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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)**

**2023 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 2023 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2022. The unaudited interim results for the Reporting Period have been reviewed by the eleventh session of the audit committee of the Board.

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

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

**Consolidated Balance Sheet**

Item	Note	30 June 2023 (Unaudited)	1 January 2023 (audited)
<b>Current assets:</b>			
Cash at bank and on hand		4,563,538,891.74	6,001,295,427.37
Balancing with clearing companies			
Lending capital			
Transactional financial assets		11,414,578,935.10	6,758,233,998.86
Derivative financial assets			
Notes receivable		199,892,858.93	144,188,330.26
Accounts receivable	5	9,655,015,757.73	7,665,702,299.91
Factoring of accounts receivables		8,810,415,892.27	5,072,959,470.76
Prepayments		242,589,788.97	262,443,975.56

Insurance premium receivable			
Receivables from reinsurers			
Reserves for reinsurance contract receivable			
Others receivables		405,477,282.71	475,034,340.60
Including: Interest receivable			
Dividend receivable		164,518,912.17	152,634,355.75
Financial assets purchased under agreements to resell			
Inventories		6,084,887,716.59	6,552,835,435.54
Contract assets		13,095,257.01	6,918,368.07
Assets held for sale			
Non-current assets due within one year		2,436,387,000.00	1,986,840,000.00
Other current assets		1,218,150,881.54	1,702,738,189.99
<b>Total current assets</b>		<b>45,044,030,262.59</b>	<b>36,629,189,836.92</b>
<b>Non-current assets:</b>			
Disbursement of loans and advances			
Bond investments			
Other bond investments			
Long-term receivables			
Long-term equity investments		1,512,799,451.29	1,518,340,556.73
Other equity instrument investments		39,598,562.87	36,399,028.71
Other non-current financial assets		27,730,626.75	25,748,931.39
Investment properties		189,170,269.23	208,716,406.19
Fixed assets		5,338,431,429.18	5,318,274,820.56
Construction in progress		531,026,421.21	525,171,610.80
Productive biological assets			
Oil and gas assets			
Right-of-use assets		180,799,023.74	181,192,061.73
Intangible assets		1,388,632,253.07	1,459,616,347.69
Development expenditure			
Goodwill		226,408,877.76	226,408,877.76
Long-term prepaid expenses		43,953,647.84	41,623,003.89
Deferred tax assets		1,003,460,955.54	984,167,504.03
Other non-current assets		8,388,521,568.04	8,220,701,882.26
<b>Total non-current assets</b>		<b>18,870,533,086.52</b>	<b>18,746,361,031.74</b>
<b>Total assets</b>		<b>63,914,563,349.11</b>	<b>55,375,550,868.66</b>
<b>Current liabilities:</b>			
Short-term borrowings		2,889,028,893.82	1,462,253,713.24

Borrowings from central bank			
Loans from other banks			
Transactional financial liabilities		223,221,756.61	1,745,488.01
Derivative financial liabilities			
Notes payable	6	12,964,556,669.10	11,322,271,209.54
Accounts payable	7	11,386,249,986.78	9,717,666,826.44
Advances from customers		3,804,068.60	
Contract liabilities		1,881,335,289.07	1,145,145,334.78
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		943,388,161.13	1,002,267,354.81
Taxes payable		721,080,651.10	705,821,864.03
Other payables		5,274,141,096.58	5,219,154,864.04
Including: Interests payable			
Dividends payable		717,394,351.60	67,374,222.13
Handling fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		131,094,573.66	145,170,159.23
Other current liabilities		7,760,255,325.58	5,643,445,390.50
<b>Total current liabilities</b>		<b>44,178,156,472.03</b>	<b>36,364,942,204.62</b>
<b>Non-current liabilities:</b>			
Reserves for reinsurance contract			
Long-term borrowings		36,098,363.08	19,808,239.84
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		242,250,848.93	277,195,821.24
Long-term payables			
Long-term employee remunerations payable		119,345,844.16	116,092,710.65
Provisions		1,332,905,879.20	1,313,738,416.00
Deferred income		145,192,305.69	145,835,582.02
Deferred tax liabilities		177,805,701.77	168,179,961.94
Other non-current liabilities		667,551,597.91	690,992,901.11

<b>Total non-current liabilities</b>		<b>2,721,150,540.74</b>	<b>2,731,843,632.80</b>
<b>Total liabilities</b>		<b>46,899,307,012.77</b>	<b>39,096,785,837.42</b>
<b>Shareholders' equity:</b>			
Share capital		1,388,147,370.00	1,362,725,370.00
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		2,161,025,872.57	2,074,168,605.49
Less: Treasury shares		237,924,530.75	
Other comprehensive income		198,274,234.14	121,267,445.50
Special reserves		9,221,470.48	
Surplus reserves		711,971,309.99	711,971,309.99
General risk provisions			
Retained profits		8,028,292,923.55	7,248,124,550.56
<b>Total equity attributable to shareholders of the Company</b>		<b>12,259,008,649.98</b>	<b>11,518,257,281.54</b>
Minority interests		4,756,247,686.36	4,760,507,749.70
<b>Total shareholders' equity</b>		<b>17,015,256,336.34</b>	<b>16,278,765,031.24</b>
<b>Total liabilities and shareholders' equity</b>		<b>63,914,563,349.11</b>	<b>55,375,550,868.66</b>

### Consolidated Income Statement

Item	Note	1 January to 30 June 2023 (Unaudited)	1 January to 30 June 2022 (Unaudited)
<b>I. Total operating revenue</b>		42,943,975,619.38	38,307,238,698.85
Including: Operating revenue	8	42,943,975,619.38	38,307,238,698.85
Interest income			
Insurance premium earned			
Income from handling fees and commission			
<b>II. Total operating costs</b>		40,473,806,340.24	37,092,626,365.51
Including: Operating costs	8	33,698,115,348.34	30,933,036,397.40
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		298,912,983.78	241,231,648.04

