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**HISENSE HOME APPLIANCES GROUP CO., LTD.**

**海信家電集團股份有限公司**

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

## **2022 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors (the “**Board**”) of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2021. The unaudited interim results for the Reporting Period have been reviewed by the eleventh session of the audit committee of the Company.

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

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

### **Consolidated Balance Sheet**

<b>Item</b>	<b>Note</b>	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021</b>
<b>Current assets:</b>			
Cash at bank and on hand		7,798,340,633.53	7,022,572,498.74
Balancing with clearing companies			
Lending capital			
Transactional financial assets		5,126,053,140.56	5,625,841,633.95
Derivative financial assets			
Notes receivable		156,881,858.82	228,252,631.50
Accounts receivable	5	9,268,259,488.67	8,757,077,378.05
Factoring of accounts receivables		5,656,865,625.23	3,669,679,060.94
Prepayments		305,841,865.15	346,069,599.65

Insurance premium receivable			
Receivables from reinsurers			
Reserves for reinsurance contract receivable			
Others receivables		421,420,094.01	484,042,296.38
Including: Interest receivable			
Dividend receivable		67,444,930.04	153,473,105.41
Financial assets purchased under agreements to resell			
Inventories		6,943,387,398.55	8,436,699,059.69
Contract assets		4,434,057.26	10,202,598.50
Assets held for sale			
Non-current assets due within one year		1,907,415,555.55	2,210,937,867.57
Other current assets		2,423,607,696.98	2,908,448,659.96
<b>Total current assets</b>		<b>40,012,507,414.31</b>	<b>39,699,823,284.93</b>
<b>Non-current assets:</b>			
Disbursement of loans and advances			
Bond investments			
Other bond investments			
Long-term receivables			
Long-term equity investments		1,523,597,066.54	1,436,216,842.15
Other equity instrument investments		34,918,015.38	38,707,912.25
Other non-current financial assets			
Investment properties		195,823,878.78	235,340,080.78
Fixed assets		5,144,109,869.32	5,188,754,013.36
Construction in progress		716,679,200.89	665,964,066.15
Productive biological assets			
Oil and gas assets			
Right-of-use assets		177,382,130.31	209,678,045.05
Intangible assets		1,547,723,182.62	1,644,453,450.06
Development expenditure			
Goodwill		226,408,877.76	226,408,877.76
Long-term prepaid expenses		33,908,537.86	26,229,463.77
Deferred tax assets		881,611,057.01	897,868,944.38
Other non-current assets		5,144,424,716.72	5,679,104,506.34
<b>Total non-current assets</b>		<b>15,626,586,533.19</b>	<b>16,248,726,202.05</b>
<b>Total assets</b>		<b>55,639,093,947.50</b>	<b>55,948,549,486.98</b>
<b>Current liabilities:</b>			
Short-term borrowings		1,609,308,315.26	2,858,984,229.49

Borrowings from central bank			
Loans from other banks			
Transactional financial liabilities		8,027,917.21	244.38
Derivative financial liabilities			
Notes payable	6	10,750,258,328.10	11,513,955,689.58
Accounts payable	7	10,923,579,331.78	11,779,280,708.56
Advances from customers			
Contract liabilities		1,649,808,399.53	1,147,112,513.32
Proceeds from disposal of financial assets under agreements to repurchase			
Receipt of deposits and deposits from other banks			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee remunerations payable		826,068,626.43	928,635,430.98
Taxes payable		655,533,646.13	725,413,062.43
Other payables		3,944,388,273.31	3,425,374,535.37
Including: Interests payable			
Dividends payable		291,623,229.18	
Handling fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		143,069,433.76	171,349,860.51
Other current liabilities		6,841,995,827.72	5,462,375,607.34
<b>Total current liabilities</b>		<b>37,352,038,099.23</b>	<b>38,012,481,881.96</b>
<b>Non-current liabilities:</b>			
Reserves for reinsurance contract			
Long-term borrowings		25,494,392.71	32,382,835.84
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		306,747,814.89	395,949,053.40
Long-term payables			
Long-term employee remunerations payable		142,599,832.10	143,732,252.27
Provisions		1,319,696,665.75	1,417,289,726.72
Deferred income		150,031,400.60	152,987,034.48
Deferred tax liabilities		173,260,529.62	174,217,456.30
Other non-current liabilities		20,120,349.97	28,258,009.23

<b>Total non-current liabilities</b>		2,137,950,985.64	2,344,816,368.24
<b>Total liabilities</b>		39,489,989,084.87	40,357,298,250.20
<b>Shareholders' equity:</b>			
Share capital		1,362,725,370.00	1,362,725,370.00
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		2,067,697,024.99	2,069,245,101.87
Less: Treasury shares			
Other comprehensive income		138,328,963.56	93,569,998.57
Special reserves			
Surplus reserves		711,971,309.99	711,971,309.99
General risk provisions			
Retained profits		6,433,454,443.18	6,104,843,404.90
<b>Total equity attributable to shareholders of the Company</b>		10,714,177,111.72	10,342,355,185.33
Minority interests		5,434,927,750.91	5,248,896,051.45
<b>Total shareholders' equity</b>		16,149,104,862.63	15,591,251,236.78
<b>Total liabilities and shareholders' equity</b>		<b>55,639,093,947.50</b>	<b>55,948,549,486.98</b>

### Consolidated Income Statement

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
<b>I. Total operating revenue</b>		38,307,238,698.85	32,423,814,710.47
Including: Operating revenue	8	38,307,238,698.85	32,423,814,710.47
Interest income			
Insurance premium earned			
Income from handling fees and commission			
<b>II. Total operating costs</b>		37,092,626,365.51	31,219,117,116.89
Including: Operating costs	8	30,933,036,397.40	25,634,737,092.01
Interest expenses			
Handling fees and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net amount of insurance reserves provided			
Policyholder dividend expenses			
Reinsurance premium expenses			
Taxes and surcharges		241,231,648.04	185,706,476.73

