		**119,678**	118,698
Non-controlling interests		**9,697**	7,279
Total equity		**129,375**	125,977

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF THE GROUP

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

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

In the opinion of the Directors of the Company, the ultimate controlling parent company of the Company is Haier Group Corporation ("**Haier Group**") incorporated in the People's Republic of China.

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

This announcement has been approved for issue by the Board on 27 August 2026.

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

2.1 BASIS OF PREPARATION

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

2.2 ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11

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

3. OPERATING SEGMENT INFORMATION

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

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

During the period ended 30 June 2026, the Company's segment reports have been updated to Smart Home Appliances and Smart Heating, Ventilation and Air Conditioning Solutions ("**Smart HVAC Solutions**") due to strategic integration of refrigerators/freezers, kitchen appliances and laundry appliances into Smart Home Appliances and air-conditioners and water appliances into Smart HVAC Solutions. The management of the Company began to review business information under the new structure, and segment reports were updated based on how the Company manages and monitors segment performance. The comparative figures have been reclassified accordingly.

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

(a) Smart Home Appliances

- manufacturing and selling of refrigerators/freezers, kitchen appliances and laundry appliances;

(b) Smart HVAC Solutions

- manufacturing and selling of air-conditioners and water appliances;

(c) Other Business

- comprising robots, small home appliances, whole-home intelligence, logistics, health and elder care, recycling, and other services.

3. **OPERATING SEGMENT INFORMATION (CONTINUED)**

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

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

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

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

For the six months ended 30 June 2026

	Smart Home Appliances *RMB'M* (Unaudited)	Smart HVAC Solutions *RMB'M* (Unaudited)	Other Business *RMB'M* (Unaudited)	Total *RMB'M* (Unaudited)
Segment revenue				
Segment revenue from external customers	89,356	45,028	17,725	152,109
Inter-segment revenue	293	334	24,616	25,243
Total	89,649	45,362	42,341	177,352
Reconciliation:				
Inter-segment eliminations				(25,243)
Total				152,109
Segment results	8,181	4,567	(180)	12,568
Reconciliation:				
Elimination of inter-segment results				2
				12,570
Corporate and other unallocated income and gains or losses				874
Corporate and other unallocated expenses				(203)
Finance costs				(924)
Share of profits and losses of associates				754
Profit before tax				13,071

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2025 (Restated)

	Smart Home Appliances *RMB'M* (Unaudited)	Smart HVAC Solutions *RMB'M* (Unaudited)	Other Business *RMB'M* (Unaudited)	Total *RMB'M* (Unaudited)
Segment revenue				
Segment revenue from external customers	95,302	42,547	18,620	156,469
Inter-segment revenue	228	224	49,067	49,519
Total	95,530	42,771	67,687	205,988
Reconciliation:				
Inter-segment eliminations				(49,519)
Total				156,469
Segment results	9,378	3,603	318	13,299
Reconciliation:				
Elimination of inter-segment results				2
				13,301
Corporate and other unallocated income and gains or losses				2,625
Corporate and other unallocated expenses				(363)
Finance costs				(1,416)
Share of profits and losses of associates				850
Profit before tax				14,997

3. OPERATING SEGMENT INFORMATION (CONTINUED)

As at 30 June 2026

	Smart Home Appliances *RMB'M* (Unaudited)	Smart HVAC Solutions *RMB'M* (Unaudited)	Other Business *RMB'M* (Unaudited)	Total *RMB'M* (Unaudited)
Segment assets	**131,303**	**114,896**	**96,503**	**342,702**
Reconciliation:				
Elimination of segment assets				**(177,213)**
Goodwill				**26,335**
Interests in associates				**21,857**
Equity investments designated at FVTOCI				**5,152**
Deferred tax assets				**2,334**
Financial assets measured at FVTPL				**7,750**
Financial assets measured at amortised cost				**27,604**
Derivative financial instruments				**400**
Pledged deposits				**854**
Other deposits with limited use				**133**
Cash and cash equivalents				**49,873**
Other receivables				**4,131**
Total assets				**311,912**
Segment liabilities	**126,262**	**92,617**	**88,976**	**307,855**
Reconciliation:				
Elimination of segment liabilities				**(177,123)**
Tax payables				**2,141**
Other payables and accruals				**9,362**
Derivative financial instruments				**67**
Interest-bearing borrowings				**38,319**
Deferred tax liabilities				**1,659**
Other non-current liabilities				**257**
Total liabilities				**182,537**

3. OPERATING SEGMENT INFORMATION (CONTINUED)

As at 31 December 2025 (Restated)

	Smart Home Appliances *RMB'M*	Smart HVAC Solutions *RMB'M*	Other Business *RMB'M*	Total *RMB'M*
Segment assets	130,260	77,633	105,438	313,331
Reconciliation:				
Elimination of segment assets				(154,994)
Goodwill				27,300
Interests in associates				21,757
Equity investments designated at FVTOCI				5,405
Deferred tax assets				2,779
Financial assets measured at FVTPL				2,034
Financial assets measured at amortised cost				26,507
Derivative financial instruments				81
Pledged deposits				1,218
Other deposits with limited use				136
Cash and cash equivalents				46,268
Other receivables				3,973
Total assets				295,795
Segment liabilities	123,148	59,019	100,654	282,821
Reconciliation:				
Elimination of segment liabilities				(154,903)
Tax payables				2,130
Other payables and accruals				1,318
Derivative financial instruments				191
Interest-bearing borrowings				36,382
Deferred tax liabilities				1,631
Other non-current liabilities				248
Total liabilities				169,818

4. REVENUE

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

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Sale of goods	**146,424**	150,143
Rendering of services	**5,685**	6,326
	152,109	156,469

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Sale of goods		
— Point in time	**146,424**	150,143
Rendering of services		
— Point in time	**29**	49
— Over time	**5,656**	6,277
	152,109	156,469

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

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

Sale of goods

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

Rendering of services

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

5. OTHER GAINS, NET

An analysis of other gains, net is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Treasury and investment income:		
Interest income from		
Bank	**830**	900
Wealth management products	**47**	45
Others	**2**	12
Purchase payment discounts	**68**	102
	947	1,059
Compensation received from suppliers	**21**	18
Gain/(loss) on disposal of		
— Non-current assets, net	**47**	(21)
— Financial assets measured at FVTPL, net	**80**	23
— Associates and subsidiaries	**—**	(4)
Government grants	**652**	775
Rental income from investment properties	**6**	25
Net fair value gain on financial assets/liabilities measured at FVTPL	**176**	35
Net foreign exchange (loss)/gain	**(911)**	881
Sundry income	**65**	98
	1,083	2,889

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**2,668**	2,664
Depreciation of right-of-use assets and investment properties	**942**	819
Amortisation of other intangible assets and other non-current assets	**659**	704
Provision for obsolete and slow-moving inventories, net	**356**	465
Impairment loss of non-current assets and contract assets, net	**13**	—
Allowance for expected credit losses in respect of trade and bills receivables, net	**188**	55
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	**282**	296

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Interest on borrowings	**502**	902
Interest on lease liabilities	**174**	177
Other finance costs	**248**	337
	924	1,416

8. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Current tax		
Charge for the period	**1,686**	2,259
Deferred tax expense	**509**	253
Total tax charge for the period	**2,195**	2,512

Under the Law of the Mainland China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25%. Certain subsidiaries of the Group in the Mainland of China were approved as High and New Technology Enterprise subject to a preferential corporate income tax rate of 15% during the period ended 30 June 2026 and 2025.

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

9. DIVIDENDS

At the annual general meeting on 24 June 2026, the shareholders of the Company approved the payment of a final dividend of RMB8.867 per 10 shares (further adjusted to RMB8.9151 per 10 shares as per announcement of the Company dated 28 July 2026) for the year ended 31 December 2025. The final dividend of approximately RMB8,248 million in total was paid on 21 August 2026 to shareholders whose names appeared on the register of members of the Company on 7 August 2026.

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: RMB2.69 in cash for every 10 shares (inclusive of tax)), totaling approximately RMB Nil (30 June 2025: RMB2,507 million).

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

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

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

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

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**10,316**	12,033

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**9,173,191,368**	9,226,833,196
Effect of dilutive potential ordinary shares:		
Share awards	**74,818,996**	68,210,943
Share options	**—**	2,237,780
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**9,248,010,364**	9,297,281,919

The weighted average number of ordinary shares as above are adjusted by the number of shares that would have been issued assuming the exercise of share award and share options. The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares during the six months ended 30 June 2026.

11. PROPERTY, PLANT AND EQUIPMENT

During the six month ended 30 June 2026, the Group acquired RMB4,245 million (six months ended 30 June 2025: RMB3,224 million) of property, plant and equipment.

12. INVENTORIES

	30 June 2026	31 December 2025
	RMB'M	*RMB'M*
	(Unaudited)	(Audited)
Raw material	**6,149**	6,319
Work in progress	**550**	493
Finished goods	**38,618**	40,035
	45,317	46,847

13. TRADE AND BILLS RECEIVABLES

	30 June 2026	31 December 2025
	RMB'M	*RMB'M*
	(Unaudited)	(Audited)
Trade receivables	**34,018**	27,981
Less: Allowance for expected credit losses ("**ECL**")	**(1,063)**	(915)
Trade receivables, net	**32,955**	27,066
Bills receivables	**9,634**	6,483
Less: Allowance for ECL	**(1)**	(1)
Bills receivables, net	**9,633**	6,482
Total	**42,588**	33,548

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

13. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	30 June 2026 RMB'M (Unaudited)	31 December 2025 RMB'M (Audited)
1 to 3 months	**28,121**	23,341
3 months to 1 year	**3,871**	2,791
1 to 2 years	**540**	531
2 to 3 years	**284**	278
Over 3 years	**139**	125
	32,955	27,066

14. TRADE AND BILLS PAYABLES

	30 June 2026 RMB'M (Unaudited)	31 December 2025 RMB'M (Audited)
Trade payables	**55,751**	53,544
Bills payables	**28,497**	23,871
	84,248	77,415

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

	30 June 2026 RMB'M (Unaudited)	31 December 2025 RMB'M (Audited)
Within 1 year	**83,333**	76,534
1 to 2 years	**438**	400
2 to 3 years	**236**	237
Over 3 years	**241**	244
	84,248	77,415

The trade and bills payables are non-interest bearing and are normally settled on credit terms ranging from 30 to 270 days.

15. SHARE CAPITAL

The movements of the Company's issued share capital during the period ended 30 June 2026 and 31 December 2025 are as follows:

	H Shares *'M*	**D Shares** *'M*	**A Shares** *'M*	**Total number of shares** *'M*	**Share capital** *RMB'M*
As at 1 January 2025 (Audited)	2,857	271	6,255	9,383	9,383
Share repurchased and cancelled *(Note a)*	(3)	—	—	(3)	(3)
Treasury share cancelled *(Note b)*	—	—	(2)	(2)	(2)
As at 31 December 2025 (Audited), 1 January 2026 and 30 June 2026 (Unaudited)	**2,854**	**271**	**6,253**	**9,378**	**9,378**

Notes:

(a) During the year ended 31 December 2025, the Company repurchased a total of 3,811,000 H shares at a consideration of approximately HKD100 million which were subsequently cancelled.

(b) During the year ended 31 December 2025, the Company cancelled a total of 1,472,684 treasury shares in A Shares, the Company recognised a decrease of RMB2 million in share capital.

(c) All shares issued are at par value of RMB1.

BUSINESS REVIEW

Industry Analysis for the First Half of 2026

(1) Home Appliance Industry

I. China Market

In the first half of 2026, the diminishing impact of the home appliance trade-in policy, a high base from the same period last year, and subdued consumer willingness to spend left the industry under pressure overall. According to AVC, China's all-category home appliance retail sales (excluding 3C products) totaled RMB425 billion in the first half of the year, down 9.9% year-on-year, with declines of 6.0% in the first quarter and 12.4% in the second.

The industry's transformation continued to deepen, with several defining trends: (1) Demand is diverging at an accelerating pace. Different generations, household structures, and usage scenarios are creating a need for more granular features. Washing machines with zone-washing and multi-drum functions, along with categories such as coffee makers that address the pain points of specific consumer groups, still achieved structural growth. (2) The competitive focus has shifted toward delivering tangible user value. Consumer motivation has evolved from policy-driven incentives to a desire for quality. Competition has moved beyond technical specifications and price wars to an emphasis on user experience, supported by technological innovation and scenario applications. Key areas for product upgrades include AI capabilities, health management features, enhanced user comfort, and premium design. (3) Channels have moved into a phase of intensive omnichannel development. As the online traffic windfall faded and consumer purchasing journeys became more diverse, home appliance channels continued to evolve toward integrated online and offline operations. Deeply integrated omnichannel retail and end-to-end user operations have become core competitive factors.