Sales expenses		4,492,848,251.67	4,060,709,601.69
Management expenses		1,024,738,874.90	856,747,306.06
Research and development expenses		1,244,057,032.04	1,067,706,086.41
Financial expenses	9	-284,866,150.49	-66,804,674.09
Including: Interest expenses	9	75,243,787.91	40,469,080.28
Interest income	9	27,834,239.17	26,064,751.83
Add: Other income		197,948,250.99	187,995,603.35
Investment income (Loss denoted by “-”)	10	411,026,049.40	276,085,241.22
Including: Share of profit of associates and joint ventures	10	186,177,825.35	83,163,879.24
Income from derecognition of financial assets and amortised cost		5,915,437.05	
Foreign exchange gains (Loss denoted by “-”)			
Gain net exposure to hedging (Loss denoted by “-”)			
Gains from changes in fair value (Loss denoted by “-”)		-195,729,875.25	28,338,568.82
Impairment losses on credit (Loss denoted by “-”)		-24,090,206.27	12,323,601.24
Impairment losses on assets (Loss denoted by “-”)		-87,590,895.34	-71,809,411.88
Gains on disposal of assets (Loss denoted by “-”)		5,350,381.51	-417,676.97
<b>III. Operating profits (Loss denoted by “-”)</b>		2,777,082,984.18	1,647,128,259.12
Add: Non-operating income		199,368,441.95	122,068,853.85
Less: Non-operating expenses		17,782,900.83	34,732,054.84
<b>IV. Total profits (Total loss denoted by “-”)</b>		2,958,668,525.30	1,734,465,058.13
Less: Income tax expenses	11	472,191,163.40	371,377,761.78
<b>V. Net profits (Net loss denoted by “-”)</b>		2,486,477,361.90	1,363,087,296.35
(I) Classified on a going concern basis			
1. Net profit from continuing operations (Net loss denoted by “-”)		2,486,477,361.90	1,363,087,296.35
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		1,497,562,724.59	620,234,267.46
2. Profit and loss of minority interests		988,914,637.31	742,853,028.89
<b>VI. Other comprehensive income after tax, net</b>		64,434,240.60	33,260,562.33
Other comprehensive income after tax attributable to shareholders of the Company, net		77,006,788.64	44,758,964.99
(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		77,006,788.64	44,758,964.99
1. Other comprehensive income to be reclassified into profit or loss under the equity method		3,979,861.04	10,937,459.30
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		70,623,250.51	31,523,236.01
7. Others		2,403,677.09	2,298,269.68
Other comprehensive income after tax attributable to minority interests, net		-12,572,548.04	-11,498,402.66
<b>VII. Total comprehensive income</b>		2,550,911,602.50	1,396,347,858.68
Total comprehensive income attributable to shareholders of the Company		1,574,569,513.23	664,993,232.45
Total comprehensive income attributable to minority interests		976,342,089.27	731,354,626.23
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share	12	1.09	0.46
(II) Diluted earnings per share	12	1.09	0.46

**Notes:**

**1. General information**

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

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

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

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

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

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

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

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

As of 30 June 2023, the total number of issued shares of the Company was 1,388,147,370 and the registered capital of the Company was RMB1,388,147,370.00, of which Hisense Air-Conditioning held 516,758,670 shares, representing approximately 37.23% 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 2023, Hisense Group, a company incorporated in the PRC with limited liability, is regarded as an indirect controlling shareholder of the Company.

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

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

## 2. Basis of preparation of financial statements

The financial statements are prepared based on going-concern assumptions 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

The accounting policies and methods of computation used in the consolidated financial statements for the six months 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022. There were no significant changes in accounting policies during the Reporting Period.

## 4. Segment information

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

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

Unit: RMB

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

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

Unit: RMB

Amount for corresponding period last year	Air conditioner	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 credit and assets	-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

(2) Geographical information

Unit: RMB

Region	1 January to 30 June 2023	1 January to 30 June 2022
Revenue from domestic transactions	24,466,006,890.61	20,654,298,103.61
Revenue from overseas transactions	14,237,099,985.20	14,321,576,025.30
<b>Total</b>	<b>38,703,106,875.81</b>	<b>34,975,874,128.91</b>
Region	30 June 2023	1 January 2023

Non-current assets - Domestic	15,301,028,932.99	15,359,106,902.59
Non-current assets - Overseas	3,569,504,153.53	3,387,254,129.15
<b>Total</b>	<b>18,870,533,086.52</b>	<b>18,746,361,031.74</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. Account receivables

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	30 June 2023	1 January 2023
Within three months	8,662,988,865.88	6,536,005,628.49
Over three months but within six months	292,941,925.40	447,891,643.76
Over six months but within one year	411,159,097.38	520,314,101.55
Over one year	579,424,973.15	471,721,042.96
<b>Total</b>	<b>9,946,514,861.81</b>	<b>7,975,932,416.76</b>
Less: Provision for bad debts	291,499,104.08	310,230,116.85
Book value	9,655,015,757.73	7,665,702,299.91

## 6. Notes payables

Unit: RMB

Item	30 June 2023	1 January 2023
Bank's acceptance bill	7,978,514,150.91	8,301,493,794.02
Trade acceptance draft	4,986,042,518.19	3,020,777,415.52
<b>Total</b>	<b>12,964,556,669.10</b>	<b>11,322,271,209.54</b>

## 7. Accounts payable

The aging of accounts payable is analysed as follows:

Unit: RMB

Item	30 June 2023	1 January 2023
Within one year	11,316,017,440.39	9,581,962,727.38
Over one year	70,232,546.39	135,704,099.06
<b>Total</b>	<b>11,386,249,986.78</b>	<b>9,717,666,826.44</b>