Sales expenses		4,060,709,601.69	4,146,338,659.12
Management expenses		856,747,306.06	460,341,123.45
Research and development expenses		1,067,706,086.41	836,068,530.36
Financial expenses	9	-66,804,674.09	-44,074,764.78
Including: Interest expenses	9	40,469,080.28	16,366,968.89
Interest income	9	26,064,751.83	139,206,806.04
Add: Other income		187,995,603.35	262,342,661.61
Investment income (Loss denoted by “-”)	10	276,085,241.22	137,230,534.75
Including: Share of profit of associates and joint ventures	10	83,163,879.24	58,004,642.77
Income from derecognition of financial assets and amortised cost			
Foreign exchange gains (Loss denoted by “-”)			
Gain net exposure to hedging (Loss denoted by “-”)			
Gains from changes in fair value (Loss denoted by “-”)		28,338,568.82	4,774,776.32
Impairment losses on credit (Loss denoted by “-”)		12,323,601.24	5,416,776.16
Impairment losses on assets (Loss denoted by “-”)		-71,809,411.88	-10,833,909.24
Gains on disposal of assets (Loss denoted by “-”)		-417,676.97	3,498,168.18
<b>III. Operating profits (Loss denoted by “-”)</b>		1,647,128,259.12	1,607,126,601.36
Add: Non-operating income		122,068,853.85	69,982,142.57
Less: Non-operating expenses		34,732,054.84	-1,068,597.40
<b>IV. Total profits (Total loss denoted by “-”)</b>		1,734,465,058.13	1,678,177,341.33
Less: Income tax expenses	11	371,377,761.78	346,915,709.76
<b>V. Net profits (Net loss denoted by “-”)</b>		1,363,087,296.35	1,331,261,631.57
(I) Classified on a going concern basis			
1. Net profit from continuing operations (Net loss denoted by “-”)		1,363,087,296.35	1,331,261,631.57
2. Net profit from discontinued operations (Net loss denoted by “-”)			
(II) Classified by ownership of equity			
1. Net profit attributable to owners of the Company		620,234,267.46	615,375,091.80
2. Profit and loss of minority interests		742,853,028.89	715,886,539.77
<b>VI. Other comprehensive income after tax, net</b>		33,260,562.33	11,538,639.00
Other comprehensive income after tax attributable to shareholders of the Company, net		44,758,964.99	11,295,654.99
(I) Items not to be reclassified into profit or loss			
1. Changes arising from remeasurement of defined benefit plans			
2. Other comprehensive income not to be reclassified into profit or loss under the equity method			

3. Change in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
5. Others			
(II) Items to be reclassified into profit or loss		44,758,964.99	11,295,654.99
1. Other comprehensive income to be reclassified into profit or loss under the equity method		10,937,459.30	-2,161,509.07
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provision for other debt instruments			
5. Reserve for cash flow hedging			
6. Differences on translation of foreign currency financial statements		31,523,236.01	13,457,164.06
7. Others		2,298,269.68	
Other comprehensive income after tax attributable to minority interests, net		-11,498,402.66	242,984.01
<b>VII. Total comprehensive income</b>		1,396,347,858.68	1,342,800,270.57
Total comprehensive income attributable to shareholders of the Company		664,993,232.45	626,670,746.79
Total comprehensive income attributable to minority interests		731,354,626.23	716,129,523.78
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share	12	0.46	0.45
(II) Diluted earnings per share		0.46	0.45

## Notes:

### 1. General information

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

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

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

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

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

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

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

As of 30 June 2022, the total number of issued shares of the Company was 1,362,725,370 and the registered capital of the Company was RMB1,362,725,370, of which Hisense Air-Conditioning held 516,758,670 shares, representing approximately 37.92% of the Company's total issued share capital. Hisense Air-Conditioning continues to be the immediate controlling shareholder of the Company.

In the opinion of the Directors, as at 30 June 2022, Hisense Holdings, a company incorporated in the PRC with limited liability, is regarded as the indirect controlling shareholder of the Company.

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

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

## **2. Basis of preparation of financial statements**

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

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

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

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

### 3. Significant changes in accounting policies

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

### 4. Segment information

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

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

Unit: RMB

Amount for current period	HVAC	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	18,946,839,080.54	10,426,711,894.49	5,602,323,153.88		34,975,874,128.91
2. Revenue from inter-segment transactions	144,903.98	5,531,322.27	1,325,032,208.40	-1,330,708,434.65	
3. Gain from investment in associates and joint ventures	2,053,608.81	2,053,608.81	79,056,661.62		83,163,879.24
4. Depreciation and amortisation	280,325,020.06	188,171,063.39	235,901,132.21		704,397,215.66
5. Gain from changes in fair value	-2,859,300.00	31,939,394.49	-741,525.67		28,338,568.82
6. Impairment losses on assets (Including credit impairment loss)	-13,266,280.73	-6,044,988.41	-40,174,541.50		-59,485,810.64
7. Total profit (Total loss)	1,677,723,054.06	38,213,014.72	18,528,989.35		1,734,465,058.13
8. Total assets	35,161,575,740.61	26,266,316,942.24	15,872,018,974.49	-21,660,817,709.84	55,639,093,947.50



9. Total liabilities	21,870,594,698.85	17,051,542,032.26	11,714,903,309.63	-11,147,050,955.87	39,489,989,084.87
10. Additions to other non-current assets other than long-term equity investments	-579,086,736.54	-110,275,977.37	-20,157,179.34		-709,519,893.25

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

Unit: RMB

Amount for corresponding period last year	HVAC	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	16,129,562,897.28	11,128,016,621.13	1,785,215,835.42		29,042,795,353.83
2. Revenue from inter-segment transactions			1,206,586,233.07	-1,206,586,233.07	
3. Gain from investment in associates and joint ventures	2,291,067.69	2,291,067.69	53,422,507.39		58,004,642.77
4. Depreciation and amortisation	277,249,861.13	202,366,113.94	143,089,852.72		622,705,827.79
5. Gain from changes in fair value		1,044,547.94	3,730,228.38		4,774,776.32
6. Impairment losses on assets (Including credit impairment loss)	-8,858,574.62	994,474.52	2,446,967.02		-5,417,133.08
7. Total profit (Total loss)	1,390,993,868.30	242,149,435.38	45,034,037.65		1,678,177,341.33
8. Total assets	32,090,078,989.73	25,568,380,536.35	14,087,630,645.01	-16,358,872,661.55	55,387,217,509.54
9. Total liabilities	19,860,233,558.78	17,824,981,599.49	11,963,824,318.03	-8,773,365,116.43	40,875,674,359.87
10. Additions to other non-current assets other than long-term equity investments	-66,388,310.91	71,006,707.09	2,228,817,978.26		2,233,436,374.44

## (2) Geographical information

Unit: RMB

Region	January to June 2022	January to June 2021
Revenue from domestic transactions	20,654,298,103.61	18,400,504,662.25
Revenue from overseas transactions	14,321,576,025.30	10,642,290,691.58
<b>Total</b>	<b>34,975,874,128.91</b>	<b>29,042,795,353.83</b>
Region	30 June 2022	31 December 2021
Non-current assets - Domestic	12,315,695,028.61	12,954,700,539.65
Non-current assets - Overseas	3,310,891,504.58	3,294,025,662.40
<b>Total</b>	<b>15,626,586,533.19</b>	<b>16,248,726,202.05</b>