Sub-industry Performance

Refrigeration Industry: In the first half of 2026, the refrigeration industry faced pressure from multiple factors. According to AVC, industry retail sales totaled RMB64.2 billion, down 7.2% year-on-year. The refrigerator market showed clear signs of a shift toward high-end models. With narrowing price premiums on hardware specifications, the industry turned to product mix upgrades and functional innovations to offset downward price pressure. Upgrades continued to focus on large capacity, precise storage, and smart preservation. Products with capacities over 500L, dual cooling systems, and automatic ice makers remained strongly competitive. Preservation technology also shifted from competition on single parameters to all-scenario food management and precise AI control.

Visible, tangible smart-preservation interaction became the basis for product differentiation and a barrier to entry at the premium end. The new refrigerator energy efficiency standard, implemented in June 2026, raised the threshold for high-efficiency products. It also prompted sales channels to accelerate the switch away from stock rated under the old standard, which in turn solidified the market position of leading brands.

Laundry Care Industry: The laundry care industry faced significant headwinds in the first half of 2026, marked by a weakening overall market and intensifying structural divergence. According to AVC, industry retail sales reached RMB51 billion in the first half of the year, down 7.6% year-on-year, while the tumble dryer segment recorded retail sales of RMB4.46 billion, down 19.3% year-on-year. The traditional laundry sector left behind pure specification-led competition, and its core growth strategy shifted to unlocking niche segments through innovation in product form. The washing machine market showed clear structural divergence: the top-load category rebounded against the trend, while the front-load category experienced sluggish growth. Meanwhile, innovative categories such as zone-washing and multi-drum machines, large-capacity models above 12 kg, and heat pump washer-dryers rapidly gained ground. Product upgrades built around garment separation, maternity and baby care, health and sanitization, and space efficiency became the industry's primary source of structural growth. For example, in the first half of 2026, retail sales of zone-washing multi-drum washing machines grew 88% year-on-year online and 87% offline.

Home Air Conditioning Industry: In the first half of 2026, the air conditioning industry faced multiple headwinds that suppressed end-user demand, including low consumer confidence, declining pre-installation demand from the real estate sector, a reduction in the trade-in subsidy cap from three units per person to one, and a rainy summer in southern China. According to AVC, omnichannel retail volume in the first half fell by 13.1% year-on-year to 40.96 million units, while retail sales decreased by 15.9% to RMB122.1 billion. Product upgrades primarily focused on green energy efficiency, comfortable airflow, healthy air quality, and smart interaction. Features such as AI human detection, voice control, and whole-house air management are becoming practical user experiences rather than mere demonstrations. The growing segment of younger consumers, who are more willing to pay for smart features, is driving higher adoption rates for these technologies. According to AVC, smart-feature penetration in floor-standing units sold offline rose by approximately 3 percentage points year-on-year to 6.4%.

Kitchen Appliance Industry: The kitchen appliance industry remained in a replacement-driven adjustment cycle during the first half of 2026. While the overall market experienced a contraction, performance varied significantly among product categories. According to AVC, industry retail sales reached RMB69.6 billion, down 10.7% year-on-year. Specifically, the range hood and cooktop markets contracted, whereas the dishwasher segment outperformed the broader industry as competitive pricing helped stimulate consumer demand. The range hood market remained under pressure overall, though premiumization and specialized channels continued to provide structural support. Products priced above RMB3,000 accounted for 35.1% of the online market, and products above RMB6,000 accounted for 40.0% offline. The adoption of features such as self-cleaning also continued to increase. The gas stove market upgraded slowly, with product innovation focused on high-power burners, improved thermal efficiency, and safety and easy cleaning. The dishwasher sector entered a phase of rapid consumer adoption, with product development driven by advancements in drying technology, health-focused features, smart capabilities, and multi-function integration. Meanwhile, built-in microwave-steam-oven combos and integrated steam ovens created value in the mid-to-high-end market by integrating functions such as microwaving, steaming, baking, and air frying.

Water Heater Industry: In the first half of 2026, overall demand for water heaters remained subdued, but structural opportunities emerged in the energy-saving, health-focused, and large-capacity segments. According to AVC, in the first half of 2026, retail sales for electric storage water heaters decreased by 2.0% year-on-year to RMB10.4 billion, and gas water heater sales fell by 8.9% to RMB11.9 billion. Market opportunities were concentrated in niche segments. Adoption of Level 1 energy-efficient gas water heaters rose sharply as trade-in subsidies were weighted toward the top efficiency grade. The sales revenue share of these models reached 20.5% online and 33.9% offline, up 6.9 percentage points and 21.3 percentage points year-on-year respectively. Electric storage water heaters made notable progress in feature innovation, focusing on upgrades for healthier showering, with visible water quality achieved through filtration and fresh-water circulation. Skin-care add-on features such as mineral enrichment grew steadily, with these products accounting for 9.9% of online and 19.6% of offline sales revenue.

II. Overseas Markets

In the first half of 2026, the global home appliance market experienced accelerating regional divergence, affected by geopolitical events such as the Middle East conflict. Mature markets faced short-term structural challenges amid inflation and high interest rate pressures, while emerging markets held medium- to long-term growth potential, supported by secular trends including income growth, urbanization and the continued expansion of modern trade and e-commerce channels.

North America: Under the dual pressures of tariffs and high inflation, the US consumer confidence index remained at its lowest level in almost five years, and demand in the home appliance industry stayed subdued, with core major appliance sales posting a low single-digit decline in the first half.

Europe: The European home appliance industry was generally stable. According to GfK data, unit sales in the refrigeration segment grew 2.0% year-on-year while value sales declined 2.2%, and the laundry segment showed a similar trend; this combination of rising volumes and falling value reflected a certain intensification of price competition in the industry. Regionally, demand in Western Europe came under pressure, while Central and Eastern Europe maintained growth.

South Asia: India's home appliance market grew by approximately 7% overall. Consumer demand came under some pressure from imported inflation caused by the Middle East conflict, yet penetration of home appliances and Heating, Ventilation and Air Conditioning ("**HVAC**") products still offers substantial headroom. The Pakistani market saw increases in both volume and prices, with overall unit sales achieving double-digit growth and penetration of high energy-efficiency products (such as inverter air conditioners) increasing.

Southeast Asia: Overall demand for home appliances maintained growth. In Thailand, white goods industry unit sales grew while value sales were broadly flat, with refrigerators and air conditioners expanding steadily. In Vietnam, white goods industry unit sales rose 22% year-on-year and value sales rose 26%, making it one of the fastest-growing sub-markets in the region. In Malaysia, industry demand remained relatively stable, and Chinese brands effectively expanded market share through value-for-money strategies, strengthening their competitive position.

Middle East and Africa: Affected by the geopolitical conflict in the Middle East, the region's home appliance market came under short-term pressure with pronounced divergence: the Gulf region bore the brunt of the impact, while demand in North Africa remained relatively resilient. Over the medium to long term, the region's young population structure and continuing urbanization leave considerable room for penetration of home appliances and HVAC products to rise, indicating substantial industry growth potential.

Australia and New Zealand: Australia's CPI rose 3.8% year-on-year in the first half and the central bank's cash rate remained at 4.35%, keeping consumer spending intentions subdued; according to the Australian Bureau of Statistics' monthly retail data, household goods retail sales registered only limited year-on-year growth. New Zealand's unemployment rate climbed to 5.6% in the second quarter, a multi-year high, and consumer spending on durable goods weakened year-on-year.

Japan: HVAC products remained on a growth trajectory, with the overall air conditioner market growing for several consecutive months, driven by factors such as raised energy efficiency standards and front-loaded purchasing demand. By contrast, consumption of refrigerators and washing machines was relatively sluggish: amid continued yen depreciation and rising living costs, consumers remained relatively cautious about purchasing durable goods.

(2) Central Air Conditioning Industry

In the first half of 2026, China's central air conditioning industry experienced diverging trends, with domestic demand under pressure while export demand recovered. According to China IOL, total industry sales in the first half of the year reached RMB68.43 billion, down 1.7% year-on-year. Specifically, domestic sales contracted by 5.7% year-on-year to RMB53.28 billion, while export sales grew by 15.4% to RMB15.15 billion.

In the domestic market, the decline was primarily caused by continued weak demand in traditional sectors such as office buildings, shopping malls, and rail transit. This led to sluggish performance in the commercial project market, which accounts for the majority of industry demand. Meanwhile, the data center air conditioning segment continued its upward trend and emerged as a key area of growth. According to China IOL, domestic sales of data center air conditioning approached RMB20 billion in 2025, growing 22.4%. In the first half of this year, a surge in demand for AI computing power accelerated data center construction. As critical infrastructure, thermal management systems benefited directly, leading to further market expansion.

Growth in the export market was driven by: (1) leading companies accelerating the build-out of overseas channels and marketing networks, leveraging supply chain coordination and value-for-money advantages to speed up market expansion; (2) the ongoing boom in overseas data center construction, which sustained demand for products such as large-scale chillers.

(3) Commercial Refrigeration Industry

In the first half of 2026, the global commercial refrigeration industry continued to grow steadily, though structural divergence became increasingly pronounced.

At the regional level, Europe's low-carbon transition accelerated markedly, driven by the continued tightening of the EU F-gas regulations. North America retained its global dominance, accounting for approximately 50% of the global commercial refrigeration market, where stricter GWP limits and energy efficiency standards going forward will continue to drive replacement of the installed equipment base. In China, membership warehouse clubs — led by Sam's Club — entered a phase of rapid expansion in the first half of 2026, and membership stores became one of the key engines of commercial refrigeration growth, not only contributing a substantial volume of equipment orders directly, but also accelerating the industry's upgrade toward high-efficiency, environmentally friendly and intelligent solutions. For refrigeration companies, the ability to form deep partnerships with these fast-growing leading customers and to deliver solutions that meet their high standards will be decisive for future market positions.

At the product and technology level, the substitution of environmentally friendly refrigerants has become an irreversible trend, and low-GWP refrigerants are profoundly reshaping the industry landscape: global HFC production capacity has contracted by 40% compared with 2020, while the installed base of eco-friendly refrigerant systems expanded by 21% year-on-year. Meanwhile, the share of CO_2 transcritical and subcritical systems applied in large-format supermarkets has increased significantly. Display cabinets are likewise evolving from single-purpose temperature-control equipment into in-store terminal platforms that integrate digital, modular and scenario-based capabilities: smart connectivity, remote operation and maintenance, and energy-consumption data analytics are becoming standard features of high-end products, and digital capability has become a key benchmark for product premiums.

Industry Outlook for the Second Half of 2026

(1) Home Appliance Industry

Domestic Market

Looking ahead to the second half of 2026, the industry's year-on-year decline is expected to narrow gradually, supported by a lower base from the second half of 2025 and the trade-in policy continuing to provide a floor. With high ownership rates and a saturated base in the current domestic market, future growth will largely be driven by replacements and product mix upgrades. Consumers are willing to pay a premium for features such as green energy efficiency, health and comfort, smart interaction, and home furnishing integration. Products that address specific user scenarios, such as zone-washing multi-drum washing machines, large-capacity refrigerators with precision freshness preservation, dishwashers, built-in kitchen appliances, and air conditioners with comfortable airflow, have shown stronger demand resilience.

Companies will need to build defensible barriers through product innovation and proactively identify structural opportunities in the replacement market to navigate the economic cycle. Channel competition will shift from a singular focus on price to an emphasis on tangible product value, scenario-based experiences, and service capabilities. Leading enterprises with comprehensive advantages in branding, R&D, supply chain, and omnichannel operations are well-positioned to keep gaining market share as the industry recovers.

Overseas Markets

In the second half of 2026, uncertainty in international trade policy, commodity price pressures and intensifying regional competition will remain the major challenges facing the home appliance industry. Mature markets will be dominated by replacement demand, with rising energy efficiency standards in Europe and the United States continuing to drive growth of premium, energy-efficient products. Emerging markets will maintain relatively rapid growth, driven by urbanization, rising household incomes and increasing appliance penetration; among them, regions such as South Asia, Southeast Asia, the Middle East and Africa, and Latin America — with their young demographics and considerable room for growth in appliance ownership — are becoming priority markets for global home appliance companies.