## 8. Operating revenue and costs

Unit: RMB

Item	1 January to 30 June 2023	1 January to 30 June 2022
Revenue from principal operations	38,703,106,875.81	34,975,874,128.91
Revenue from other operations	4,240,868,743.57	3,331,364,569.94
<b>Total</b>	<b>42,943,975,619.38</b>	<b>38,307,238,698.85</b>
Item	1 January to 30 June 2023	1 January to 30 June 2022
Cost of principal operations	29,688,988,010.28	27,819,958,638.29
Cost of other operations	4,009,127,338.06	3,113,077,759.11
<b>Total</b>	<b>33,698,115,348.34</b>	<b>30,933,036,397.40</b>

## 9. Financial expenses

Unit: RMB

Item	1 January to 30 June 2023	1 January to 30 June 2022
Interest expenses	75,243,787.91	40,469,080.28
Less: interest income	27,834,239.17	26,064,751.83
Add: loss on foreign exchange	-339,059,620.75	-89,240,636.87
Other expenses	6,783,921.52	8,031,634.33
<b>Total</b>	<b>-284,866,150.49</b>	<b>-66,804,674.09</b>

## 10. Investment income

### (1) Particulars of investment gain

Unit: RMB

Item	1 January to 30 June 2023	1 January to 30 June 2022
Gain from long-term equity investment under the equity method	186,177,825.35	83,163,879.24
Investment gain from disposal of transactional financial assets	84,368,124.31	61,486,216.54
Interest income from time deposits	139,858,586.05	136,197,662.20
Others	621,513.69	-4,762,516.76
<b>Total</b>	<b>411,026,049.40</b>	<b>276,085,241.22</b>

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

Unit: RMB

Investee	1 January to 30 June 2023	1 January to 30 June 2022
Hisense Financial Holdings	9,068,096.27	6,184,125.13
Hisense Marketing Management	6,038,753.68	4,107,217.61
Hisense International	45,071,171.84	4,753,961.16

Associates of Sanden Company	125,999,803.56	68,118,575.34
<b>Total</b>	<b>186,177,825.35</b>	<b>83,163,879.24</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

Item	1 January to 30 June 2023	1 January to 30 June 2022
Current income tax expenses	473,636,708.09	349,955,068.71
Including: PRC enterprise income taxes	448,544,068.44	321,631,512.71
Hong Kong profit taxes		
Deferred tax expenses	-1,445,544.69	21,422,693.07
<b>Total</b>	<b>472,191,163.40</b>	<b>371,377,761.78</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

Item	1 January to 30 June 2023
Total profits	2,958,668,525.30
Income tax expenses calculated at statutory (or applicable) tax rates	742,111,456.29
Tax effects of different tax rates applicable to certain subsidiaries	-182,508,161.99
Adjustments of income tax in previous period	-3,756,650.65
Effects of non-taxable incomes	-15,044,505.45
Effects of non-deductible costs, expenses and losses	42,526,852.07
Effects of deductible losses not recognised as deferred tax assets in previous period	-136,570,065.89
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	99,068,587.17
Effects of additional deduction relating to costs of research and development	-73,479,353.33
Others	-156,994.82
Income tax expenses	472,191,163.40

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% (2022: 15% or 20%).

Hong Kong profits tax is calculated at the rate of 8.25% on the estimated assessable profits up to HK\$2,000,000 and 16.5% on the excess of HK\$2,000,000 on the estimated assessable profits (2022: 8.25% and 16.5%).

Except as disclosed above, other subsidiaries of the Company which are established and operated in the PRC are subject to enterprise income tax at a standard rate of 25% (2022:

25%).

## 12. Earnings per share

### (1) Basic earnings per share

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

Item	Unit: RMB	
	1 January to 30 June 2023	1 January to 30 June 2022
Consolidated net profit attributable to ordinary shareholders of the Company	1,497,562,724.59	620,234,267.46
Weighted average number of issued ordinary shares of the Company	1,355,416,658	1,362,725,370
Basic earnings per share	1.09	0.46

### (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. Dividends

The declaration and payment of a final dividend of RMB5.17 per 10 shares (inclusive of tax) was approved at the annual general meeting of the Company held on June 29 2023 (further accurate to RMB5.171314 (tax inclusive) per 10 Shares pursuant to the announcement of the Company dated 10 July 2023) for the year ended 31 December 2022. The final dividend of approximately RMB717 million in total had been paid to the Shareholders of the Company as of the date of this interim results announcement.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023. No interim dividend was paid for the corresponding period last year.

## Management Discussion and Analysis

### I. Industry Market Overview

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

##### (1) Central air-conditioner market:

According to the statistics from AICON (www.aicon.com.cn), during the first half of 2023, the overall central air-conditioner market industry increased by 1.4% on a year-on-year basis.

The home furnishings retail market was affected by the downturn in the real estate market and recorded a slight increase of 2.2%. The development of multi-connected units, as a mainstay category, fell short of expectations, and its share decreased slightly on a year-on-year basis. However, while the market was under pressure, benefiting from the year-on-year increase in consumer demand for joint air conditioning and floor heating at home, the growth rate of two-function products reached 10%, driving the industry to continuously transform and upgrade from supplying central air-conditioning products to providing air-conditioning, floor heating, purification and fresh air integrated system solutions.

In the engineering projects market, only a slight increase of 1.0% was achieved. Among these, the medical, photovoltaic, energy storage, data center, rail transportation and other segments showed good growth. At the same time, with the continuous promotion of the country's "dual-carbon" strategy, energy-efficient, environmentally friendly and carbon-reduction products, as represented by maglev centrifugal water chillers, are expected to gain market share continuously.

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

According to the AVC (奧維雲網) all-channel data, during the first half of 2023, driven by factors such as the catalytic effect of the hot weather and recovery of consumption, the retail sales of household air-conditioners achieved a rapid growth of 29.49%, with the online and offline growth rates reaching 36.01% and 7.57% respectively.