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

## 5. Accounts receivable

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	30 June 2022	31 December 2021
Within three months	8,127,714,317.29	7,549,514,577.52
Over three months but within six months	536,485,489.78	449,245,994.77
Over six months but within one year	487,757,508.19	693,372,760.15
Over one year	291,026,937.80	248,784,996.52
<b>Total</b>	<b>9,442,984,253.06</b>	<b>8,940,918,328.96</b>
Less: Provision for bad debts	174,724,764.39	183,840,950.91
Book value	9,268,259,488.67	8,757,077,378.05

## 6. Notes payable

Unit: RMB

Item	30 June 2022	31 December 2021
Bank's acceptance bill	7,263,575,635.03	8,297,769,116.19
Trade acceptance draft	3,486,682,693.07	3,216,186,573.39
<b>Total</b>	<b>10,750,258,328.10</b>	<b>11,513,955,689.58</b>

## 7. Accounts payable

The aging of accounts payable is analysed as follows:

Unit: RMB

Item	30 June 2022	31 December 2021
Within one year	10,815,716,023.93	11,686,087,910.82
Over one year	107,863,307.85	93,192,797.74
<b>Total</b>	<b>10,923,579,331.78</b>	<b>11,779,280,708.56</b>

## 8. Operating revenues and costs

Unit: RMB

Item	January to June 2022	January to June 2021
Revenue from principal operations	34,975,874,128.91	29,042,795,353.83
Revenue from other operations	3,331,364,569.94	3,381,019,356.64
<b>Total</b>	<b>38,307,238,698.85</b>	<b>32,423,814,710.47</b>
Item	January to June 2022	January to June 2021
Cost of principal operations	27,819,958,638.29	22,425,255,381.23
Cost of other operations	3,113,077,759.11	3,209,481,710.78

<b>Total</b>	<b>30,933,036,397.40</b>	<b>25,634,737,092.01</b>
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## 9. Financial expenses

Unit: RMB

<b>Item</b>	<b>January to June 2022</b>	<b>January to June 2021</b>
Interest expenses	40,469,080.28	16,366,968.89
Less: interest income	26,064,751.83	139,206,806.04
Gain/(loss) on foreign exchange	-89,240,636.87	65,273,086.61
Others	8,031,634.33	13,491,985.76
<b>Total</b>	<b>-66,804,674.09</b>	<b>-44,074,764.78</b>

## 10. Investment income

### (1) Particulars of investment gain

Unit: RMB

<b>Item</b>	<b>January to June 2022</b>	<b>January to June 2021</b>
Gain from long-term equity investment under the equity method	83,163,879.24	58,004,642.77
Investment gain from disposal of transactional financial assets	61,486,216.54	78,910,716.04
Others	131,435,145.44	315,175.94
<b>Total</b>	<b>276,085,241.22</b>	<b>137,230,534.75</b>

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

Unit: RMB

<b>Investee</b>	<b>January to June 2022</b>	<b>January to June 2021</b>
Hisense Financial Holdings	6,184,125.13	-3,393,195.66
Hisense Marketing Management	4,107,217.61	4,582,135.38
Hisense International	4,753,961.16	46,635,241.13
Associates of Sanden Holdings	68,118,575.34	10,180,461.92
<b>Total</b>	<b>83,163,879.24</b>	<b>58,004,642.77</b>

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

## 11. Income tax expenses

Unit: RMB

<b>Item</b>	<b>January to June 2022</b>	<b>January to June 2021</b>
Current income tax expenses	349,955,068.71	365,942,619.57
Including: PRC enterprise income taxes	321,631,512.71	362,992,335.92

Hong Kong profit taxes		
Deferred tax expenses	21,422,693.07	-19,026,909.81
<b>Total</b>	<b>371,377,761.78</b>	<b>346,915,709.76</b>

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

Unit: RMB

<b>Item</b>	<b>January to June 2022</b>
Total profits	1,734,465,058.13
Income tax expenses calculated at statutory (or applicable) tax rates	450,027,563.56
Tax effects of different tax rates applicable to certain subsidiaries	-111,637,473.74
Adjustments of income tax in previous period	643,051.58
Effects of non-taxable incomes	-3,761,325.98
Effects of non-deductible costs, expenses and losses	20,602,767.26
Effects of deductible losses not recognised as deferred tax assets in previous period	-31,229,905.28
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	132,544,232.35
Change in balance of deferred tax assets/ liability at the beginning of the period due to tax rate adjustment	
Effects of additional deduction relating to costs of research and development	-85,811,147.97
Others	
<b>Income tax expenses</b>	<b>371,377,761.78</b>

Certain subsidiaries of the Company are either recognised as “high technology” companies, or in other cases in accordance with other local laws and regulations, and are entitled to a preferential tax rate of 15% or 20% (2021: 15% or 20%).

Except as disclosed above, other subsidiaries of the Company which are established and operated in the PRC are subject to enterprise income tax at a standard rate of 25% (2021: 25%).

## 12. Earnings per share

### (1) Basic earnings per share

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

Unit: RMB

<b>Item</b>	<b>January to June 2022</b>	<b>January to June 2021</b>
Consolidated net profit attributable to ordinary shareholders of the Company	620,234,267.46	615,375,091.80

Weighted average number of issued ordinary shares of the Company	1,362,725,370.00	1,362,725,370.00
Basic earnings per share	0.46	0.45

## (2) Diluted earnings per share

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

## 13. Interim dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022. No interim dividend was paid for the corresponding period last year.

## Management Discussion and Analysis

### I. Industry Market Overview

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

**(1) Central air-conditioner market:** During the Reporting Period, the growth rate of the domestic central air-conditioner market dropped sharply due to factors such as changes in the prices of bulk raw materials, resurgence of the pandemic and the regulatory policies in the real estate market. According to the statistics by [www.aicon.com.cn](http://www.aicon.com.cn), the domestic central air-conditioner market grew only 1.7% in volume, as uncertainty increased caused by the sudden downturn of the real estate industry, being the biggest drag on market growth. In the home furnishings retail market, the trend of replacing domestic air-conditioner products by domestic central air-conditioners contributed to a slight growth of central air-conditioner products in the first half of 2022, while the market volume of multi-connected central air-conditioner as the main product grew by around 3.0% year-on-year. In terms of engineering projects market, apart from the real estate industry, some popular sectors such as industrial, new energy and medical still maintained a relatively rapid growth trend, which enabled the engineering project market to remain relatively stable in the first half of 2022. With the country vigorously promoting the and “carbon neutral” and “carbon peak” strategies, energy saving and environmental protection are still the core development trends of the central air-conditioner market, while at the same time, the increasing demand and preference of users for healthy, comfortable and intelligent products will also bring new development opportunities to the central air-conditioner market.