(2) Central Air Conditioning Industry

Domestic Market: In the second half of 2026, the industry remains in a bottoming-out phase ahead of recovery. Growth will be constrained by the slow recovery in new real estate and commercial construction projects and in home renovation retail. However, the market's decline is expected to narrow gradually, driven by a lower comparison base, an improving pace of project delivery, and new demand from energy-saving renovations and equipment upgrades in existing buildings.

Export Market: Overseas markets are becoming a key growth engine for Chinese central air conditioning enterprises. Sustained infrastructure demand in emerging markets and an accelerating global low-carbon transition are creating clear growth opportunities for Chinese companies. China's leading integrated HVAC brands are deepening their overseas presence by leveraging extensive product lines, channel management expertise, and low-carbon system solutions that cover all scenarios. They are accelerating the shift from exporting products to local manufacturing and overseas service delivery.

(3) Commercial Refrigeration Industry

Looking ahead to the second half of 2026, the global commercial refrigeration market will continue its structural growth under the three key factors of tightening regulation, technology iteration and diverging regional demand. Nevertheless, geopolitical uncertainty, price volatility of key raw materials such as copper and aluminum, and persistent shortages of skilled labor in the European and US markets are emerging as common bottlenecks constraining industry development. Going forward, companies that build systematic capabilities — in core natural-refrigerant technologies, digital transformation, deep engagement in niche segments, and globalized supply chain footprints — will gain the initiative amid increasingly fierce competition.

Discussion and Analysis of Operations

(I) Industry Trends and the Company's Strategic Initiatives in the First Half of 2026

In the first half of 2026, the Company's primary markets came under short-term pressure from contracting demand and rising costs. In China, industry demand declined due to an ongoing real estate market correction, weak consumer confidence, and the pull-forward effect of the home appliance trade-in policy. In the U.S. market, high inflation and high interest rates continued to suppress real estate sales, temporarily curbing demand for home appliances. Tariffs also increased the cost of products exported to the U.S. compared to the same period last year, adding to operational pressures. On the cost side, prices for bulk raw materials such as copper and plastic remained high during the reporting period while the RMB continued to appreciate against the U.S. dollar. These factors pushed up operating costs and financial expenses.

The fragmentation of user touchpoints has restructured the user traffic landscape and how users interacted with brands. The rise of new media has profoundly altered the user's decision-making journey. Under the traditional model, users followed a linear path of needs trigger, channel search, brand comparison, in-store experience, and purchase; that path has become a non-linear process of scenario trigger, content-driven recommendation, multi-platform price comparison, cross-channel evaluation, and scenario-based purchase, with a longer cycle and more touchpoints. Traffic has accordingly continued to disperse from concentrated search-based e-commerce platforms toward diverse platforms such as short-form video, content communities, and live streaming, while offline channels faced pressure from shrinking in-store footfall. This change requires companies to move from "channel management" to "user operations", which means identifying demand precisely within fragmented scenarios, shortening the cycle from recommendation to delivery, building reputation on the end-to-end experience, and establishing a new edge in a saturated market.

Geopolitics is reshaping the global supply chain landscape. Tariff barriers have shifted from a temporary trade measure to a structural cost, and the model of large-scale exports from a single manufacturing base now faces rising costs, less reliable supply, and restricted market access. This change requires companies to move from "efficiency first" to "resilience first", and from single-origin supply to multi-regional footprints plus flexible local supply.

The HVAC industry is entering a period of medium- and long-term opportunity. Rising global temperatures are systematically increasing cooling demand and unlocking demand faster in low-penetration markets such as Europe. Data center expansion is driving rapid growth in demand for cooling infrastructure. Building energy efficiency upgrades and the energy transition are reshaping the product mix, with heat pump adoption accelerating. China's top HVAC companies have already built a leading manufacturing advantage based on coordination across the entire supply chain. With continued technological breakthroughs and deeper deployment of overseas capacity and localized operations, there is ample room for them to increase global market share.

Advances in AI are equipping home appliances with multi-modal sensing capabilities such as computer vision, transforming them from passive devices into proactive systems that can sense, understand context, and provide autonomous services. The competitive landscape has broadened accordingly. At the product level, competition extends from hardware specifications alone to the precision of AI algorithms. At the scenario level, it moves from single-product functionality to seamless cross-device coordination. At the ecosystem level, the focus is expanding from closed brand systems to influencing and establishing interoperability standards. Companies with a diverse product portfolio and end-to-end scenario capabilities, and that can separate and isolate personal data across geopolitical regions, are well positioned to seize the initiative in this competition.

Facing multiple short-term pressures alongside medium- and long-term opportunities, the Company leveraged its global supply chain footprint, the application of AI, and organizational structure reform to absorb near-term challenges and build competitiveness for the longer term.

1. We reshaped our global supply chain and improved its efficiency to support continued development of our global business.

   To mitigate the negative impacts of tariffs and trade policy uncertainty, the Company accelerated the transition to a supply model that combines localized production with a globally integrated network, mapping global production bases to their target markets to ensure factory capacity aligns with market demand. During the reporting period, we accelerated the development of strategic supply hubs in Southeast Asia. Our Thai refrigerator plant has taken over exports of large refrigerators to the U.S., reducing ex-factory cost per unit. We also consolidated our air conditioner manufacturing bases in Thailand, boosting overall operational efficiency by 20%. Construction of manufacturing bases in the U.S. for washing machines and water heaters is progressing steadily and will strengthen cost competitiveness once they begin production. Additionally, we conducted systematic review of capacity utilization and cost structures across all production sites, closed inefficient factories and phased out outdated capacities, and built super factories to optimize costs through economies of scale.

2. We used AI as a core engine to improve end-to-end efficiency and advance user experience.

   (1) In terms of operations, the Company integrated AI across R&D, manufacturing, supply chain, marketing, services, and corporate management through our in-house enterprise vertical-domain large model, and with the "Zhi Xiaoneng" (智小能) super agent as a unified portal. Our employees have built more than 14,000 smart applications, and over 60,000 digital partners are now active across our businesses. During the reporting period, we shortened our product design cycle by 12%, our AI-assisted content reached more than 120 million views in total, our Net Promoter Score rose 21%, and smart customer service handled 83% of all interactions. (2) For products, the Company launched the industry's first whole-house smart appliance suite that met the L4 standard. Unlike conventional products that respond only to manual control, these appliances can sense the home environment on their own. For example, our refrigerators can identify food items in both the fridge and freezer, while our air conditioners can dynamically detect human presence and adjust airflow in milliseconds. The appliances also coordinate across devices to anticipate and meet user needs. Drawing on AI and embodied intelligence, we also accelerated the launch of new categories such as housekeeping service robots and wellness exoskeleton robots. (3) For scenarios, the Xiao You home management agent, with user authorization, can identify household scenario needs through on-device local computing. By incorporating individual user preferences and enabling voice-based natural interaction, it orchestrates the entire suite of home appliances, delivering a proactive and convenient smart home experience. (4) In data management, we separate and isolate data across geopolitical regions, so that capabilities are shared while data stays isolated, secure, and compliant.

In July 2026, the Company was selected to build the National Artificial Intelligence Application Pilot Base (Consumer Sector, Home and Home Appliances). Recommended by the Ministry of Commerce and approved by the National Development and Reform Commission, it is the first national AI application pilot base in China dedicated to the home and home appliance sector. The base is intended to address the difficulty of moving AI from corporate internal use to industry-wide sharing. It will support the implementation of national interoperability standards, lower the barriers to innovation, shorten R&D cycles, and produce standardized solutions that can be replicated and scaled, using AI in a new generation of smart appliances to drive the industry forward.

3. We advanced organizational reform to amplify our advantages in white goods and the China market, drive breakthroughs in HVAC, and step up localization overseas.

   The Company continued to pursue organizational reform to capture opportunities in the global HVAC industry, lead the trend toward scenario-based smart homes, strengthen localized operations in overseas markets, and improve user experience and reputation in the domestic market. Following the establishment of the smart HVAC solutions (unified HVAC) division at the end of 2025, in July 2026 we formed the smart home appliances (major white goods) division and restructured our overseas brand-building platform and the China regional platform, thereby establishing a user-centered, platform-based operating system. (1) Business structure: Our smart home appliances division oversees core categories including refrigerators, kitchen appliances, and washing machines. It breaks down category silos and amplifies economies of scale through unified planning and coordinated operations, accelerating the transformation to a direct-to-consumer model and delivering one-stop, full-suite smart home solutions. The smart HVAC solutions division brings together the home air conditioning, commercial air conditioning, heat pump, water heater, and water purifier lines, concentrating resources on growth opportunities in HVAC. During the reporting period, the initial synergies from this integration came through, and the smart HVAC solutions division delivered revenue performance well ahead of the industry. (2) Overseas markets: The Company concentrated on building deep localization capabilities. By connecting business units directly to the end market, we strengthened local product planning and R&D, and raised the standard of local operations across the integrated networks of logistics, service, marketing, and information. Headquarters provided enhanced platform support in supply chain, finance, and digitalization, improving country-level efficiency and global synergy to strengthen end-to-end competitiveness in the overseas business, thereby driving gains in both market share and profitability. (3) China market: The domestic home appliance market has entered a replacement-driven stage of development. Remarkable user experience and strong reputation are key to maintaining industry leadership. We integrated the pre-sales, sales, and after-sales chain in China, and developed a unified-warehouse direct-to-consumer distributor platform and a user lifecycle experience management platform, resulting in full transparency across the user journey from engagement, purchase, delivery, installation, use, and maintenance through to replacement. By optimizing end-to-end efficiency and upgrading user experience, we shifted from selling individual products to selling solutions and built a stronger reputation among users.

(II) Analysis of Financial Indicators

In the first half of 2026, the Company recorded operating revenue of RMB152.109 billion, down 2.8% year-on-year. The decline was mainly attributable to the following: (1) China market: Overall demand in the domestic home appliance industry softened due to an ongoing real estate market correction, weak consumer confidence, and the tapering effects of the home appliance trade-in policy. Although our domestic revenue fell in line with the industry, our market share grew steadily. (2) Overseas markets: In the U.S. market, high inflation and high interest rates kept real estate sales weak and curbed demand for home appliances, shrinking the size of the industry. Although we continued to gain share in the U.S. market, the industry-wide downturn left our U.S. revenue under pressure. At the same time, the European, South Asian, and Southeast Asian markets continued to grow, which further balanced the regional revenue mix, offset the downward pressure from the U.S. market, and kept overall overseas revenue broadly stable.

In the first half of 2026, net profit attributable to shareholders of the parent company amounted to RMB10.316 billion, representing a decrease of RMB1.716 billion compared with the same period in 2025, or a year-on-year decrease of 14.3%. Due to the appreciation of the RMB during the period, an exchange loss of RMB911 million was recognised in finance expenses during the period. After taking into account hedging gains of RMB207 million recognised under changes in fair value and investment income, the exchange loss amounted to RMB704 million (for the same period in 2025, an exchange gain of RMB881 million was recognised in finance expenses and, after taking into account hedging gains of RMB1 million recognised under changes in fair value and investment income, the exchange gain amounted to RMB882 million). The fluctuation in exchange gains and losses resulted in an impact of RMB1.586 billion. Excluding the impact of fluctuations in exchange gains and losses, the decrease in profit before tax compared with the same period would have been substantially smaller.

(1) The Company's gross profit margin was 26.8% in the first half of 2026, up 0.4 percentage points from the same period of 2025. In the China market, facing surging commodity prices, we advanced end-to-end cost optimization through hedging commodity risks, fostering competition within the supplier network, improving parts commonality, launching platforms for best-selling products, and raising the level of in-house manufacturing, all of which contributed to a higher gross profit margin year-on-year. In overseas markets, we responded to tariffs and rising commodity and shipping costs through global supply chain initiatives and end-to-end cost optimization, and we also benefited from a one-time tax rebate, leaving the gross profit margin flat year-on-year.

(2) The selling and distribution expense ratio was 10.8% in the first half of 2026, up 0.7 percentage points from the same period of 2025. In the domestic market, faced with intensifying competition and demand pressure, we rolled out the direct-to-consumer unified warehouse model and reshaped our end-to-end value chain. We moved user benefit resources from distributor-level deployment to centralized operation on our platforms, with the resource pool managed as a whole. We also adopted a more proactive approach to brand and marketing operations, intensified its new media marketing efforts, and increased its marketing investments. In overseas markets, we accelerated our expansion in emerging markets, continued to upgrade our integrated four-network system and e-commerce channels, and increased investment in building our retail touchpoint network. Brand marketing efforts were also intensified, particularly through sports event sponsorships, to enhance our international profile.