Benefiting from the diversified, personalized and quality needs of consumers, the household air-conditioner market continued to upgrade to smart, healthy and energy-saving products, and gradually built consumer awareness in sub-segments such as fresh air air-conditioners and sleeping air-conditioners.

Fresh air air-conditioners can effectively reduce indoor carbon dioxide concentration by introducing fresh outdoor air and diluting indoor PM2.5 and TVOC volume, so that users can breathe healthy and fresh air. Sleeping air-conditioners are favoured by young people which focus on user's needs for convenient, comfortable, quiet and energy-saving.

## **(II) The Domestic Refrigerator and Freezer Market**

According to the AVC all-channel data, for the first half of 2023, the retail sales of the refrigerator market increased by 5.2% on a year-on-year basis, while the retail sales of the freezer market declined by 7.0% on a year-on-year basis. As users' demand for food freshness preservation and healthy storage increases, product upgrading has become the

driving force for the continuous growth of the refrigerator market. Large volume, zoned storage, and healthy anti-bacteria refrigerator products are favoured by users.

While developing towards function refinement and quality specialization, the refrigerator and freezer industry has also evolved in the direction of intelligence and home development. The retail sales of ultra-thin built-in refrigerators increased by more than 20% year-on-year, and the offline retail volume of vertical freezers increased by 3.1% year-on-year, which became an important driving force for replacement in the market. At the same time, based on the extension of users' needs from the kitchen to the living room, the sales of product set refinement covering refrigerators, freezers, living-room bar and wine cooler have become the development direction of the industry.

### **(III) The Domestic Washing Machine Market**

According to the AVC all-channel data, during the first half of 2023, the retail volume of washing machine (including sets) market decreased by 4.9% and retail sales decreased by 1.2% on a year-on-year basis. The recovery progress of the market was slow. On the other hand, the performance of some washing machine segments was outstanding. As users' demand for high-end washing, drying and care rises, washing-drying machines and dryers equipped with intelligent and healthy technologies are increasingly gaining momentum. In addition, mini-washers are widely favoured by users as their demand for refined laundry care grows.

### **(IV) The Domestic Kitchen Appliances Market**

According to the AVC all-channel data, in the first half of 2023, retail sales in the kitchen appliances market grew by 3.8% on a year-on-year basis. Smoke machines, stoves, water heaters and other categories experienced steady growth while dishwashers, steam ovens and other categories accelerated penetration. Smart development has gradually become a hot trend in the consumption of kitchen appliances. At the same time, the upgrade of the product structure drove the overall upward adjustment of the average price of the kitchen appliance industry.

### **(V) The Automotive Air Conditioner Compressor and Integrated Thermal Management System Market**

In the first half of 2023, the global automotive market showed a rebound trend. According to the data of the China Passenger Car Association, global automobile sales amounted to 42.43 million units, representing a year-on-year increase of 11%. Of which, the sales volume of new energy vehicles amounted to 9.54 million units, representing a year-on-year increase of 54%. As an important driving force leading market growth, the penetration rate of new energy vehicles further increased to 22.5%. Automobile sales in the China market amounted to 13.24 million units, representing a year-on-year increase of 9.8%, and the sales of new energy vehicles reached 4.47 million units, representing a

year-on-year increase of 53%, with the penetration rate increasing to 33.8%.

The continuous growth of the automobile industry, especially new energy vehicles, has also led to a rebound in the production of compressors and other components. According to the statistics from IHS, a think tank, the total cumulative production volume of compressors in the global automobile industry reached approximately 42.53 million units in first half of 2023, representing a year-on-year increase of 9.26%, of which, the production volume of electric compressors was 9.82 million units, representing a year-on-year increase of 50%. With the upgrades of the automobile industry towards electrification, intelligence, internet-driven and sharing, the thermal management system and components of new energy vehicles continue to develop in the direction of lightweight, integration and high pressure. Meanwhile, the trend of low carbon and environmental protection has made new refrigerants such as R744 and R290 a hot spot for industry development.

#### **(VI) The Smart Home Market**

Benefiting from the internet of things (IoT), cloud computing, big data, and artificial intelligence technologies, the smart home scene is gradually showing a trend of interconnection and diversification. According to the data of Statista, a think tank, the scale of the global smart home market is expected to grow from US\$117.6 billion in 2022 to US\$222.9 billion in 2027, and the smart home penetration rate is expected to increase from 14.2% in 2022 to 28.8% in 2027, representing a huge market.

On 12 July 2023, 13 departments including the Ministry of Commerce of the PRC published certain measures for the promotion of household consumption to support enterprises to accelerate the research and development of products such as smart home appliances, smart sleep, and smart audio-visual entertainment, promote the interconnection of smart home appliances, and promote the development from single-product intelligence to whole-house intelligence.

#### **(VII) The Home Appliances Export Market**

According to online industry data, in the first half of 2023, the export volume of the refrigerator industry increased by 7.2% on a year-on-year basis, the export volume of the washing machine industry increased by 32.5% on a year-on-year basis, and the export volume of the air-conditioner industry decreased by 1% on a year-on-year basis. The overseas export performance of various segments of the home appliance industry is mixed. Driven by a rebound in overseas demand and the demand for inventory replenishment by large retailers, the refrigerator and washing machine industry recorded positive growth in the first half of the year. The rebound of the air-conditioner industry was relatively lagging behind as overseas inventory was still high.

At present, global economic growth is still facing great uncertainty. Nevertheless, the

decrease in international shipping costs, the depreciation of Renminbi, and the continuous increase in the penetration rate of home appliances in emerging economies will boost the growth of the home appliance export industry.

## **II. Principal Businesses of the Company during the Reporting Period**

Under the general trend of the entire industry subject to pressure, Hisense Home Appliances focused on long-term capacity building, initiated various changes in corporate governance and top-level design, adhered to the road of high-quality development, and realized the overall improvement of operation quality and core competence. The Company continuously introduced key talents, optimized the incentive mechanism, promoted innovation in user-centered product technology and increased investment in R&D, and created a number of new hot products around health, intelligence and energy saving. At the same time, the Company optimized supply chain management, improved product structure and channel structure, enhanced operational efficiency and achieved operational breakthroughs.