**(2) Household air-conditioner market:** According to the AVC (奧維雲網) inferential

statistics, during the Reporting Period, the retail sales of household air-conditioner across all channels dropped by 15.3% year-on-year, while the retail volume dropped by 20.9%, and the household air-conditioner industry as a whole saw a decline in sales volume and amount. With the change in users demand, the high-end household air-conditioner with its own advantages has bucked in the overall downward trend of the industry and showed strong resilience to decline. At the same time, due to the increasing users demand for fresh air intake and sterilization etc., the average price of household air-conditioner industry showed an upward trend, as indicated in the AVC monitoring data, the average price of household air-conditioner industry rose by 6.5% from January to June 2022. The four major directions, namely health, intelligence, energy saving and comfort backed by technologies of pollutant purification, image and voice interacting smart control, fresh air control and air duct design, air flow control and silent mode are still the hot points of concern in the household air-conditioner industry.

## **(II) Overview of the Domestic Refrigerator and Washing Machine Market**

**(1) Refrigerator Market:** According to the AVC all channel inferential statistics, in the first half of 2022, the accumulative retail volume of the domestic refrigerator industry decreased by 5.5% year-on-year and the accumulative retail sales dropped by 3.4% year-on-year. Both the sales volume and amount of refrigerator market have decreased due to a decline in consumption demand and lower consumer desire caused by resurgence of the pandemic. However, the high-end market still achieved strong growth. According to AVC offline monitoring data, the retail sales of domestic refrigerator over RMB10,000 increased by 4.7 percentage points in the first half of 2022 compared to 2021, and high-end, intelligent and healthy refrigerator products become the main driving force behind the growth of the domestic refrigerator market. With the continuous promotion of the national strategy of “carbon peak” and “carbon neutral” and higher energy efficiency standards adopted in major countries and regions around the world, the technology of refrigerator products will develop in the direction of high energy efficiency, low carbon and environmental protection, caring for health and anti-bacterial, etc. Large capacity, green energy saving, intelligent and high-end products are still the trend of refrigerator market development.

**(2) Washing Machine Market:** According to the AVC all channel inferential statistics, in the first half of 2022, the accumulative retail volume of the washing machine market decreased by 9.2% year-on-year, while the accumulative retail sales decreased by 10.1% year-on-year. Under the general trend of consumer upgrading, users’ washing needs are characterised by high-end, health-conscious and intelligent features. Breaking through the low quality and homogeneity of products, demand scenario innovation and product intelligence innovation are the primary directions for the development of the washing machine industry. In addition, in order to meet the diversified and differentiated needs of users, product innovations in the laundry category are also characterised by rapid iterations and upgrades, with more new products such as double-cylinder duplex washing

machine, dryer machine and MINI washing machine being launched.

### **(III) Overview of Smart Home Market**

With the increasing users' demand for residential comfort and convenience, there is huge potential space for whole-house intelligence in the consumer market. The National 14th Five-Year Plan also proposes to vigorously develop smart home related industries. In January 2022, The State Council's "14th Five-Year Plan for Digital Economy Development" suggested creating a smart and sharing new digital life, accelerating the digital transformation of existing residential and community facilities, encouraging the simultaneous planning and construction of intelligent systems in new districts, constructing smart buildings, smart parking, smart charging piles, smart garbage bins and other public facilities, guiding the interconnection and interoperability of intelligent home products, promoting intelligent interaction between home products and living environment, and enriching digital home life applications with "one-touch control" and "one-sound response". With the strong support of national policies and the roll-out of more intelligent terminal products, the smart home market is expanding, and leading domestic enterprises in the internet and home appliance businesses are setting up smart home race tracks and accelerating the deployment of offline shops to capture the smart home market.

### **(IV) Overview of the Automotive Air Conditioner Compressor and Integrated Thermal Management System Market**

In the first year of 2022, despite the negative year-on-year growth in cumulative total automotive air conditioner compressor production on the global scale, new energy vehicles continued to perform well, with global production increasing by more than 42% year-on-year. From the system perspective, thermal management systems are gradually changing to a model of high coupling among in-vehicle cooling and heating and electric motors, batteries and electronic controls, and heat pump systems and heat pump systems with waste heat recovery gradually become the mainstream in the new energy sector. From the component perspective, the high voltage of new energy vehicles can effectively reduce the internal resistance loss of the electric drive system and improve range. Meanwhile, high fast charging rates will also greatly improve the experience of using new energy vehicles. As the high voltage technology of new energy vehicles becomes a trend, there is an increasing demand for core components in the field of thermal management, such as ultra-high voltage electric compressors, in the global market. The overall exploration and development of green and low-carbon integrated thermal management technologies will become an important part of the future energy-saving, environmentally friendly and comfortable new energy vehicles. The electrification of automotive air conditioner compressors and the trend towards integrated thermal management systems for vehicle air-conditioning will remain unchanged.

## **(V) Overview of Overseas Markets for Home Appliances Exports**

During the Reporting Period, according to online industry data, the export volume of the refrigerator industry decreased by 10.8% year-on-year, while the export volume of the washing machine industry decreased by 12.9% and the export volume of the domestic air-conditioning industry decreased by 2.18%. The decline in the export volume of home appliances was mainly due to a number of factors such as the Russia-Ukraine conflict, exchange rate fluctuations and the inflation and high inventories in some overseas regions, which led to a weakened demand from overseas consumer markets and continuous decline in the home appliance export market. Although the export market for home appliances faced greater pressure, there was still consumer demand to a certain extent. The surge in energy prices in Europe was driving rapid growth in demand for heat pump products, which would drive domestic home appliance companies to invest and expand production in overseas markets. The economic recovery in Southeast Asia and other countries will drive demand growth in home appliances. The decline in freight rates on major shipping routes in Europe and the United States will also help to increase domestic exports of household appliances to varying degrees.