(3) The administrative expense ratio remained stable at 8.0% in the first half of 2026, down 0.1 percentage points from the same period of 2025.

In the first half of 2026, the Company's net cash flow from operating activities was RMB9.752 billion, a decrease of RMB1.387 billion from the same period of 2025, primarily attributable to lower sales revenue.

(III) Analysis of Business Operations

1. Smart Home Appliances Division

(1) Refrigeration Business

1. Market Position

According to All View Cloud (AVC), in the first half of 2026, the Company's online and offline shares of refrigerator retail sales by value in China reached 41.9% and 42.2%, respectively, up 3.7 and 2.1 percentage points year on year. With both shares exceeding 40%, the Company maintained its market-leading position.

According to GfK, during the reporting period, the Company's combined share of refrigerator retail sales by value across the UK, France, Italy and Spain increased by 1.0 percentage point year on year.

2. Product Innovation

During the reporting period, the Company focused product innovation on helping consumers keep track of food stored in the refrigerator, thaw frozen food and make ice on demand. It also adapted product configurations to local usage patterns in different markets.

In China, the Company expanded its ultra-premium offering with the AI Multi-Compartment Cube Refrigerator from the Haier Seeker smart appliance suite and an AI cell-level thawing refrigerator from the Casarte Maestro (指揮家) appliance suite. Equipped with AI Vision, the Seeker refrigerator automatically identifies and logs food items. Consumers can check the contents of the refrigerator while shopping, receive storage guidance and reminders on when to use each item, and locate items quickly using voice commands and indicator lights. It can also recommend recipes based on dietary habits and work with connected kitchen appliances to assist with cooking.

The Casarte Maestro appliance suite includes a refrigerator equipped with proprietary AI cell-level thawing technology. The system identifies the characteristics of different foods, automatically selects an appropriate thawing programme and precisely controls how energy is applied. This allows food to thaw evenly inside and out, shortens thawing time and helps reduce nutrient loss. The Haier Seeker smart appliance suite received the 2026 AWE Gold Award; the AI cell-level thawing technology won a Gold Medal at the 51st International Exhibition of Inventions Geneva.

For the mainstream market, the Company introduced the Flash Ice refrigerator to address long waiting times for ice. Under normal room-temperature conditions, the refrigerator can make a batch of ice in 10 minutes. By the end of the reporting period, cumulative retail sales volume had exceeded 20,000 units, helping to lift the Company's retail volume share in the RMB4,000–5,000 price band by 4.8 percentage points year on year.

Outside China, the Company adapted the design and feature configurations of models in the Horizon Collection to regional preferences for fresh-food storage capacity, food preservation, integration with kitchen cabinetry, ice-making and water dispensing. The Horizon Collection began rolling out across Europe in March 2026. Models in the collection offer capacities of up to 700 litres and a multi-door layout, providing ample space for fresh-food storage. Their freestanding, ultra-slim design allows them to sit neatly alongside kitchen cabinetry. Depending on the configuration, selected models feature magnetic-field preservation technology to help keep food fresh and a dedicated ice-making system for everyday use.

The Horizon Collection is positioned primarily in the multi-door refrigerator segment. According to GfK, in the first half of 2026, the Company ranked first by retail value share in the multi-door refrigerator category in both Spain and Italy, with shares of 31.7% and 30.5%, respectively.

In Southeast Asia, the Company introduced Horizon models in Vietnam between April and May 2026, with configurations designed to meet local demand for ice-making, water dispensing and food preservation. Depending on the model, features included an ice maker, an external water dispenser and magnetic-field preservation technology. This rollout helped lift the Company's retail value share of the multi-door refrigerator market in Southeast Asia by 5 percentage points year on year.

(2) Washing Machine Business

During the reporting period, the Company's washing machine business maintained its leading position in the domestic industry. According to GfK CMM data, our share of online washing machine retail sales was 41.6%, up 2.8 percentage points year-on-year, and our share of offline retail sales was 48.8%, up 2.4 percentage points. We also accelerated development in overseas emerging markets, where revenue grew by more than 10% year-on-year.

On product competitiveness and technology innovation, we focused new product development on zone-washing, large-capacity models, heat pump washer-dryers, and washer-dryer sets. In large-capacity and slim built-in models, Casarte continued to develop its fully flush built-in design, and its Zhongzi (中子) series launched the world's first 12 kg large-capacity slim wash-dry-care all-in-one machine. For heat pump washer-dryers, the Casarte Gemini series featured rapid heat pump drying technology, the Haier Space Fit X11 washer-dryer set entered the price band above RMB6,000 with a large-capacity heat pump product, and Leader launched its first triple-drum heat pump washer-dryer during the period. For zone-washing, Leader continued to develop its Lazy Wash zone-washing series, lifting the brand's revenue by nearly 40% year-on-year.

Domestic market: We expanded our presence on content e-commerce and new retail platforms and strengthened new media capabilities. Centering on conveying the true value of our products, we improved our content strategy, social media management, and campaign efficiency, creating a virtuous cycle of engaging content, positive reputation, and remarkable user experience. For example, our Leader brand promoted its Lazy Wash Triple-Drum series, emphasizing the unique "three drums in one machine" feature, and collaborated with Douyin and Xiaohongshu on user co-created IP. The campaign generated more than 140 million impressions, tripled the Leader brand's association with the Lazy Wash concept, and boosted search volume for the brand and hit-product keywords by 169%.

Overseas markets: We maintained our premiumization strategy. On the product front, we leveraged our global product platform to launch highly differentiated models, led by the X Series fresh-air washing machines. This series addresses real user pain points such as wrinkling and mildew and has driven product mix upgrades. The X Series has become a mainstream product in Southeast Asia, contributing to overall emerging-market revenue growth of more than 10% year-on-year. On the channel front, we expanded our retail touchpoint coverage and strengthened retail operation to improve conversion rates. In India, our market share in chain retail channels doubled. In Southeast Asia, deeper collaboration with key channels and enhanced store operating standards raised our market share to 15.8%, ranking second in the industry.

(3) Kitchen Appliance Business

1. Market Position

According to GfK China Market Monitor (CMM), in the first half of 2026, the Company's aggregate retail value share across its major kitchen appliance categories in China reached 9.4% in offline channels and 9.0% in general e-commerce channels, up 1.7 and 2.1 percentage points year on year, respectively.

In North America, despite subdued industry demand, the Company continued to gain market share year on year across its core kitchen appliance categories in major retail channels while retaining its leading market position.

2. Product Innovation

During the reporting period, the Company focused product development on integrated kitchen design, safer and smarter cooking, and easier cleaning. Key products achieved leading positions in premium price bands and selected categories.

In China, the Casarte Ultra-Realm fully integrated range hood is designed to fit within standard kitchen cabinetry. Its AI Vision 2.0 system recognises different stages of cooking and automatically adjusts extraction power as pressure in the exhaust duct changes. It also works in tandem with the hob and includes safeguards against boil-overs and cookware being heated while empty.

The Casarte drawer dishwasher features a proprietary floating spray-arm system that uses water flow to keep the spray arm rotating continuously, delivering 360-degree coverage for more targeted cleaning. Its upper and lower drawers can operate independently, allowing separate wash programmes for delicate tableware and heavily soiled cookware. For smaller loads, one drawer can be used for washing while the other stores clean tableware. Rapid drying and hygienic storage functions help keep tableware dry between uses.

According to AVC, during the reporting period, the Casarte Ultra-Realm fully integrated range hood ranked first by online retail sales value in the RMB5,500-and-above price band, and the Company's drawer dishwashers remained first in the industry by retail volume share.

The Company also introduced a range hood and dishwasher from the Haier Seeker smart appliance suite. The Seeker range hood detects different stages of cooking and changes in cooking fumes, automatically adjusting the height at which fumes are captured and the extraction power.

The Seeker dishwasher features an AI-powered quad-drive, dual-sided wash system. The quad-drive mechanism directs water jets from above, below and both sides to create three-dimensional spray coverage, while the dual-sided wash cleans both sides of each item at the same time. This provides more thorough coverage of deep cups, irregularly shaped tableware and heavily soiled areas. The dishwasher also detects the degree of soiling, automatically selects the appropriate wash programme and determines the detergent dose, reducing manual setup and dosing.

In North America, the Company broadened its premium portfolio with new GE Profile cooking products featuring smart cooking assistance and new Monogram premium dishwashers.

2. *Smart HVAC Solutions Division*

During the reporting period, the Company advanced the integration of our home air conditioning, smart building, and water solutions businesses, bringing together products across categories to build complete HVAC solutions covering cooling, heating, ventilation, water, and smart control, and to accelerate our transformation into a global leading provider of multi-energy, all-scenario integrated HVAC solutions. Through restructuring across businesses and categories, we connected R&D, procurement, supply chain, and sales end to end, optimizing resource allocation, amplifying economies of scale, shortening decision chains, and improving profitability. The integration began to show results during the reporting period, with global revenue of the smart HVAC solutions division reaching RMB45.362 billion, up 6.1%.

The Company's main integration measures were as follows. (1) In R&D, we established a digital lifecycle management platform for the unified HVAC solutions, enabling home and commercial air conditioners to share indoor and outdoor unit platforms. SKUs were streamlined by 18% and model efficiency improved by 23%. (2) On the procurement side, we deepened organizational reform and pooled resources more tightly, consolidating core procurement resources including suppliers, materials, and prices to convert scale advantages into pricing power. We brought more supplier resources into competition and returned prices to reasonable levels by opening up our network, streamlining internal processes, updating our tendering model, and digitalizing the full procurement chain. Procurement costs fell 15% in the first half of the year. (3) In the market, we stayed centered on user needs and strengthened our in-house R&D and manufacturing capability across the full chain from development to production to sales, offering users one-stop solutions covering cooling, heating, ventilation, water, and smart control. ① In the domestic market, HVAC's position as a pre-installed category has driven linked sales of complete appliance suites, and by offering integrated solution suites, distributors' profitability was enhanced. We also expanded into professional channels using digital tools like HVAC Cloud Vision (暖通雲視) to integrate the full chain of services from AI-assisted equipment selection and design to installation supervision and maintenance. We added industry partners and exclusive stores, and achieved steady growth in channel contract signings and retail conversion. ② In overseas markets, we used our comprehensive HVAC solutions to penetrate professional channels, helping partner channels evolve into providers of whole-house system solutions by building local capabilities in design, sales, delivery, service, and training. (4) On the supply chain side, we continued to raise the level of our in-house manufacturing for home air conditioning and smart building businesses to enhance cost competitiveness. We have established PCB production across bases in Zhengzhou, Chongqing, India, and Thailand. In-house production of materials such as cross-flow fans and plate heat exchangers is also underway. In the first half of the year, air conditioner manufacturing efficiency improved by 13%, and we expect to realize further cost benefits from our increased in-house production rate in the second half and beyond.

(1) Home Air Conditioning Business

During the reporting period, amid the challenge of an industry downturn, the Company's home air conditioning business grew against the downward trend. In terms of market share: ① In the domestic market, according to GfK CMM, Haier air conditioners' online and offline retail shares reached 12.4% and 20.6% respectively, up 0.9 and 0.8 percentage points year-on-year. ② In overseas markets, the Company's market share in Pakistan exceeded 40%. In Thailand, according to GfK data, we achieved the number one market share by sales value for the first time, reaching 13.9%, an increase of 1.7 percentage points year-on-year.

Our home air conditioning business focused on innovation in reliability, energy efficiency, and smart interaction to build a distinct technological advantage. (1) To address the sharp indoor temperature swings caused by the frequent defrosting cycles air conditioners undergo when heating in cold, humid conditions, we pioneered heat-flow defrosting technology, which overturns the conventional defrosting path by heating and defrosting at the same time. It delivered continuous heating for 25.35 hours, with indoor temperature fluctuation during defrosting as low as 0.5ºC. To address the industry-wide challenge of frequent shutdowns and declining cooling capacity in extreme heat, we upgraded our PKC full-frequency-range pulsation suppression technology, which substantially increased the accuracy of rotor position estimation. We also paired it with our side-draft natural air Cool Core Bridge technology to increase cooling capacity to more than 20% above the industry average at 53ºC and enable stable operation at temperatures as high as 70ºC. These technologies won the First Prize of the 2025 Shandong Provincial Science and Technology Progress Award, a Gold Medal at the 2025 iENA Nuremberg International Trade Fair for Ideas, Inventions and New Products, and a Gold Medal at the 2026 International Exhibition of Inventions of Geneva. (2) Our photovoltaic direct-drive air conditioning technology introduced the industry's first adaptive AC/DC inverter control, allowing one-touch switching to pure photovoltaic mode so that the unit runs on solar power during the day. During the reporting period, our sales volume of photovoltaic air conditioners in Pakistan doubled year-on-year. (3) Drawing on a 14B reasoning large model and integrating three decades of air conditioning control expertise and operational data, we developed a specialized large model for air conditioning. It enables personalized comfort control at the touch of a button, responds in as little as 1.5 seconds, and reduces manual adjustments by 80%, thereby enhancing user comfort.