During the Reporting Period, the Company recorded operating revenue of RMB42.944 billion, representing a year-on-year increase of 12.10% and net profits attributable to shareholders of the listed company of RMB1.498 billion, representing a year-on-year increase of 141.45%, and realized net profits after deducting non-recurring profit and loss attributable to shareholders of the listed company of RMB1.263 billion, representing a significant increase of 195.10%. Net cash flow from operating activities amounted to RMB3.812 billion, representing a significant increase of 429.43% on a year-on-year basis.

In terms of products, the HVAC business achieved principal operating revenue of RMB21.160 billion, representing a year-on-year increase of 11.68%, the refrigerator and washing machine business achieved principal operating revenue of RMB11.587 billion, representing a year-on-year increase of 11.12%, and the Sanden Company achieved principal operating revenue of RMB4.511 billion, representing a year-on-year increase of 3.30%. In terms of domestic and overseas revenues, the principal operating revenue of the domestic sales business amounted to RMB24.466 billion, representing a year-on-year increase of 18.45%, and the principal operating revenue of the export sales business amounted to RMB14.237 billion, accounting for 33.15% of the total.

The business status and highlights of each segment of the Company is set out below:

### **1. HVAC Business**

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

Through in-depth insight into users' needs, and continuous promotion of technological innovation, the Company's central air-conditioner business has achieved steady growth over the years, and has maintained its leading position in the domestic multi-connected

unit market with a share of more than 20%. During the Reporting Period, the central air-conditioner business achieved year-on-year revenue growth of 12.5% and net profit growth of 25.5%.

For the home furnishing retail market, the Company provided high-end residential users with comfortable, personalized whole-house air solutions, and created a customized whole-house smart air system of excellent quality that integrates air conditioning, floor heating, fresh air and intelligent control. The system transforms from indoor temperature and humidity regulation to multi-dimensional indoor microclimate management, enhancing the living quality of the residents in all aspects. At the same time, the Company launched the first "family doctor" system in the industry for central air conditioners based on "pre-diagnosis of faults" to promote the upgrading of product service standards. In the first half of the year, the Company was granted 3 awards in the iF Design Award and the Hisense Smart Home APP was awarded Red Dot Award.

In terms of the real estate supporting market, integrated with the national carbon peak and carbon neutrality strategy, the Company launched the first ultra-small-capacity multi-continuous central air-conditioning in an innovative manner, which, combined with the high-efficiency heat-recovery fresh-air ventilation system in the industry, effectively reduces the energy consumption of the air system operation and satisfies the needs of ultra-low-energy-consumption buildings.

In terms of the engineering projects market, the Company continued to strengthen the multi-connected units product advantage, while rapidly complementing the product lines of water heaters, heat pumps and fresh air air-conditioners to construct a full product matrix, provide customers with customized green, energy saving, low carbon and environmentally friendly solutions. The Company launched all volume magnetic suspension inverter centrifugal chiller solution for users in areas such as education, agriculture and animal husbandry, and rail transportation, etc., which improved operational efficiency and reduced maintenance costs. The water heater business achieved scale growth of 57% in the first half of the year.

In the new field of intelligent buildings, the Company launched the ECO-B intelligent building system, providing solutions for air management, energy management and operation and maintenance management. We launched cross-field cooperation with the State Grid, and for the first time we used the "cloud-to-cloud connection" method in nationwide to realize the flexible control of air-conditioning load by "one point of access to multi-brand central air-conditioners", which helped the power system to reduce peaks and fill in valleys, and improved the operation efficiency of the power system.

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

The Company continued to promote technological innovation, satisfy the users' demands for smart, healthy and energy-saving products, and accelerate the expansion of the primary

market and exploration of downstream channels, realizing rapid growth of both share and scale. According to the monitoring data from AVC, the Company's year-on-year increase in online and offline retail of household air-conditioners in the first half of the year are 66.7% and 16.6%, 30.7 percentage points and 9.0 percentage points higher than the industry's growth rate, respectively.

The Hisense brand household air-conditioners continued to work on the fresh air market with the value concept of "Oxygenating fresh air and enjoying deep breathing" to create a whole-house healthy living scene for users. Products equipped with highly effective bacterial and viral filtration technology were awarded the "Technology Innovation Award" by China Household Electric Appliance Research Institute for the year 2022. The high-end trésor series of air conditioning built up the whole-scenario five-dimensional air management with indoor "temperature, humidity, wind, purification and oxygen". The trésor C300 cabinet and wall-mounted set won the 2023 AWE Outstanding Products Award. According to the monitoring data from AVC, Hisense brand's offline fresh air market share reached 36.29% during the period, increasing significantly by 13.8 percentage points on a year-on-year basis.

The Kelon brand focused on young people, cultivated the sleeping air-conditioner sub-market, and created the "Small Ear Series" products with features of "quietness", "convenient and speedy" and "good-looking", which were well received by users of the younger generations. Post-launch sales completion rate reached 130%.

## **2. Refrigerator, Washing Machine and Kitchen Business**

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

Focusing on users' demand upgrades for fresh-keeping and healthy storage, and catering to the industry trend of household appliances becoming more intelligent, the Company achieved revenue and rapid share growth through continuous technological innovation and product upgrades. According to data from AVC, during the Reporting Period, the share of the Company in online and offline retail of refrigerators reached 15.09% and 17.46%, representing an increase of 1.56 and 0.43 percentage points respectively.