## **II. Analysis of The Company's Operation**

During the Reporting Period, in the face of adverse factors such as the resurgence of the pandemic, changes in the supply chain and a downturn in global economic growth, the Company adhered to its advanced manufacturing strategy, focusing on capacity building, cost reduction and efficiency improvement to achieve stable scale and profitability in the first half of the year. The Company achieved operating revenue of RMB38.307 billion, representing a year-on-year increase of 18.15%. In terms of products, the HVAC business achieved principal operating revenue of RMB18.947 billion, representing a year-on-year increase of 17.47%, and the refrigerator and washing machine business achieved principal operating revenue of RMB 10.427 billion, representing a year-on-year decrease of 6.30%. In terms of domestic and overseas revenues, principal operating revenue of domestic sales business and export sales business amounted to RMB20.654 billion and RMB14.322 billion respectively, representing year-on-year increases of 12.25% and 34.57% respectively. Net profits attributable to shareholders of the Company amounted to RMB0.62 billion, representing a year-on-year increase of 0.79%. The principal businesses of the Company are as following:

### **1. HVAC Business Work**

#### **(1) Central air-conditioner business**

During the Reporting Period, the Company accurately explored market and user needs, strengthened product technology, incorporated energy-efficient technology into product innovation, and continued with our marketing strategies, thereby continuously strengthening its position as the foundation of the industry. In the home furnishings retail market, the Hitachi brand launched dual purification home central air-conditioner in response to the growing demand of users for anti-bacteria and intelligent operation and actively created new living scenes, which greatly enhanced the high-end living experience



of users. According to [www.aicon.com.cn](http://www.aicon.com.cn), the Hitachi brand had a market share of more than 15% in the home furnishings retail market in the first half of 2022. At the same time, the Hisense brand actively catered for users' differentiation needs, through the integration of 5G Internet of Things technology and PLC power wave carrier communication technology, so that the central air-conditioner served as a smart home central control to achieve an "intelligent" and "healthy" users' experience. On the other hand, the York brand used innovative and differentiated technologies to meet users' needs for clean air, intelligent control and silent experience, and launched the intelligent one air solutions and new products such as YES-comfort III and Air-cube air box successively. During the Reporting Period, Hisense Hitachi's "Key Technology Research and Application of Intelligent Energy-saving and Low-carbon Internet of Things Multi-connected Air-conditioner Unit" won the Second Prize of the Science and Technology Progress Award of China National Light Industry Council. In terms of engineering projects market, the Hitachi brand launched the mirror series of indoor and outdoor units, providing perfect solution for mirroring homes in real estate projects, and is the first single fan outdoor unit in the industry to achieve a rated cooling capacity of 20.0KW, which made it an industry leader in core technical indicators such as large cooling-to-weight ratio and U-shaped heat exchanger, and enhanced the efficiency and stability of product operation effectively. In order to solve the problem of central air-conditioner energy consumption and help energy conservation and emission reduction, the Hisense brand has launched a new photovoltaic central air-conditioner photosynthesis series, fully utilizing photovoltaic energy technology and turning the central air-conditioner from "energy-consuming" into "green energy stars", which did not only let the central air-conditioner run with "light", but also generated electricity to ensure energy saving and low carbon.

## **(2) Household air-conditioner business:**

During the Reporting Period, the Company kept up with the industry technology trends, insisted on fresh air and health-oriented concept, continued to innovate and make breakthroughs in the products under its various brands. The company's household air-conditioner business has focused on mid- to high-end strategy and develop in a differentiated way. Under the pandemic's resurgence, the Hisense brand insisted on the value of "Oxygenated fresh air, free and deep breath" and launched a series of high quality products such as Cuican C200 and X810 in response to users' growing demand for health and fresh air for household air-conditioners. According to AVC monitoring data, Cuican C200 floor-standing type product has been ranked as the industry's top 20,000+ floor-standing type product for 8 consecutive weeks after its launch. In order to meet the needs of the young user group for good-looking and economic products, the Kelon brand reshaped its brand strategy and established its positioning as a "professional air-conditioner brand targeting young user group". With technical features of wind control, humidity control and temperature control, the Kelon brand launched the key product "Sleeping Air-Conditioner Small Ears", which was well received by users with its more appearance and marketing campaign that is more appealing to young people. In response to the characteristics and needs of overseas markets, the Company has made new breakthroughs in technologies such as ultra-low temperature heating, intelligent interconnection and communication control, and has launched a new generation of

environmentally friendly and energy-efficient products in key markets such as Europe, North America, the Middle East and Asia Pacific. In addition, the Company presided over the formulation of two trade standards, namely the “Comfortability Assessment Specification for Artificial Thermal Environments Part 4: Room Air Conditioners with Zone Control” and “Technical Specification for Aluminium Fin Type Heat Exchangers for Room Air Conditioners”, to actively respond to the national policy of low carbon and environmental protection.

## **2. Refrigerator and Washing Machine Business Work**

### **(1) Refrigerator Business**

During the Reporting Period, the Company insisted on being user-centric and continued to invest in technological innovation and brand promotion, constantly creating green, healthy and intelligent products that meet users’ needs and empower high-quality life. In order to meet the high-end needs of users for fresh and healthy food, the Hisense brand further implemented its vacuum ecological strategy and launched the vacuum dormant series refrigerators. The vacuum preservation technology can create a low-oxygen environment so that the taste and nutrition of food is extended, and users can then enjoy the original taste and full nutrition of food. Our 505W vacuum ultra-thin refrigerator won the “2022 China Refrigerator Industry Vacuum Preservation Leading Products”. In order to satisfy the users’ demand for large space, large capacity and freshness in the refrigerator, the Rongshen brand launched its Ultra Space series of refrigerators, allowing larger capacity with the same floor space, and leading the industry with a comprehensive upgrade of all-compartment freshness preservation technology. In such series, the WILL core function of the full metal liner refrigerator succeeds in upgrading the refrigerator from low-temperature preservation to constant-temperature freshness, becoming the pioneer in the industry of maintaining the smallest temperature difference while doubling the fresh keeping time of food compared to ordinary refrigerators, redefining the industry’s standard for freshness. At the China Refrigerator Industry Symposium jointly organised by the Information Resources Development Department of the State Information Centre and CHEAA, Rongshen refrigerators were awarded the “2022 China Refrigerator Industry Healthy Refrigerator Leading Brand” for their excellent performance in the field of health and freshness, and the Rongshen WILL559 refrigerator was also awarded the “2022 China Refrigerator Industry Healthy Freshness Product of Choice” and ranked the first of the industry’s best-selling 20,000+ refrigerators released by AVC. In addition, as the “exploring officer”, Rongshen refrigerator successfully achieved the appearance in the domestic popular variety show “yearning for life”, further close to young people who pursue high-quality life. At the same time, the Company vigorously enlarged the exposure to emerging channels such as ticktok, and achieved large volume increase in the first half of 2022. The Company’s refrigerator products in the 618 promotion opening red day achieved ticktok 3C home appliance industry sales champion, and was selected as the 618 ticktok platform excellent marketing case.