In addition, the project Precision Brazing Manufacturing Technology for Complex Heterogeneous Multi-Cavity Components and Its Application, in which the Company participated, won the Second Prize of the 2025 National Science and Technology Progress Award, making us the only company in the air conditioning sector honored in this round. With this award, Haier air conditioning became the only brand in the industry to have won the National Science and Technology Progress Award four times.

Product strategy: We expanded market scale through best-selling products and increased our high-end share through product mix upgrades. (1) Wall-mounted units: The Haier Smart Wind series features innovative powered mechanical arm technology that precisely controls the airflow angle, effectively resolving the long-standing pain point of direct cold drafts. Cumulative sales of the series have exceeded 1 million units. (2) Floor-standing units: Our Air Wash air conditioners pioneered waterfall water-washing technology and a six-in-one air management solution, redefining the air conditioner from a temperature control appliance into an air management terminal. According to GfK CMM data, Haier air conditioners held a 50.9% market share in the RMB12,000 price segment and a 36% share in the price band above RMB14,000, ranking first in both. (3) Home central air conditioning: We launched the industry's first 4Hz ultra-wide-frequency home central air conditioner, which runs around the clock with no start-stop cycling, low noise, and low energy consumption. The Casarte Maestro central air conditioner pioneered a fully concealed indoor unit design. Backed by over 30 patents, it combined the supply air outlet, return air inlet, and service access port into one, eliminating the conventional return air grille and service panel and allowing the unit to blend into the interior design.

China market: We focused on enhancing brand value through product mix upgrades, channel reforms, and an AI-driven marketing transformation, all of which yielded positive results. (1) On the product side, we achieved clear, tiered coverage of user groups through the differentiated positioning of our three brands (Casarte, Haier, and Leader) and the optimization of product mix. We also adjusted our product portfolio to reduce resource input on low-value products. (2) In terms of channels, we established clear rules for product planning, channel policies, performance evaluation, and expected returns to clarify distributors' expectations. We also provided systematic support across stocking and turnover, logistics fulfillment, after-sales installation, and payment settlement to strengthen distributor confidence and retail capability. In the first half of 2026, we added 6,514 sales outlets. (3) On the marketing front, we employed a multi-layered strategy combining major brand events, influencer marketing, and coordinated social media campaigns to drive precise user acquisition and build brand awareness. Brand communications for Haier air conditioning generated over 1.58 billion impressions, and innovative campaigns drove RMB5.5 billion in retail sales, continuously improving our retail efficiency.

Overseas markets: We broadened our source of growth through localized operations and differentiated strategies. (1) In emerging markets, we strengthened our position in retail channels by focusing on top retail chains. We now rank in the top three by share in two of India's three largest chains. Our market shares in both top chains and retail channels across Southeast Asia have also grown. As air conditioning adoption in emerging markets continues to rise, our strong channel positioning will become increasingly valuable. During the reporting period, our market share rose by roughly 1 percentage point in Vietnam, Indonesia, the Philippines, and India. (2) In developed markets, we broke into professional channels through unified HVAC synergies. With whole-house smart HVAC solutions, we entered professional channels and reached commercial project clients. In Europe, we launched products with a "four-easy" design that made them easy to install, repair, clean, and select, enhancing our reputation as an installer-friendly brand. This approach improved installer efficiency and, combined with a range of training and incentives, encouraged more installers to recommend Haier air conditioners. In Spain, revenue from the appliance channel grew by more than 100%. (3) In Brazil and South Africa, we have established local teams, entered mainstream retail channels, and started to generate sales.

(2) Smart Building Business

During the reporting period, the central air conditioning industry diverged, with domestic sales under pressure and export demand expanding. The Company sustained growth by advancing core proprietary technologies, creating differentiated solutions for high-growth sectors such as data centers, and strengthening overseas localization. In terms of market share, according to China IOL, our domestic market share for central air conditioning rose 0.37 percentage points year-on-year to 11.76% in the first half of 2026, and our export market share rose 0.36 percentage points to 16.03%.

Product innovation: We accelerated the commercialization of technological breakthroughs in high-efficiency cooling for data centers, smart control platform upgrades, and Variable Refrigerant Flow ("**VRF**") product innovations, solidifying our industry leadership. (1) For data centers, to meet the heat dissipation needs of high-density computing, we completed the systematic development of a combined liquid- and air-cooling solution and launched an integrated magnetic levitation chiller solution for large data centers, extending single-unit cooling capacity to the 1,000 RT class and raising overall energy efficiency by more than 20% over the previous generation. (2) For smart controls, we launched a new-generation smart control platform with a three-layer architecture of cloud collaboration, edge computing, and terminal intelligence, which enables real-time collection, smart analysis, and self-adaptive control of equipment operating data. The platform supports multi-protocol interconnection and cross-brand device integration, unifying the scheduling and coordinated optimization of building subsystems such as air conditioning, ventilation, and lighting, and raising comprehensive energy savings to 25%. (3) For VRF, we built on our AI VRF technology to launch a second-generation large-model AI VRF product, extending single-unit capacity to 56 HP and retaining the industry record for the largest single-unit capacity. Leveraging a complete technology stack of in-house chips, control algorithms, and scenario adaptation, we added group control coordination and load self-adaptation, allowing the system to optimize its operating strategy automatically based on building usage. Operational energy savings rose to 18%, and comprehensive energy savings reached 33%.

Domestic market: We achieved growth against the downward trend by drawing on synergies from our business integration, deepening channel penetration, and pursuing high-value opportunities in sectors such as data centers. On touchpoint expansion, by sharing channel and distributor resources between our home air conditioning and water solution businesses, we broadened touchpoint coverage with 245 new shared touchpoints and at the same time offered distributors a more complete solution spanning cooling, heating, ventilation, water, and smart control. We refined our network operations by tier and category. Through benchmarking and policy support, we improved individual store performance and business quality. For high-value sectors such as data centers, healthcare, smart manufacturing, and rail transit, we provided customized full-scenario smart energy-saving solutions. During the reporting period, we won bids for the Guizhou data center cooling system project, the Changan Automobile Global R&D Center construction project in Chongqing, and the Chengdu Metro and Shanghai Metro projects.

Overseas markets: We sustained rapid growth by focusing on brand premiumization, developing HVAC solution capabilities through multi-product platform integration, and implementing tailored, country-specific strategies. By integrating brands, product technology, marketing, and channels, we assembled efficient, well-coordinated professional teams to support a systematic shift from single-product sales to unified HVAC solutions. We further localized our service networks and strengthened our rapid response and customized delivery capabilities to drive quality business growth. In the U.S., we established a differentiated advantage in ducted units, increasing business revenue by nearly 30% year-on-year. In Spain and Egypt, we achieved rapid growth by broadening our product lines, expanding into new channels, and improving localized marketing and supply chain capabilities. In the first half, revenue grew by over 50% in Spain and over 90% in Egypt.

(3) Water Solution Business

Guided by the strategy to be a water solutions provider for all home scenarios, our water solution business pursued a core approach focused on market expansion, product mix upgrades, and industry leadership through transformation. Through coordinated efforts across products, branding, and channels, we increased our domestic market share and achieved rapid revenue growth overseas. In the domestic market, according to GfK CMM, Haier water heaters held a 43.3% share of online retail sales, up 5 percentage points year-on-year, while offline share was 35.7%, up 4 percentage points. Haier water purifiers held a 19.5% share of online retail sales, up 7.2 percentage points year-on-year, while offline share was 21.6%, up 3.3 percentage points.

Our water solution business strengthened its competitive advantages through product mix upgrades and core technology innovation. For electric water heaters, we advanced innovation along the three main lines of water quality, water temperature, and water volume. Casarte gained a competitive edge with its crystal liner technology, securing the top market share in the high-end segment above RMB4,000. For gas water heaters, we upgraded products using our core aerospace-grade centrifugal atomization technology, which raised our share of Level 1 energy efficiency models across all channels. According to GfK CMM, our sales share of Level 1 energy efficiency models reached 42.5%, a year-on-year increase of 28.9 percentage points, and was 23.7 percentage points above the industry average. For water purifiers, we kept pace with the industry's adoption of mineral purification technology and continued to advance innovation in mineralized water technology. Casarte water purifiers established a key advantage with their "eight-in-one mineral" feature powered by third-generation ore activation technology, securing the top market share in the high-end segment above RMB8,000.

In the domestic market, we drove new growth through measures including precise channel segmentation, rapid expansion into new channels, and direct management-to-user engagement. During the reporting period, we made targeted adjustments to our channel strategy that spurred rapid growth in new channels, with revenue from new-opportunity e-commerce channels up more than 40%. To expand into new channels, we are actively developing four new types of touchpoints: hardware and plumbing stores, after-sales service providers, home decoration companies, and community group buying, all of which open new routes to market and new sources of growth. At the same time, we strengthened omnichannel fan engagement and facilitated direct communication between management and users. By building a matrix of video channels, recommendation content, and scenario-based displays, we helped users intuitively understand the unique benefits of our "condensate-drain-free" and "aerospace-grade centrifugal atomization" technologies. This approach shortened the user decision-making process and improved in-store conversion rates.

In overseas markets, we accelerated our premium brand-building transformation and strengthened e-commerce channel capabilities to reach users directly, lifting overseas revenue by more than 40%. In Malaysia, for instance, we continued to advance this premium transformation by improving our product mix and in-store competitiveness, profitability kept improving as our product price index exceeded 100. In e-commerce, we built dedicated teams, sharpened online product differentiation, and integrated marketing with operations, raising e-commerce retail sales by 200% year-on-year. At the same time, following the acquisition of the South African water heater brand Kwikot, we have continued to grow its market share through comprehensive synergies in technology, products, and channels.

(IV) Key Market Performance

China

During the reporting period, the Company focused on our omnichannel direct-to-consumer model transformation and systematically advanced key projects in digital inventory and digital marketing. We strengthened our high-end brand building and continued to raise our market share, maintaining a leading position in the premium market. According to AVC data, in the first half of 2026, our retail sales share offline and online rose by 1.5 percentage points and 3.1 percentage points year-on-year respectively.

Digital inventory: shortening the transaction chain and improving end-to-end operational efficiency. (1) Centered on the direct-to-consumer unified warehouse model, we restructured our inventory and order fulfillment processes. As of the end of the reporting period, the direct-to-consumer share of unified-warehouse orders reached 64%. In the first half of the year, we processed an average of 96,000 orders a day, up 59% year-on-year. Our direct-to-consumer delivery lead time was an industry-leading 22 hours, and the rate of synchronized delivery and installation increased by 3.7 percentage points year-on-year. (2) The unified warehouse model lowered distributors' warehousing, delivery, and installation costs, allowing them to focus on building retail capabilities. The resolution time for replacing damaged products was shortened from an average of 15.3 days to 3.3 days, significantly enhancing the after-sales experience for consumers. (3) Through synergies across logistics, services, business divisions, and digital systems, we accelerated order forecasting and inventory turnover. During the reporting period, the order response cycle improved by 5.3% year-on-year.

Digital marketing: driving precision outreach, cost reduction, and efficiency gains with AI. We integrated AI tools across the entire marketing journey, from insight and content creation to placement, review, and data accumulation. During the reporting period, the AI adoption rate across business scenarios reached 80%, resulting in total marketing expenses savings of over RMB70 million. In the media placement stage, AI agents automated influencer screening and placement decisions, increasing the proportion of AI-selected influencers to 54.35% and improving placement cost-efficiency by 36%. In the content stage, our AIGC workbench has generated close to 348,000 pieces of content, boosting production efficiency by 60% and reducing expenses by 36% compared to manual methods. In terms of user asset accumulation, we leveraged our customer data platform to build precise user profiles. We published over 13,000 posts through our Key Opinion Consumer (KOC) word-of-mouth content matrix, generating over 8,000 sales leads and accumulating 53,000 user tags.