Through the dual brand operation of Hisense and Ronshen, the Company satisfies the refined needs of different users with differentiated technologies and a rich product matrix. Among them, the Hisense brand has responded to satisfy users' demand for extreme fresh-keeping, healthy and bacteria-free for food with its vacuum technology, and launched the Hisense trésor vacuum 503 refrigerator, which relies on vacuum fresh-keeping technology to maintain the original taste and rich nutrition of food even after long-term storage, while realizing 60cm fully embedded installation with 3 seamless sides and flat frontside, to create an integrated home aesthetics and provide the perfect solution for quality of life. 503 refrigerator entered the industry's monthly sales list of Top

20 within 2 months after its launch.

The Ronshen brand continued to uphold the freshness concept of "keeping in the refrigerator and staying fresh for seven days", and at the same time to meet the users' requirements on refrigerator-cabinet integration. The Company launched the WILL borderless 605 refrigerator which occupied the 600-liter large capacity flat embedded refrigerator industry big thing and was well received by users and the industry. Ronshen won the 2023 AWE Outstanding Products Award. The horizontal built-in 506 refrigerator equipped with double purification Pro realized total purification for keeping fresh. According to the offline all-channel data from AVC, its sales reached TOP 2 among refrigerators one month after launch.

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

The Company seized the opportunity to upgrade users' demand for healthy washing, and continuously strengthened the innovation of washing technology and upgraded the product experience, realizing the simultaneous high growth of sales data in both domestic and overseas markets. According to online industry data, in the first half of the year, the Company's sales of washing machine products increased by 34.5% year-on-year, achieving growth against the downtrend.

Hisense Washing Machine has launched the innovative Running Wash Technology 3.0, During the washing process, water activity is fully stimulated, forming weakly alkaline water at all times, which greatly enhances the ability to remove dirt. At the same time, a large number of polyatomic oxygen molecules are generated, effectively destroying the protein structure of microorganisms, such as bacteria, fungi and viruses, and realizing 99.99% high efficiency in the removal of bacteria. The world's first "fungus-removing" Hisense trésor washing machine L5 equipped with Running Water Technology 3.0 has been successfully selected in the "2023 Smart Living Technology Goods Buying Guide", winning wide recognition from users. Meanwhile, the Company's dryer products have penetrated the European technology and adopted the new technology of dual-engine positive and negative drying. The sales of the Company's dryer products increased by 72% month-on-month after its launch in June 2023.

## **(3) Kitchen Appliance Business**

The Company insisted on product innovation and promoted the continuous upgrading of its products in terms of core performance and intelligent experience, realizing a simultaneous high growth in domestic and overseas market sales figures against the backdrop of an overall stable industry.

The Company introduced European kitchen appliance technology and promoted kitchen appliance global joint research and development and technology sharing, leading the industry in terms of core product performance, industrial design and other technologies. In

the first half of 2023, the Company's scale increased by 42%, with overseas scale growth doubling.

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

During the Reporting Period, taking into account the development trend of the thermal management industry, the Company adhered to the "focusing on customer needs", and continuously promoted the green upgrades and key technology breakthroughs of electric compressors and integrated thermal management systems.

The Company continued to build confidence in key customers and actively explored new customers, with new franchises showing a quarterly increasing trend. During the Reporting Period, the orders secured by the Company increased by 106% year-on-year. Of this, the Company achieved industry leadership in the areas of high pressure, miniaturization, new refrigerant and low vibration and noise in thermal management systems and their core components. The Company launched the first mini mid-mounted dual-layer HVAC in the industry; the new generation of the refrigerant system has been selected for key development by international automobile makers; and the new third-generation 800V water heater, with features of miniaturization and rapid heating, has also gained the technical recognition from renowned customers around the world, and achieved a breakthrough in securing orders.

The Company emphasized building up the capability of thermal management system integration and has secured thermal management system orders from key customers, laying a solid foundation for its strategic transformation from a compressor-based accessory supplier to a system supplier.

In addition, the Company further reduced costs and increased efficiency. Through self-development and production of core components such as dual-layer air-conditioners, the new generation of water heaters and the integrated thermal management module, the Company effectively improved system costs and enhanced overall competitiveness.

### **4. Overseas Markets for Home Appliances Business**

During the Reporting Period, seizing the opportunities in the European market, the Hisense brand's central air-conditioner actively established the overseas marketing system and made breakthroughs in large-scale high-end sample projects in a number of countries and regions. The revenue of its own brand increased by 42%. At the same time, the Company launched more environmentally friendly new products such as multi-connected units and air-source heat pumps equipped with new refrigerants such as R32, and continuously improved its multi-connected units and heat pumps product matrix. Among them, the export sales of heat pump increased by 106% on a year-on-year basis.

Focusing on the local characteristics and needs of overseas markets, the household air-conditioner business proceeded with the listing of high static pressure duct units in Australia, and the listing of a full series of filter self-cleaning platform products in Japan provided strong support for the expansion of mid-end and high-end products, scale expansion, and profitability enhancement. In the first half of 2023, the sales structure of overseas air-conditioners witnessed an increase of 21% on a year-on-year basis in the light commercial scale. Meanwhile, the Company vigorously expanded the overseas own-branded professional channels, with the share of own-branded revenue increasing by 4 percentage points year-on-year, and the profitability of our overseas business was significantly improved.

The refrigerator and freezer business continued to improve the mid-end and high-end product lineup, improved the competitiveness of main products, promoted refinement and quality improvement, and achieved a growth of 7.7% in revenue from export sales. The production line of the Mexico Monterrey Home Appliances Industrial Park, which was put into operation, has a number of models put into production in the first half of the year, and the production capacity in the second quarter was 135.6% higher than that in the first quarter. The washing machine business focused on the differentiated needs of overseas users in different regions and customized dedicated product strategies, achieving high export growth in the first half of the year with revenue increasing by 57.9% year-on-year.

Through global joint R&D and technology sharing, the kitchen appliances business exported differentiated products dedicated to overseas markets, achieving a year-on-year growth of 128.2% in exports in the first half of the year.

## **5. Channel and Service System Building**

The Company strengthened terminal retail capacity, continued to optimize its channel structure, enhanced the product and service quality, and accelerated the realization of all-channel development.