## **(2) Washing Machine Business**

As the industry leader in formulating steam and ironing standards, the Company is committed to providing users with better products and continuously enhancing innovation in laundry technology and product experience. In the first half of the year, the Company launched two high-end washing and drying sets of products, Cuican C2 and Cuican CC, which are designed to achieve exclusive care for high-end luxury clothing by precisely controlling the steam volume and air speed through a nanometer-level steam generation system and a contact temperature and humidity sensor. Through the combination of intelligent data application and washing solutions, the “AI Smart Sensor” system developed by the Company can independently identify water quality, weather and users habits in the users’ local area for selection for the best washing solution, truly achieving intelligent customisation. During the Reporting Period, Hisense’s intelligent care washing machine won the iF Design Award 2022 of Germany for its unique functioning and innovative design, marking the fifth consecutive time the Company has won this prestigious international award.

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

During the Reporting Period, the Company faced positively the impact of the complex and volatile global political and economic environment brought about by factors such as the Russia-Ukraine war. By improving the flexibility of supply chain, closely following customers’ demand and making timely adjustments to its supply chain and production plans, Sanden company was able to maintain stable operation in the first half of the year, which did not only improve its revenue and profitability in the Americas and Asia, but has also effectively controlled costs in Europe. In the face of the development trend of high voltage electric vehicles, the Company continued to strengthen technology pre-research, using the industry’s leading SiC technology to develop a new generation of 1000V electric compressor with the advantages of compactness, high efficiency and strong pressure resistance, reaping the combined benefits of high fast charging and long range and featuring low cost, different refrigerants used and different capacity (60cc/45cc/33cc) module design that meet the requirements of different customers and vehicle models. In the face of the increasing demand for localised production and supply from global customers, the Company has continued to implement its global customer development strategy planned earlier, and through multi-faceted communication with key global customers on thermal management systems, HVAC and other products, the Company has received positive recognitions and feedbacks from well-known domestic and international automotive companies for strategic cooperation with Sanden company.

## **4. Smart Home Business Work**

Leveraging on its own strengths, the Company has built solutions covering nine major areas and 56 scenes at the home, including the foyer, living room, balcony, kitchen and

bathroom, etc. based on display and interactive technologies and around the core theme of "Hisense AiLife", and the layout of smart home's whole scene around "intelligent, set, scene, ecological" has become increasingly in shape. During the Reporting Period, the Company officially launched the new C2 products in the Cuican high-end smart home appliance series, continuing to improve the product matrix of Cuican high-end series and refreshing the new intelligent experience of high-quality home life. The Cuican sets of home appliances can fully meet the needs of families, bringing users a new experience of integrated and intelligent home design. The Cuican sets of home appliances C2 series' refrigerators, cooktops and dishwashers can be interconnected intelligently to provide users with a full range of solutions from grocery shopping to cooking and dishwashing. The Cuican sets of home appliances C2 series' air-conditioner products can bring good air to users in five dimensions: temperature, humidity, wind, cleanliness and freshness. The Cuican sets washing machines can be programmed according to the number of clothes, weather conditions and personal preferences, offering users a more comfortable washing experience. In addition, the Company has also entered into strategic cooperation with well-known enterprises in China to promote the smart new life strategy and continued to upgrade the smart terminals of home appliances to create a simple and useful interactive experience for users.

## **5. Overseas Markets for Home Appliances Business Work**

During the Reporting Period, the Company carried forward its synchronized efforts in achieving a unified global platform, unified research and development, unified standards and unified market launch, and has established research and development centres in the United States, Japan and Europe to gather global wisdom and provide high-quality products to consumers worldwide with the most stringent product standards. The Company has started the work for global supply chain integration, global supplier selection, global supply and global pricing to obtain competitive prices and enhance the ability to upgrade products and business models. During the Reporting Period, the Hisense brand's central air-conditioner opened up a new business of overseas heating products and water heaters, seizing the market opportunity of fossil fuel substitution and rising natural gas prices in Europe, and simultaneously launched the full range of Hi-Therma household air source heat pumps in Italy, Poland, Spain, Germany and France by winning the 2022 German Red Dot Design Award on product appearance, its effectively helped to capture the mid-to-high-end heating market in Europe.

## **6. Implementing the Advanced Manufacturing Strategy Work**

The Company is actively implementing its advanced manufacturing strategy, building lean factory by constructing lean system, launching lean improvement weeks and carrying out special projects to improve efficiency, while strengthening the manufacturing foundation around automation and process optimization. During the Reporting Period, the Company improved manufacturing efficiency by promoting intelligent production lines and

optimizing production processes, benchmarking with advanced manufacturing projects in the industry, and launched a number of digitalization projects such as DHR process optimization and AI applications based on intelligent parks for collection of factory efficiency data online. The Company also completed energy-saving renovation of the factory's compressed air system through the introduction of the Mushroom Cloud intelligent control system and the procurement of high-efficiency air compressors to upgrade the manufacturing technology. Project efficiency has been improved by advancing supply chain delivery capabilities and optimizing the end-to-end supply chain process “from order to delivery” to shorten the lead time from procurement, manufacturing, in-stock to logistics to quickly respond to and meet market demand. In addition, by focusing on the source of product quality, we have strengthened the supervision and management of product development and quality, systematically improved the quality of products and continuously offered high quality products and services.

### III. ANALYSIS TO PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

#### (I) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

☐ Yes ☒ No

Unit: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)
Operating revenue (RMB)	38,307,238,698.85	32,423,814,710.47	18.15
Net profits attributable to shareholders of the Company (RMB)	620,234,267.46	615,375,091.80	0.79
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	428,072,417.04	454,784,440.78	-5.87
Net cash flow from operating activities (RMB)	720,028,578.27	2,084,626,939.89	-65.46
Basic earnings per share (RMB/share)	0.46	0.45	2.22
Diluted earnings per share (RMB/share)	0.46	0.45	2.22
Weighted average rate of return on net assets (%)	5.84	6.15	-0.31
Item	At the end of the Reporting Period	At the end of 2021	Increase or decrease as compared to last year (%)
Total assets (RMB)	55,639,093,947.50	55,948,549,486.98	-0.55
Net assets attributable to shareholders of the Company (RMB)	10,714,177,111.72	10,342,355,185.33	3.60