Advancing multi-brand synergy: (1) Casarte deepened its "AI + product suites" strategy to strengthen its competitive advantage as a premium brand. We released the Casarte Maestro suite featuring the newly upgraded AI Eye 2.0 technology. By integrating analysis of vision, voice, and the surrounding environment, the suite is the first to achieve a "multi-modal perception" standard, enabling appliances to "see, hear, sense, and think". We have formed a complete product matrix with our four suites: the Maestro, Ultra-Realm (致境), Lamina (攬光), and Light-Year (光年), and continued to raise the share of suite products, which accounted for 75% of total sales, a year-on-year increase of 26.5 percentage points. (2) The Leader brand continued to focus on understanding real user needs and creating differentiated hit products. It launched products tailored to young users, with revenue growing by over 20% in the first half. The Leader Lazy Wash Triple-Drum washing machine family has sold more than 600,000 units cumulatively since launch.

Americas

During the reporting period, demand in the U.S. home appliance industry remained soft amid elevated mortgage rates, subdued housing activity, and continued affordability pressure. Against this backdrop, GE Appliances gained core-appliance share and maintained a leading industry position in both revenue and profitability. In the second quarter, the business delivered positive year-over-year sales growth (in US dollar) despite an approximately 3% decline in demand in the core-appliance industry, supported by pricing actions, new product introductions, and double-digit revenue growth in Air & Water Solutions and Small Domestic Appliances. The Company also accelerated manufacturing and logistics productivity, sourcing and technology initiatives to mitigate input-cost pressures.

The Company continued to strengthen its product leadership by introducing new offerings across refrigeration, cooking, and dish care, including GE Profile products featuring Kitchen Assistant and Cooking Assistant technologies. Air & Water Solutions expanded its residential and commercial HVAC offerings and introduced a connected whole-home water-protection ecosystem. The Company also advanced manufacturing investments to support greater flexibility, capacity, and long-term competitiveness.

GE Appliances further reinforced its commitment to the contract channel by launching GEAppliances.com/pro, a dedicated digital platform providing builders, developers, and property professionals with easier access to product information, planning tools, and specialized support. Together with Bodewell's established last-mile delivery, installation, and after-sales service capabilities, these actions support a differentiated experience for consumers and contract-channel customers.

Europe

During the reporting period, Europe, one of the core regions of the Company's globalization strategy, recorded year-on-year revenue growth of 4.9%. Within the region, the smart home appliance business remained at a critical stage of in-depth integration and transformation, while the HVAC and commercial refrigeration businesses continued to grow rapidly. Against a complex and evolving macroeconomic and geopolitical backdrop, the Company remained user-centric, driving its businesses from scale-oriented growth toward high-quality growth, and continued to enhance operating quality and profitability.

In the smart home appliance business, the Company maintained steady development in core markets such as the United Kingdom, Italy, France and Spain, establishing a differentiated pattern of regional leadership.

In terms of market share, the refrigeration and laundry businesses continued to gain share in the core markets of the UK, France, Italy and Spain. According to GfK data, retail sales value share in refrigeration rose from 9.8% to 10.8%, while laundry share increased from 14.2% to 14.7%, firmly holding the No. 2 position in the industry.

In terms of product premiumization, the Haier Horizon refrigerator series, developed on a unified global platform, was officially launched, driving a doubling of share in the premium multi-door refrigerator segment; the three-drum washing machine, co-created with young users in China, was introduced to Europe and won the Consumer Choice Product of the Year Award in France; sales of premium T-platform ovens grew by 60%.

In marketing, the Company entered into partnerships with top-tier football clubs such as Liverpool FC and Paris Saint-Germain, as well as the Roland-Garros Grand Slam tennis tournament, in support of its product premiumization strategy.

In channels, the Company continued to deepen its integrated "offline + online" channel structure. Offline, it focused on pan-European key account management, forming multi-tiered collaboration mechanisms through Top-to-Top and Local-to-Local dialogues to consolidate customer relationships and deepen business ties; it also signed a pan-European strategic cooperation agreement with MediaMarkt, leveraging MediaMarkt's European logistics infrastructure to strengthen channel synergies. Online expansion accelerated, with sales through the Amazon channel growing by more than 20% and sales through pan-European customers' online channels growing by more than 10%.

In logistics and supply chain, the Company established a hub warehouse in northern Italy, improving delivery lead times in Southern Europe and reducing logistics costs. By building a multimodal transportation system and optimizing its CKD solutions, the Company effectively hedged against geopolitical risks and rising cost pressures.

The European HVAC business sustained its high-growth momentum in the first half of 2026, with profitability improving further, and has become one of the key growth engines of the Company's European operations.

By market, core markets maintained high growth, with Spain in particular delivering a standout performance with year-on-year growth of more than 50%; the recovery in France and the UK became firmly established, with market expansion and channel deepening advancing in parallel, laying the foundation for sustainable growth.

In products and technology, in line with Europe's energy transition and the electrification of buildings, the Company focused on building out its portfolio of low-carbon heating products such as heat pumps, continuously strengthening its competitiveness in energy-efficiency standards and product technologies.

On the organizational front, following the consolidation of the HVAC businesses, the Company reinforced capability building at the country-level operating units, further increasing the speed of market response.

Following the conclusion of the post-closing transition period, the commercial refrigeration business sustained revenue growth, while advancing integration and synergies with the HVAC and other businesses.

In Europe, the commercial refrigeration business delivered near-double-digit revenue growth, with both the food retail and industrial solutions businesses expanding, a substantial inflow of new customer orders, and continued enhancement of product and service capabilities. In Asia, the business achieved revenue growth of more than 10%, substantially improved profitability, and built an order backlog growing faster than revenue. In North America, through joint development with key customers, the business rapidly scaled up sales of CO_2 CDUs on the basis of rack sales, doubling its revenue.

South Asia

During the reporting period, the South Asia market recorded revenue of RMB10.149 billion, representing year-on-year growth of 17.1%. As one of the key growth engines of the Company's overseas business, South Asia focused on the two core markets of India and Pakistan and, through localized in-depth market cultivation and innovation that combines global technologies with local needs, achieved rapid growth well above the industry average.

By country, following the successful introduction of strategic partners Bharti Enterprise and Warburg Pincus, India continued to develop at a rapid pace, with revenue growing by more than 20% year-on-year in Indian Rupees. India is a core market among the Company's overseas operations, and market share in its core categories — refrigerators, washing machines, air conditioners and televisions — all increased during the first half of the year. In Pakistan, the Company's revenue grew by more than 30% in Pakistani Rupees, cementing an undisputed leading position in the industry.

In product innovation, premium products are built on the unified global platform combined with localized adaptation; mid-to-high-end products are developed on regional iteration platforms to create best-selling models; and for lower-tier markets, locally adapted models are engineered for extreme cost efficiency. To address South Asia's extreme operating conditions — high temperatures, frequent power outages and salt mist corrosion — the Company developed dedicated products, including T3-rated air conditioners (capable of normal operation at ambient temperatures of 60–70ºC), direct-drive solar air conditioners (requiring no inverter or battery storage), side-by-side refrigerators (designed to meet the needs of vegetarian consumers in India) and large-drum washing machines. These core differentiated products deliver both scale and profitability.

In marketing and channels, the Company shifted from the traditional model of cricket sponsorships and celebrity endorsements to SKU-level, scenario-based precision marketing, focusing on short-video and live-streaming e-commerce in cooperation with Amazon. The business achieved omni-channel coverage, with traditional retail, premium chains, township markets and e-commerce channels each matched with corresponding customized product and marketing strategies.

Emerging Markets

1. Southeast Asia

   During the reporting period, revenue in the Southeast Asia market recorded a double-digit growth year-on-year.

   By country, the Company continued to lead the industry in white goods sales volume in Thailand, where its household air conditioners ranked No. 1 in both sales volume and sales value; in Vietnam, the Company ranked No. 1 in white goods sales volume.

   In product innovation, the Company introduced its global product platforms: in refrigeration, T-door large-capacity units with built-in ice maker were brought to market; in laundry, multi-drum products were introduced under a "health and premium care" proposition; and in air conditioning, smart voice-control series were rolled out, focused on AI-enabled high-airflow models and a full lineup of high energy-efficiency 5/3/1-star combinations, lifting mid-to-high-end sales volumes.

   In channel transformation, Thailand advanced a new DTC retail model that reaches users directly and improves service efficiency, upgraded the user experience in offline brand zones and, combined with sports marketing campaigns, drove a broad-based increase in retail market share. Vietnam achieved rapid e-commerce growth of more than 50% and the launch of Haier-brand refrigerators and air conditioners further elevated the brand. In Indonesia, the Company strengthened its display presence in chain retail channels, reaching 90% store coverage.

   In supply chain optimization, the three industrial parks in Thailand, Vietnam and Indonesia have formed a mutually supportive and collaborative system which, in addition to serving Southeast Asia, will also support other regional markets such as North America and Europe.

2. Middle East and Africa

During the reporting period, the Middle East and Africa market came under pressure due to the short-term impact of the conflict in the region. Given the significant differences across sub-regions, the Company continued to pursue a "one country, one strategy" customized approach to penetrate core markets. In response to the short-term market and supply chain disruptions caused by the conflict in the Middle East, the Company responded proactively and accelerated the build-out of localized manufacturing bases in key countries, keeping the business on a rapid growth trajectory through measures such as regional partnerships and channel reforms.

In product innovation, new products were launched in markets including Saudi Arabia, Egypt and South Africa — such as Horizon and Space Fit refrigerators, as well as three-drum, twin-drum and X-series washing machines — effectively enhancing brand premium and high-end market share.

In channels, in addition to continued in-depth cultivation of the Egyptian and Saudi markets, the Company's white goods successfully entered South Africa's largest local chain retailer as well as independent stores, leveraging local channels and resource advantages to establish deep local roots and achieve sustainable growth.

Production lines for refrigerators and other product categories in Phase II of the Company's Eco-Park are under construction in Egypt and are expected to commence production in the second half of the year. Meanwhile, the Company is improving the efficiency of the Kwikot production base in South Africa.

Asia Pacific

1. Australia and New Zealand

During the reporting period, sales revenue grew 4.3% (8% in local currency) in Australia and New Zealand, while consolidated market leadership in refrigerators, washing machine, kitchen appliances and dish washers with Haier and FPA brands in New Zealand.

The Company continued to launch new products across categories including FPA and Haier 790 energy star refrigerator, FPA FCS200 washing machine and premium series 9 built-in dish washer, Haier X series washing machine and built-in oven, all of which help the Company to outperform the market.

The Company raised brand recognition across social media platforms and Youtube by sponsoring 2026 Australian Open; FPA participated in Milan Design Week to accelerate premium brand implementation, achieving a global social media reach of more than 10 million through content creators. The Company introduced Procure to Pay project to improve efficiency while created AI tool for service centres and end users to increase self-help ratio to 60–70%, significantly reducing service call time. The Company also provided AI tools to optimize R&D lead time and system upgrade. Meanwhile, the Company deepened cooperation with mainstream distributors from product planning stage, thus laying down solid foundations for new product launches in Australia in second half this year.

2. Japan

During the reporting period, sales revenue went up by 9.9% in local currency in Japan, and market share by sales volume in refrigerator, freezer and washing machine reached 17.8% up 0.5 percentage points, while continued to lead the freezer market with 42.7% share by sales volume and 39.9% share by sale revenue.

The Company remained dedicated to product upgrade by launching 400L AQUA refrigerator, Japanese style front-loading washing machine and Haier Ultra refrigerator.

The Company increased the number of sales representatives and renovated store display to focus on comprehensive solutions in order to create best consumer experience, while doubling revenue online by working closely with Amazon.com. In addition, the Company carried out a series of promotional activities including theme store, fans meetings, pop-up stores with elite athlete to raise awareness and promote content creation on social media.

(V) Operating Plan for the Second Half of 2026

In the second half of 2026, the Company will deepen AI-driven transformation across all processes. With this as our engine, we will improve operational efficiency, strengthen our ability to create user value, solidify our core competitiveness, and achieve sustainable business growth.

(1) China market: deepening digital transformation to reshape our value chain and user relationships

Through end-to-end digital upgrades across R&D, supply chain, logistics, and services, we will build an efficient and agile value chain centered on the best user experience. In marketing and user operations, we will build a multi-level professional content system for our best-selling products, categories, and brands to enhance brand influence and user loyalty. We will also leverage our full-lifecycle user data platform for precise demand insights and efficient sales conversion, thereby increasing market share and customer retention.

(2) Overseas markets: focusing on high-end breakthroughs and localized operations to improve profitability

On the product side, we will integrate global R&D resources to establish a rapid product iteration system, focusing on sharpening our ability to customize and develop premium products for local markets. In the market, we will promote the comprehensive localization of our marketing, logistics, service, and information networks. By optimizing channel management, the retail-end experience, and sales team effectiveness, we will increase the share of mid-to-high-end products in our sales mix to improve the profit structure of our overseas business.