During the Reporting Period, the company focused on terminal sales, and enhanced the overall quality of operation through refined hierarchical and classified management of retail stores. Among them, Hisense air-conditioners' single-store efficiency increased by 19% year-on-year, and Ronshen refrigerator's single-store efficiency increased by 10% year-on-year.

The Company promoted its channel optimization strategy, adding nearly 1,000 specialty stores and increasing their scale by 25% year-on-year. Through in-depth empowering customers in various dimensions such as brand, product, operation, service, and store image upgrading, the Company created a multi-dimensional cooperation model with customers, which has helped accelerate the growth of retail sales, optimization of the structure, and acceleration of the turnover of inventories.

The Company has established a sound after-sales service system and won a good reputation in the industry through its service image of "warmth", "professionalism" and "reliability", with customer satisfaction (NPS) increasing by 3.9 percentage points year-on-year. In terms of basic services, the Company made steady progress by actively expanding the coverage of its service network, with the number of service providers reaching nearly 3,500 and the network coverage reaching 99.8%; strengthening the skills and service awareness of its staff; and cooperating and interoperating with various platforms to front-load user touchpoints, so as to ensure that the services provided are consistent throughout the entire process. At the same time, the Company has launched a nine-star golden diamond service model of "three free services", "three exclusive services" and "three privileged services" in conjunction with the high-end trésor series, and is committed to creating a multi-dimensional, stereoscopic, one-stop exclusive housekeeping service.

## **6. Smart Home Business**

Hisense smart home business focused on the themes of intelligence, health, and energy saving. It used the newly upgraded Hisense Smart Home app and smart cloud platform to provide users with whole scene, high-quality intelligent life solutions covering needs such as clothing, food, housing, entertainment, education and health care. By aggregating the market competitive advantages of all categories of home appliances, integrating the black-and-white smart technology platform and creating an interactive platform serving all types of Hisense users, the Company has realized the intelligent control of all devices, the linkage of all scenarios and the whole process of home appliance services, providing users with one-stop services from pre-sale, after-sale to intelligent control, and has unified the operation of all channels to significantly enhance the competitiveness of the intelligent technology platform. The number of daily new registered users of Hisense Smart Home app increased by 66% on a year-on-year basis, and the number of daily active users increased by 131% on a year-on-year basis. Hisense's high-end trésor series undertakes the Company's smart home strategy. In the first half of the year, the sales increased by 310% on a year-on-year basis, and entered 250,000+ high-quality households.

## **7. Supply Chain Management and Advanced Manufacturing Strategy**

The Company insisted on the upgrade of advanced manufacturing in terms of automation, informatization and intelligence, continued to improve the efficiency of supply chain, and explored the potential for cost reduction and efficiency enhancement to ensure improvement in both quality and efficiency. During the Reporting Period, the Company continued to optimize the layout of its supply chain and promote the standardization of general-purpose parts by means of measures including supplier optimization, supplier sharing. Procurement efficiency was effectively improved with a 10% reduction in the number of materials procured.

The Company continuously improved the R&D process measurement and evaluation

capability, and the quality control capability of the manufacturing process, with continuous improvement in the AFR failure rate for major product lines. In addition, the Company continued to promote the "digital intelligence upgrade" and "advanced manufacturing application scenario demonstration", and standard production per capita per hour increased by 14.3% on a year-on-year basis.

## **8. Capital Management**

The Company always puts operation safety in the first place, adhering to the concept of "cash priority", and ensures the safety of funds and sound corporate development through a number of initiatives:

Through effective coordination between production, supply and marketing, the Company has subdivided the stock control standards for inventory safety, continuously improved the on-time delivery rate of orders and maintained benign operation of the inventory of all channels. The Company strictly implemented the customer credit management system, identified and avoided risks at the front end, increased the insurance coverage at the back end to dynamically monitor the credit status of the customers, and reduced bad debt risk. The Company formulated access rules for special investment programs, strictly implemented the decision-making process and dynamically monitored the project risks to ensure that the risk of investment of idle funds is controllable. In the first half of 2023, the Company's accounts receivable turnover increased by 14.3% on a year-on-year basis, with the inventory turnover improved significantly by 24.6% over the corresponding period, and cash flow from operating activities increased significantly by 429% on a year-on-year basis.

## **9. Outlook**

The Company will always adhere to long-termism and challenge high targets, improve the operating quality and seek new breakthrough points by focusing on the following measures:

(1) Strengthening the basic capabilities building, continuously improving the efficiency and quality of R&D, and realizing product leap with a focus on users: optimizing the R&D processing system, helping R&D improve efficiency and increase quality, and at the same time, focusing on the research of key technologies, and enhancing the support of technological innovation ability to products and continuously creating high-quality and good products.

(2) Focusing on user needs and promoting the construction of smart life stores: enhancing the implementation effect of smart product strength and promoting home appliances integrated scenario, realizing the integration of all categories around "smart, healthy and energy-saving", and upgrading of the smart scene solutions to enhance users' experience.

(3) Pursuing an advanced manufacturing strategy and improving manufacturing standards: promoting the advanced factories and integrated supply chains to create end-to-end value chain ‘lighthouse’ factories. Building a lean production system to enhance delivery capacity, manufacturing efficiency and quality.

(4) Optimizing supply chain layout, improving supply chain flexibility, and establishing cost and delivery competitiveness: taking various measures to promote end-to-end cost reduction by means of integration of resources, generalization and supply-side collaboration. Continuously optimizing the purchase order management model to shorten the supply cycle and ensure on-time delivery of orders.

(5) Continuously improving the product and channel structure and seeking breakthroughs in key markets and businesses: achieving high-end breakthroughs and category breakthroughs, and optimizing product and channel structures. Leveraging on the advantage of the traffic of the front-end channels of Hisense Hitachi to enhance store sales capability and promote the rapid increase in the scale of front-end channels for all categories.