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

Unit: RMB

Item	Amount	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	-4,021,844.86	
Government grants recognised in the profits or losses (excluding government grants closely related to the Company's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	127,004,448.76	
Profit and losses from assets which entrust others to invest or manage	57,652,634.25	
Except for effective hedging operations related to the Company's normal business operations, gain or loss from changes in fair values of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment gain from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other investments in debt	41,541,048.82	
Other non-operating income and expenses other than the aforementioned items	39,472,607.64	
Less: Effect of income tax	41,734,031.51	
Effect of minority interests (after tax)	27,753,012.68	
<b>Total</b>	<b>192,161,850.42</b>	

## (III) ANALYSIS OF PRINCIPAL BUSINESS

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

Unit: RMB

Item	Closing balance at the end of the Reporting Period	Opening balance at the beginning of the Reporting Period	Increase or decrease at the end of the Reporting Period compared with the beginning of the period (%)	Reasons of change
Notes receivable	156,881,858.82	228,252,631.50	-31.27	Mainly due to the decrease in commercial acceptances receivable at the end of the Reporting Period
Factoring of accounts receivables	5,656,865,625.23	3,669,679,060.94	54.15	Mainly due to the growth of the Company's scale during the Reporting Period
short-term borrowings	1,609,308,315.26	2,858,984,229.49	-43.71	Mainly due to the decrease in bank borrowings of subsidiaries at the end of the Reporting Period
Contract liabilities	1,649,808,399.53	1,147,112,513.32	43.82	Mainly due to the increase in merchant returns during the Reporting Period
Other comprehensive income	138,328,963.56	93,569,998.57	47.83	Mainly due to the increase in the translation balance of foreign currency statement formed by the change of exchange rate
Item	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)	Reasons of change
Operating revenue	38,307,238,698.85	32,423,814,710.47	18.15	No significant changes

Operating costs	30,993,036,397.40	25,634,737,092.01	20.67	No significant changes
Sales expenses	4,060,709,601.69	4,146,338,659.12	-2.07	No significant changes
Management expenses	856,747,306.06	460,341,123.45	86.11	Mainly due to the consolidation of Sanden company
Research and development expenses	1,067,706,086.41	836,068,530.36	27.71	No significant changes
Financial expenses	-66,804,674.09	-44,074,764.78	N/A	Mainly due to the increase in foreign exchange gain
Income tax expenses	371,377,761.78	346,915,709.76	7.05	No significant changes
Investment income	276,085,241.22	137,230,534.75	101.18	Mainly due to the increase in interest income from time deposits and the consolidation of Sanden company
Impairment losses on assets	-71,809,411.88	-10,833,909.24	N/A	Mainly due to the consolidation of Sanden company
Non-operating income	122,068,853.85	69,982,142.57	74.43	Mainly due to the consolidation of Sanden company
Tax rebates received	1,629,884,248.01	1,172,643,631.19	38.99	Mainly due to the increase in tax refunds received during the Reporting Period and the consolidation of Sanden company
Cash paid for purchases of commodities and receipt of services	22,367,119,748.25	16,549,959,237.11	35.15	Mainly due to the growth of the Company's scale during the Reporting Period and the consolidation of Sanden company
Cash paid to and for employees	4,024,934,668.27	2,778,765,511.65	44.85	Mainly due to the growth of the Company's scale during the Reporting Period and the consolidation of Sanden company
Cash paid for taxes and surcharges	1,695,073,685.10	1,285,083,743.94	31.90	Mainly due to the growth of the Company's scale during the Reporting Period and the consolidation of Sanden company
Cash paid for other operating activities	3,927,394,950.29	2,848,560,500.57	37.87	Mainly due to the growth of the Company's scale during the Reporting Period and the consolidation of Sanden company
Net cash flows from operating activities	720,028,578.27	2,084,626,939.89	-65.46	Mainly due to the increase in payments corresponding to bulk material reserves in the Reporting Period
Cash received from investment income	61,471,044.22	46,272,447.53	32.85	Mainly due to the increase in financial management income received in the period
Net cash flows from investing activities	1,516,440,091.45	541,119,116.10	180.24	Mainly due to the maturity recovery of financial products and time deposits
Cash received for borrowings	624,527,436.50	2,311,192,725.02	-72.98	Mainly due to the decrease in bank borrowings of subsidiaries at the end of the Reporting Period
Cash received relating to other financing activities	962,695,552.04	646,338,288.47	48.95	Mainly due to the margin changes in bills during the Reporting Period
Cash paid for distribution of dividends, profit or payment of interest expenses	600,820,852.88	859,913,978.97	-30.13	Mainly due to the decrease in dividends from subsidiaries during the Reporting Period
Net cash flows from financing activities	-1,235,341,806.65	-411,038,900.06	N/A	Mainly due to the decrease in bank borrowings of subsidiaries at the end

Net increase in cash and cash equivalents	935,174,815.52	2,185,565,881.13	-57.21	of the Reporting Period Mainly due to the increase in payments corresponding to bulk material reserves in the Reporting Period
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## 2. Analysis of principal business segments and gross profit margin

Unit: RMB

Item	Principal operating revenue	Principal operating costs	Gross profit margin (%)	Increase or decrease in principal operating revenue as compared to corresponding period last year (%)	Increase or decrease in principal operating costs as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
Home appliances manufacturing industry	34,975,874,128.91	27,819,958,638.29	20.46	20.43	24.06	-2.33
By product						
Air-conditioners	18,946,839,080.54	14,234,562,708.07	24.87	17.47	19.97	-1.57
Refrigerators and washing machines	10,426,711,894.49	8,728,393,838.82	16.29	-6.30	-3.16	-2.71
Others	5,602,323,153.88	4,857,002,091.40	13.30	213.82	213.90	-0.03
By region						
Mainland	20,654,298,103.61	14,721,242,144.61	28.73	12.25	17.64	-3.26
Overseas	14,321,576,025.30	13,098,716,493.68	8.54	34.57	32.15	1.68

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

√ Applicable □ Not Applicable

The increase in revenue and cost from principal operations of other major products were mainly due to the sales growth of the Company's other major products during the Reporting Period and the consolidation of Sanden company.