(3) Unified HVAC and unified white goods divisions: strengthening synergies and integration to achieve economies of scale

To unlock greater growth potential, we will deepen the integration of our two business divisions, breaking down organizational barriers to share resources and align capabilities across core platforms such as R&D, procurement, and supply chain. This will reduce duplicated investment in shared modules and channel penetration, and improve operating efficiency across the entire industry chain. We will also strengthen the collaborative development of professional channels and enhance retail-end effectiveness to unleash synergies, creating new momentum for growth.

Potential Risks of the Company

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibit inherent cyclicality tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic downturn will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances negatively.

2. Risk of price war caused by intensified industry competition. As the industry concentration level has continued to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory levels in specific verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talent in the industry, shortened product life cycles, and the relative ease of copycatting increase the difficulty of maintaining margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain its brand awareness.

3. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminium, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressure on production and operations. In addition, the Company relies on third-party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in the supply chain or significant price increases will hurt the Company's business. As a leader in the industry, the Company will take actions and have contingency plans, including volume and price adjustment mechanisms and hedging to reduce the volatility of raw material prices.

4. Operational risks in overseas markets. As evidenced by the growing share of revenue from overseas markets, the Company has expanded its global business to a certain extent and established production bases, R&D centres, and marketing centres in key international regions. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose particular risks to the Company's local operations. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the relevant impact on the Company's overall cost of sales, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect its employees and assets.

5. Risk of tariff increases. Potential tariff policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage its localised supply chain resources in respective markets, further optimise supply chain management, enhance production flexibility, and strengthen regional manufacturing and collaboration capabilities.

6. Risk of exchange rate fluctuations. In conjunction with the Company's ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies, including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these currencies fluctuate to a certain extent, it will impact the Company's financial performance and potentially increase the economic costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while subsidiaries' financial statements are measured and reported in the local currencies where they operate. The Company is therefore also exposed to currency exchange risk. To mitigate these exposures, the Company maintains a currency risk management program utilising hedging instruments.

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and the property market. Changes in macroeconomic policies, consumption and investment policies, property policies, and relevant laws and regulations will affect demand, and in turn, the sales of the Company. The Company will closely monitor changes in applicable policies, rules, and regulations, and make forecasts of market changes to ensure the Company's further development.

8. Credit risk. There are possibilities that either the Company may be unable to collect all trade receivables from its distributors, or the distributors are unable to settle the Company's trade receivables promptly. If that is the case, the Company's business, financial status, and operational performance may be affected negatively. To mitigate this risk, the Company will maintain flexibility by offering a credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.

9. Inventory risk. Excess inventory may occur because the Company cannot always accurately predict trends and events, which can lead to suboptimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, an inventory shortage may lead to a loss of revenue. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.

10. Capital expenditure risk. In the current macroeconomic environment characterised by a slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme cases. This could lead to a low utilisation rate across the industry, which in turn would lower profitability and return on assets. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimising capacity footprint, and improving existing utilisation rate, to minimise capital expenditure risks.

FINANCIAL REVIEW

In the first half of 2026, the Group's revenue amounted to approximately RMB152,109 million, representing a decrease of 2.8% from RMB156,469 million in the first half of 2025.

Profit attributable to owners of the Company amounted to RMB10,316 million, representing a decrease of 14.3% from approximately RMB12,033 million in the first half of 2025.

1. Analysis of Revenue and Profit

Items	For the six months ended 30 June 2026 *RMB'M* (Unaudited)	2025 *RMB'M* (Unaudited)	Change %
Revenue			
Smart Home Appliances	**89,649**	95,530	(6.2)
Smart HVAC Solutions	**45,362**	42,771	6.1
Other Business	**42,341**	67,687	(37.4)
Inter-segment elimination	**(25,243)**	(49,519)	(49.0)
Consolidated revenue	**152,109**	156,469	(2.8)
Adjusted operating profit*	**12,752**	13,200	(3.4)
Profit attributable to owners of the Company	**10,316**	12,033	(14.3)
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
— For profit for the period	**RMB1.12**	RMB1.30	(13.8)
Diluted			
— For profit for the period	**RMB1.12**	RMB1.29	(13.2)

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

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

	For the six months ended 30 June		
	2026	2025	Change
	RMB'M	*RMB'M*	%
	(Unaudited)	(Unaudited)	
China	**73,333**	77,390	(5.2)
Other countries/ regions	**78,776**	79,079	(0.4)
Total	**152,109**	156,469	(2.8)

As at 30 June 2026, the Group's foreign assets amounted to RMB152,517 million, representing 48.9% of the total assets. In the first half of 2026, the Group's revenue and operating profit from foreign assets amounted to RMB78,776 million and RMB4,061 million respectively.

In the first half of 2026, the Group's revenue amounted to RMB152,109 million, representing a decrease of 2.8% from approximately RMB156,469 million in the first half of 2025. (1) In the domestic market, the Group's revenue dropped 5.2% in the first half of the year. The Chinese market has witnessed an overall decline in demand within the domestic home appliance sector, affected by factors such as the continued adjustment of the property industry, relatively weak consumer confidence, and the fading benefits of trade-in policies. The Group's revenue in the domestic market decreased in line with the industry trend, while the Company's market share remained stable with a steady upward momentum. (2) In overseas markets, the Group's revenue dropped 0.4% in the first half of the year. The U.S. market was affected by high inflation and high interest rates, resulting in persistently sluggish property sales and subdued demand for household appliances, which led to a contraction in the industry scale and placed downward pressure on the Group's revenue from its U.S. operations. Meanwhile, Europe, South Asia, South-East Asia and other markets have maintained growth, leading to a more balanced regional structure in overseas revenue, which has offset the downward pressure from the U.S. market. Therefore, the overall revenue in the overseas market remained stable in general.

Revenue from Smart Home Appliances decreased by 6.2% from approximately RMB95,330 million in the first half of 2025 to approximately RMB89,649 million in the first half of 2026. The decline in Smart Home appliances revenue was mainly attributable to the following factors: During the reporting period, the domestic market experienced sluggish overall demand, affected by ongoing adjustments in the property sector and the phase-out of national subsidy policies, resulting in a year-on-year decline in sales revenue. Although the Group's retail sales outpaced the industry average, they were insufficient to offset the downward pressure from the overall industry contraction. In overseas markets, especially in North America, industry demand was muted due to factors such as tariffs and inflation, exerting pressure on revenue. In July, in line with the trend of the AI era, the Group unified dispatching. It coordinated resource operations across core major home appliance categories — such as refrigerators, kitchen appliances, and washing machines — to accelerate To-Customer (TC) transformation, implement one-stop smart home full-scenario solutions, and enhance competitiveness in the aforementioned sectors.

Revenue from Smart HVAC solutions increased by 6.1% from approximately RMB42,771 million in the first half of 2025 to approximately RMB45,362 million in the first half of 2026. Revenue growth in Smart HVAC solutions was driven by the Group's deepened integration of its residential air-conditioning, smart-building, and water-networking businesses. By combining multi-category products, it created comprehensive "cooling, heating, ventilation, water, and smart control" HVAC bundled solutions, accelerating its business transformation into a globally leading integrated HVAC solution service provider covering multi-energy sources and full-scenario applications. Through cross-industry and cross-category integration and restructuring, the Group achieved end-to-end integration across R&D, procurement, supply chain, and marketing, thereby optimising resource allocation, enhancing economies of scale, shortening decision-making chains, and improving profitability. During the reporting period, preliminary results from the business integration began to emerge, driving revenue growth.

Profit Attributable to Owners of the Company

In the first half of 2026, the profit attributable to owners of the Company was approximately RMB10,316 million, representing a decrease of 14.3% from approximately RMB12,033 million in the first half of 2025.

The decline in profit before tax for the current period was largely attributable to fluctuations in exchange gains and losses. Due to the appreciation of RMB during the current period, an exchange loss of RMB911 million was recognized in finance costs, which was partially offset by hedging gains of RMB207 million recognized in fair value changes and investment income, resulting in an exchange loss of RMB704 million (as compared to an exchange gain of RMB881 million recognized in finance costs in the same period of last year, together with hedging gains of RMB1 million recognized in fair value changes and investment income, resulting in an exchange gain of RMB882 million), representing an impact of RMB1,586 million arising from fluctuations in exchange gains and losses. Excluding the effect of such fluctuations, the decline in profit before tax would have been substantially narrower as compared to the same period of last year. The Company's management is continuously enhancing its foreign exchange management systems and related measures with a view to mitigating the impact of exchange fluctuations on its future financial performance.

Adjusted Operating Profit

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

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

In the first half of 2026, the adjusted operating profit of the Group amounted to RMB12,752 million, representing a decrease of 3.4% as compared to RMB13,200 million in the first half of 2025. The decrease in adjusted operating profit was driven by the appreciation of RMB, resulting in an increase in foreign exchange losses.

The following table sets forth the reconciliation between the Group's adjusted operating profit and profit before tax prepared in accordance with IFRS for the six months ended 30 June 2026 and 2025:

	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Profit before tax	**13,071**	14,997
Adjustment:		
Bank interest income	**(830)**	(900)
Foreign exchange loss/(gains)	**911**	(881)
Government grants	**(442)**	(511)
Return on investments in other financial assets	**(128)**	(71)
Finance costs	**924**	1,416
Share of profits and losses of associates	**(754)**	(850)
Adjusted operating profit	**12,752**	13,200

Gross Profit Margins

The Group's gross profit margin was 26.8% in the first half of 2026, representing an increase of 0.4 percentage points compared to the same period of 2025. In the Chinese market, faced with operational challenges arising from a surge in commodity prices, the Group promoted a whole-process extreme cost strategy. Through initiatives such as hedging against commodity price risks, fostering full competition by opening up the supplier network, enhancing material commonality, advancing the rollout of best-selling product platforms, and increasing in-house production levels within the supply chain, the gross profit margin increased year-on-year. Meanwhile, in the overseas markets, in response to the impacts of tariffs, rising commodity prices and freight costs, the Group actively responded by advancing its global supply chain layout and implementing its extreme cost strategy. Together with the positive impact brought by one-off tax rebates, the gross profit margin remained flat year-on-year.

Selling and Distribution Expenses

The Group's selling and distribution expenses accounted for 10.8% of the revenue, representing an increase of 0.7 percentage points compared to the same period of 2025. In the domestic market, faced with the challenges of intensifying market competition and pressure on demand, The Group has comprehensively promoted and implemented the centralized TC model, reshaping the value chain across the entire process. On the logistics side, the delivery model has shifted from customer self-collection to direct delivery by the Company, with warehouse assembly and related costs uniformly borne by the Company, resulting in increased logistics expenses. On the marketing side, user-benefit resources have shifted from decentralized deployment by customers to centralized operation by the platform, with the resource pool managed centrally, resulting in increased marketing expenditure. In addition, the Group adopted a more proactive operational strategy in branding and marketing. In the overseas markets, the Group stepped up its expansion into emerging markets, continued to upgrade its four-network system, drove the transformation of e-commerce channels, and increased investment in the development of retail touchpoint networks. Furthermore, the Group stepped up investments in brand marketing by strengthening sponsorships of major sports events to enhance overseas brand awareness.

Administrative Expenses

The Group's administrative expenses accounted for 8% of the revenue, representing a decrease of 0.1 percentage points compared to the same period of 2025.

2. Financial Position

Items	**30 June 2026** *RMB'M* **(Unaudited)**	31 December 2025 *RMB'M* (Audited)
Non-current assets	**137,379**	142,962
Current assets	**174,533**	152,833
Current liabilities	**154,786**	142,545
Non-current liabilities	**27,751**	27,273
Net assets	**129,375**	125,977

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

As at 30 June 2026, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets increased by 19.6% from RMB47,754 million as at 31 December 2025 to RMB57,112 million as at 30 June 2026.

Items	**30 June 2026** *RMB'M* **(Unaudited)**	31 December 2025 *RMB'M* (Audited)
Cash and cash equivalents	**49,873**	46,268
Wealth management products from other financial assets		
— Current portion	**7,239**	1,486
Total	**57,112**	47,754

Net Assets

The Group's net assets increased by 2.7% from RMB125,977 million as at 31 December 2025 to RMB129,375 million as at 30 June 2026.

Working Capital

Trade and Bills Receivables Turnover Days

The trade and bills receivables turnover days of the Group were 47 days in the first half of 2026, representing an increase of 3 days as compared to that as of the end of 2025, mainly due to seasonal factors and changes in business mix.

Inventory Turnover Days

The Group's inventory turnover days in the first half of 2026 were 77 days, representing an increase of 3 days as compared to that as of the end of 2025, mainly due to inventory stocking in certain overseas regional markets.

Trade and Bills Payable Turnover Days

The Group's trade and bills payables turnover days in the first half of 2026 were 134 days, representing an increase of 9 days as compared to that as of the end of 2025, which was primarily due to the price increase of bulk raw materials and the shift in procurement models.

3. Cash Flow Analysis

Items		**For the six months ended 30 June**	
		2026	2025
	Notes	***RMB'M***	*RMB'M*
		(Unaudited)	(Unaudited)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the period		**46,268**	54,995
Net cash flow from operating activities	(a)	**9,752**	11,139
Net cash flow from investing activities	(b)	**(10,277)**	(10,021)
Net cash flow from financing activities	(c)	**4,845**	(2,065)
Effect of foreign exchange rate changes, net		**(715)**	466
Cash and cash equivalents as stated in the statement of cash flows at the end of the period		**49,873**	54,514

(a) In the first half of 2026, the Group's net cash inflow from operating activities was RMB9,752 million, representing a decrease of RMB1,387 million compared to the same period of 2025, which was mainly due to the decrease in sales revenue.

(b) Net cash outflow from investing activities in the first half of 2026 amounted to RMB10,277 million, with the details as follows:

Items	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Payment for purchases of non-current assets	**(4,365)**	(3,763)
Purchase of wealth management products	**(6,682)**	(6,956)
Payment for acquisition and proceed from disposal of subsidiaries	**—**	131
Cash from disposal of fixed assets and leasehold land	**167**	17
Dividend received from associates	**498**	398
Interest received from wealth management products	**94**	48
Net cash inflow from other investing activities	**11**	104
Net cash flow from investing activities	**(10,277)**	(10,021)

(c) Net cash inflow from financing activities in the first half of 2026 amounted to RMB4,845 million, as compared to the net cash outflow of RMB2,065 million for the same period of last year, with details as follows:

Items	For the six months ended 30 June	
	2026	2025
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Proceeds from borrowings	**18,706**	13,818
Repayment of borrowings	**(16,058)**	(14,320)
Repurchase of shares	**(1,625)**	(856)
Interest paid	**(756)**	(1,244)
Lease payment	**(908)**	(813)
Change in ownership interest in subsidiaries	**5,591**	—
Payment of put option liabilities	**—**	(2,155)
Proceeds from issue of medium-term notes	**—**	3,500
Net cash inflow from other financing activities	**(105)**	5
Net cash flow from financing activities	**4,845**	(2,065)

LIQUIDITY AND FINANCIAL RESOURCES

The Group pays great attention to cash flow management and has been able to maintain a healthy financial and liquidity position. As at 30 June 2026, the Group had a current ratio of 1.1 (31 December 2025: 1.1).

Items	**30 June 2026** *RMB'M* **(Unaudited)**	31 December 2025 *RMB'M* (Audited)
Cash and cash equivalents	**49,873**	46,268
Wealth management products from other financial assets	**7,239**	1,486
	57,112	47,754
Less:		
Interest-bearing borrowings	**(38,319)**	(36,382)
Net balance of cash and cash equivalents and wealth management products from other financial assets	**18,793**	11,372

As at 30 June 2026, wealth management products from other financial assets amounted to RMB7,239 million (31 December 2025: RMB1,486 million), representing an increase of 387% as compared to that as of the end of 2025.

As at 30 June 2026, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB18,793 million (31 December 2025: RMB11,372 million), representing an increase of 65.3% as compared to that as of the end of 2025.

In the first half of 2026, the financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB877 million, representing a decrease of 7.2% as compared to RMB945 million in the first half of 2025.

The Group will continue to maintain stable liquidity in its operations in 2026 to ensure meeting its working capital requirements in the coming year, and also for constructing a super factory, as well as maintaining the financial flexibility for future strategic investment opportunities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

As disclosed in the 2023 Annual Report, the Company entered into a placing agreement dated 11 January 2022 with a placing agent in relation to the placing of new H shares of the Company under a general mandate. The Company intends to further strengthen its financial position by the placing and the utilization of the net proceeds, which will be primarily for supporting overseas business expansion and investments in ESG-related areas. The share placing was completed on 21 January 2022. The net proceeds from the placing were approximately HK$1,149.98 million. The net proceeds from the placing will be used for the following purposes: (i) 70% for production capacity expansion of overseas industrial parks; (ii) 15% for investments in ESG (Environmental, Social and Governance) related areas; (iii) 10% for further digitalization of overseas industrial parks; and (iv) 5% for overseas channel expansion and promotion, which are expected to be fully utilized by December 2024.

Reference is made to the announcement of the Company dated 27 August 2024. As at 30 June 2024, the Group completed the utilisation of the net proceeds of approximately HK$977.48 million for the above purposes set out in items (i), (iii) and (iv), whereas approximately HK$172.5 million remained unutilized for the purpose set out in item (ii) as stated above. The timeline for the full utilisation of then unutilized net proceeds was extended to 31 December 2026.

As at the date of this announcement, the Group's unutilized net proceeds (the "**Unutilized Net Proceeds**") amount to approximately HK$170.8 million for the purpose of investments in ESG (Environmental, Social and Governance) related areas, representing approximately 15% of the net proceeds.

In order to meet the ESG requirements and expectations of stakeholders, the Group has continued to integrate ESG considerations into its business strategy and operational management and to assess suitable ESG-related projects. As the internal upgrade and project evaluation process has taken longer than originally expected, the relevant ESG projects remain at the preparation stage and the Unutilized Net Proceeds are not expected to be fully utilized by 31 December 2026. Based on the current progress, the Unutilized Net Proceeds are expected to be fully utilized by 31 December 2028, subject to the actual implementation progress of the relevant projects.

The Board considers that the extension of the expected timeline for full utilisation of the Unutilized Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and the shareholders of the Company as a whole. Save as disclosed in this announcement, there are no other changes to the plan for utilising the net proceeds. The Board will continuously assess the plan for the use of the Unutilized Net Proceeds and may revise or amend such plan where necessary to cope with the practical situations in order to strive for a better performance of the Group.

CAPITAL EXPENDITURE

The Company assesses its capital expenditure and investments in each business segment of the Group from time to time. The capital expenditure during the reporting period was RMB4,365 million (the first half of 2025: RMB3,763 million), in which RMB2,057 million and RMB2,308 million were mainly used in China and overseas, respectively, and primarily used for the construction of plants and equipment, digital transformation, as well as ecosystem layout and development, etc.

GEARING RATIO

As at 30 June 2026, the Group's gearing ratio (defined as total borrowings (including interest-bearing borrowings and lease liabilities) divided by net assets of the Group) was 34.4% (31 December 2025: 33.8%), representing an increase of 0.6 percentage points, mainly due to the increase in balance of dividends payable.

TREASURY POLICIES

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

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

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

CAPITAL COMMITMENTS

The Group's capital commitments contracted but not yet provided for amounted to RMB6,319 million as at 30 June 2026 (31 December 2025: RMB4,757 million), which were mainly related to the Group's domestic and overseas factory construction projects.

CHARGE OF ASSETS

As at 30 June 2026, certain of the Group's trade and bills receivables with a net carrying value of RMB26 million were pledged to secure certain bank loans granted to the Group (31 December 2025: RMB38 million).

As at 30 June 2026, certain of the Group's property, plant and equipment and other intangible assets with net carrying amount of RMB31 million (31 December 2025: RMB32 million) and RMB348 million (31 December 2025: RMB351 million) were pledged to secure certain bank loans granted to the Group respectively.

In addition, as at 30 June 2026, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB720 million (31 December 2025: RMB1,085 million) and the Group's bills receivable amounting to RMB2,320 million (31 December 2025: RMB1,196 million).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities.

RELATIONSHIP WITH EMPLOYEES AND REMUNERATION POLICY

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

The total number of employees of the Group decreased by 0.8% to 133,899 as at 30 June 2026 from 134,995 as at 31 December 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchase of A-Shares

During the six months ended 30 June 2026, the Company repurchased certain of its ordinary A-Shares on the Shanghai Stock Exchange. The summary details of those transactions are as follows:

Months	Number of A-Shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		RMB	*RMB*	*RMB'M*
January 2026	4,750,000	26.29	25.08	121.55
March 2026	15,350,000	22.40	21.43	334.01
April 2026	15,201,300	21.70	20.55	318.86
May 2026	18,891,200	21.70	19.95	392.16
June 2026	21,600,800	21.25	19.60	443.02
	75,793,300			1,609.60

The repurchases of the Company's A-Shares during the reporting period were effected by the Directors, pursuant to the Board resolutions passed on 27 March 2025 and on 26 March 2026 regarding the repurchase of A-Shares. The A-Shares repurchased will be used in the Company's share incentive plans.

As of 30 June 2026, the Company held a total of 145,584,786 A-share treasury shares, of which 74,541,486 shares will be canceled and the others will be used in other share incentive plans.

Subsequent to the period end, during July 2026, 41,560,000 A-share treasury shares were transferred to the 2026 A-Share Core Employee Stock Ownership Plan of the Company.

Repurchase of D-Shares

During the six months ended 30 June 2026, the Company repurchased certain of its ordinary D-Shares on the Frankfurt Stock Exchange. The summary details of those transactions are as follows:

Months	Number of D-Shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		EUR	*EUR*	*EUR'M*
January 2026	422,000	2.109	2.070	0.8823
February 2026	443,598	2.080	2.010	0.9063
	865,598			1.7886

The repurchases of the Company's D-Shares during the period were effected by the Directors, pursuant to the mandate from shareholders sought at the annual general meeting and the class meetings held on 28 May 2025 regarding the repurchases of D-Shares. As at 30 June 2026, the D-Shares repurchased during the period had not yet been cancelled and remained pending cancellation. Such D-Shares are not intended to be resold or transferred.

The Directors made the repurchases when the D-Shares were trading at a discount to their underlying value. The repurchases would benefit the shareholders who retained their investment in the Company, as their proportionate interests in the assets and earnings of the Company would increase as a result of the repurchases.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2026.

Save as disclosed above, there were no other treasury shares held by the Company as at 30 June 2026.

Possible Voluntary Public Share Buy-back Offer of D Shares

At the 2025 annual general meeting and the class meetings held on 24 June 2026, the relevant resolutions granting a specific mandate to the Board to repurchase, by way of a possible voluntary public share buy-back offer, up to 81,044,512 D Shares, representing not more than 30% of the total number of D Shares in issue, were duly passed. As at the date of this announcement, the proposed D Share buy-back offer has not commenced. The making of the offer remains subject to the final determination of the Board. The Company will make further announcement(s) as and when appropriate.

DIVIDENDS

The Board do not recommend the payment of any interim dividend for the six months ended 30 June 2026. (for the six months ended 30 June 2025: RMB2.692 per 10 shares).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") during the period from 1 January 2026 to 30 June 2026, except for the following deviation:

Chairman and Chief Executive Officer ("CEO")

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

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

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

Model Code for Securities Transactions

The Company has adopted a code of conduct for securities transactions by Directors on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Upon specific enquiry by the Company, all Directors of the Company had confirmed that they had complied with the required standard as set out in the Model Code throughout the period for the six months ended 30 June 2026.

AUDIT COMMITTEE

The Company has established an audit committee comprising two non-executive Directors and three independent non-executive Directors of the Company. The audit committee has reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2026, and discussed with internal audit department on internal audit and controls, and risk management.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no significant event took place subsequent to the end of the reporting period.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's 2026 interim results announcement is published on the HKEXnews website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at http://smart-home.haier.com. The Company's 2026 interim report will be made available on the websites of the Company and the HKEXnews website of the Stock Exchange in due course. The 2026 interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2026 and is extracted from the financial information for the six months ended 30 June 2026 that will be included in the Company's 2026 interim report.

APPRECIATION

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

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

Qingdao, the PRC
27 August 2026

As at the date of this announcement, the executive Directors of the Company are Mr. LI Huagang and Mr. Kevin Nolan; the non-executive Directors are Mr. GONG Wei, Mr. YU Hon To, David, Mr. CHIEN Da-Chun and Mr. LI Shaohua; the independent non-executive Directors are Mr. LI Shipeng, Mr. WU Qi, Mr. WANG Hua and Mr. Siu, Paul Yu Hay; and the employee representative Director is Ms. SUN Danfeng.

* *For identification purposes only*