### (IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 30 June 2022	Amount of undue principal and return as at 30 June 2022	Overdue balance return as at 30 June 2022
Wealth management products of banks	Own funds	578,000.00	504,938.06	
Total		578,000.00	504,938.06	

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

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



Unit: RMB ten thousand

Name of company	Company type	Major product or service	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hisense Hitachi	A subsidiary of the Company	Production and sale of central air-conditioners	US\$150 million	1,895,574.03	776,857.92	1,004,661.13	166,365.56	128,851.81

#### IV. THE RISKS FACED BY THE GROUP AND OUTLOOK

Risks faced by the Group include:

1. Macroeconomic cyclical fluctuation risk: If the macroeconomic growth continues to slow down, it may lead to a lack of consumer momentum, which will in turn affect the consumer demand for home appliances.
2. Risk of cost increase: If the prices of raw materials continues to fluctuate, the Company's product costs will be adversely affected. The rising labor and service costs and installation and maintenance costs may also adversely affect the Company's profitability.
3. Market risks brought about by trade protectionism and trade barriers: In order to protect their own economic interests, some countries and regions have imposed higher tariffs and compulsory certification, resulting in increased operating costs which may indirectly affect the competitiveness and profitability of the Company's overseas business.
4. Exchange rate fluctuation risk: If the RMB exchange rate fluctuates sharply, it will directly affect the cost competitiveness of the Company's overseas products, thereby affecting the profitability of its overseas business.

In the face of business risks, the Company will actively respond to the challenges. The Company will alleviate the pressure of rising costs by improving efficiency and reducing costs, optimizing the sales structure, strengthening cost control and other ways. The Company will improve capital turnover efficiency by strengthening capital risk management and control, optimizing account period management and reducing abnormal capital occupation. By further implementing the advanced manufacturing strategy, focusing on long-term capacity building and building product power and market power, the Company will maintain the enterprise's ability to sustain growth and ensure its sustainable, healthy and stable development.

#### EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

Since part of the purchase and overseas sales of the Group during the Reporting Period

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

## AUDIT COMMITTEE

The eleventh session of the audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2022.

## GEARING RATIO

As at 30 June 2022, the Group's gearing ratio (calculated according to the formula: total liabilities divided by total assets) was 70.98% (as at 30 June 2021: 73.80%).

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules as its code for securities transaction by Directors. After having made specific enquiries to the Directors, all Directors confirmed that they had acted in full compliance with the Model Code during their term of office in the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

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

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of total amount of similar transactions (%)
Hisense Holdings	Purchase	Finished goods	Agreed price	175.43	0.01
Hisense Visual Technology	Purchase	Finished goods	Agreed price	30.77	-
Hisense International	Purchase	Finished goods	Agreed price	11,815.24	0.38
Johnson Hitachi	Purchase	Finished goods	Agreed price	3,497.15	0.11
Hisense Holdings	Purchase	Materials	Agreed price	20,023.80	0.65
Hisense Visual Technology	Purchase	Materials	Agreed price	2,944.12	0.10
Hisense International	Purchase	Materials	Agreed price	49.24	-
Johnson Hitachi	Purchase	Materials	Agreed price	37,296.26	1.20

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of total amount of similar transactions (%)
Hisense Hong Kong	Purchase	Materials	Agreed price	27,798.38	0.90
Hisense Holdings	Receipt of services	Receipt of services	Agreed price	40,235.52	1.30
Hisense Visual Technology	Receipt of services	Receipt of services	Agreed price	1,875.70	0.06
Hisense International	Receipt of services	Receipt of services	Agreed price	687.11	0.02
Hisense Marketing Management	Receipt of services	Receipt of services	Agreed price	10,668.01	0.34
Johnson Hitachi	Receipt of services	Receipt of services	Agreed price	1,207.66	0.04
Hisense Holdings	Sale	Finished goods	Agreed price	8,654.15	0.23
Hisense Visual Technology	Sale	Finished goods	Agreed price	601.16	0.02
Hisense International	Sale	Finished goods	Agreed price	982,777.04	25.66
Hisense Marketing Management	Sale	Finished goods	Agreed price	39,935.04	1.04
Johnson Hitachi	Sale	Finished goods	Agreed price	11,851.06	0.31
Hisense Holdings	Sale	Materials	Agreed price	10,416.67	0.27
Hisense Visual Technology	Sale	Materials	Agreed price	-	-
Hisense International	Sale	Materials	Agreed price	6,950.40	0.18
Johnson Hitachi	Sale	Materials	Agreed price	396.49	0.01
Hisense Visual Technology	Sale	Moulds	Market price	2,474.55	0.06
Hisense International	Sale	Moulds	Market price	1,563.58	0.04
Johnson Hitachi	Sale	Moulds	Market price	-	-
Hisense Holdings	Provision of services	Provision of services	Agreed price	749.43	0.02
Hisense Visual Technology	Provision of services	Provision of services	Agreed price	8,779.88	0.23
Hisense International	Provision of services	Provision of services	Agreed price	183.60	-
Hisense Marketing Management	Provision of services	Provision of services	Agreed price	48.14	-
Johnson Hitachi	Provision of services	Provision of services	Agreed price	-	-

As at the end of the Reporting Period, the Company had the balance of deposit of approximately RMB15.031 billion, recognised interest income of approximately RMB0.154 billion, the actual balance of loan of RMB0.12 billion with loan interest recognised of RMB969.64 million, the balance of electronic bank acceptance bill of approximately RMB7.602 billion, and the handling fee for opening accounts for electronic bank acceptance bill of approximately RMB3.762 million. The actual amount of discounted interest for the provision of draft discount services was nil, the actual amount

involved for the provision of settlement and sale of foreign exchange services was approximately US\$16,665,000 and the actual service fee paid for the provision of agency services such as settlement services for receipt and payment of funds was approximately RMB588,600.

#### **CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Name	Duty	Date	Reasons for change
Gao Yuling	Director	19 January 2022	Elected as an executive director at the 2022 first extraordinary general Meeting
Huang Qianmei	Secretary of the Board	20 May 2022	Ceased to be the Secretary of the Board due to work adjustment

Notes:

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

#### **CORPORATE GOVERNANCE CODE**

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

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

The 2022 interim report of the Company will be despatched to the shareholders of the Company and will be made available on the websites of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://hxjd.hisense.cn>) in due course.

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

#### **DEFINITIONS**

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

“Company” Hisense Home Appliances Group Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the Shenzhen Stock Exchange

“Director(s)” the directors of the Company

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

Hong Kong Stock Exchange

“Hong Kong Stock Exchange”    The Stock Exchange of Hong Kong Limited

“Johnson Hitachi”                      Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd.

“RMB”                                      Renminbi, the lawful currency of the PRC

“Sanden company”                      Sanden Holdings Corporation, a joint stock corporation organised under the laws of Japan, whose shares are listed on the First Section of the Tokyo Stock Exchange

*\* For identification purposes only*

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

Foshan City, Guangdong, the PRC, 30 August 2022

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