(6) Enhancing refined management of overseas operations: firmly adhering to the strategy of overseas independent brands, strengthening the synergy of domestic and overseas resources, and continuously improving the operations of overseas markets.

### 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)	42,943,975,619.38	38,307,238,698.85	12.10
Net profits attributable to shareholders of the Company (RMB)	1,497,562,724.59	620,234,267.46	141.45
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	1,263,227,367.15	428,072,417.04	195.10
Net cash flow from operating activities (RMB)	3,812,044,169.34	720,028,578.27	429.43
Basic earnings per share (RMB/share)	1.09	0.46	136.96
Diluted earnings per share (RMB/share)	1.09	0.46	136.96
Weighted average rate of return on net assets (%)	12.28	5.84	Increase of 6.44 percentage points

Item	At the end of the Reporting Period	At the end of 2022	Increase or decrease as compared to last year (%)
Total assets (RMB)	63,914,563,349.11	55,375,550,868.66	15.42
Net assets attributable to shareholders of the Company (RMB)	12,259,008,649.98	11,518,257,281.54	6.43

## (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)	4,813,445.48	
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)	88,435,629.91	
Profit and losses from assets which entrust others to invest or manage	104,404,935.90	
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	48,368,859.14	
Other non-operating income and expenses other than the aforementioned items	131,725,624.97	
Less: Effect of income tax	87,283,174.35	
Effect of minority interests (after tax)	56,129,963.61	
<b>Total</b>	<b>234,335,357.44</b>	

## (III) ANALYSIS OF PRINCIPAL BUSINESS

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

Unit: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)	Reasons of change
Operating revenue	42,943,975,619.38	38,307,238,698.85	12.10	No significant changes
Operating costs	33,698,115,348.34	30,933,036,397.40	8.94	No significant changes
Sales expenses	4,492,848,251.67	4,060,709,601.69	10.64	No significant changes
Management expenses	1,024,738,874.90	856,747,306.06	19.61	No significant changes
Financial expenses	-284,866,150.49	-66,804,674.09	Not Applicable	Mainly due to the increase in foreign exchange gains on foreign currency valuation
Income tax expenses	472,191,163.40	371,377,761.78	27.15	No significant changes
Research and development expenses	1,244,057,032.04	1,067,706,086.41	16.52	No significant changes
Net cash flows from	3,812,044,169.34	720,028,578.27	429.43	Mainly due to the improvement in

operating activities				the Company's operating and working capital turnover
Net cash flows from investing activities	-4,588,662,285.55	1,516,440,091.45	Not Applicable	Mainly due to the increase of fixed time deposits and financial management
Net cash flows from financing activities	944,935,699.25	-1,235,341,806.65	Not Applicable	Mainly due to the increase in borrowings of subsidiaries and changes in note guarantee deposits
Net increase in cash and cash equivalents	138,885,445.53	935,174,815.52	-85.15	Mainly due to the increase of fixed time deposits and financial management

## 2. Analysis of principal business segments and gross profit margin

Unit: RMB

Item	Principal operating revenue	Principal operating costs	Gross profit margin (%)	Increase or decrease in principal operating revenue as compared to corresponding period last year (%)	Increase or decrease in principal operating costs as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
manufacturing industry	38,703,106,875.81	29,688,988,010.28	23.29	10.66	6.72	2.83
By product						
Air-conditioners	21,160,441,372.37	15,021,273,899.13	29.01	11.68	5.53	4.14
Refrigerators and washing machines	11,586,519,085.22	9,490,125,512.86	18.09	11.12	8.73	1.80
Others	5,956,146,418.22	5,177,588,598.29	13.07	6.32	6.60	-0.23
By region						
Mainland	24,466,006,890.61	16,849,058,987.45	31.13	18.45	14.45	2.40
Overseas	14,237,099,985.20	12,839,929,022.83	9.81	-0.59	-1.98	1.27

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

Applicable  Not Applicable

## (IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 30 June 2023	Amount of undue principal and return as at 30 June 2023	Overdue balance return as at 30 June 2023
Wealth management products of banks	Own funds	1,151,100.00	1,135,108.56	0.00
<b>Total</b>		<b>1,151,100.00</b>	<b>1,135,108.56</b>	<b>0.00</b>

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

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

Unit: RMB ten thousand

Name of company	Company type	Major product or service	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hisense Hitachi	A subsidiary of the Company	Production and sale of central air-conditioners	US\$150 million	2,152,100.94	633,918.48	1,130,298.16	214,292.64	161,667.05

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

Risks faced by the Group include:

1. Risk of macroeconomic fluctuations: If the macroeconomic growth slows down, the momentum of consumption may weaken, thereby affecting the consumer demand for home appliances.
2. Risk of cost increase: If the prices of raw materials continue to fluctuate, the Company's product costs will be adversely affected. Any increase labour and service costs, shipping costs and installation and maintenance service costs may adversely affect the Company's profitability.
3. Market risks brought about by trade protectionism: if some countries and regions protect their own economic interests by raising tariffs, mandatory certification and other means, which will lead to an increase in the Company's operating costs, affecting the competitiveness and profitability of its export business.
4. Exchange rate fluctuation risk: If the exchange rate fluctuates sharply, it will affect the profitability of the Company's overseas business.

In the face of business risks, the Company will actively respond to the challenges and further improve the quality of its business operations through insight into user needs, strengthening R&D capabilities, cost reduction and efficiency improvement, and focusing on long-term construction. (1) The Company is user-centered, investigates the concern needs and solves user pain points. (2) The Company has strengthened its R&D capabilities and key technology research, and enhanced its technological innovation capabilities. (3) The Company has optimized its sales structure and strengthened cost control to alleviate the pressure of rising costs. (4) The Company has strengthened credit risk management of customers, accelerated the turnover of inventory funds, and enhanced the efficiency of capital operation. (5) The company has practiced advanced manufacturing, focused on long-term capacity building, and constructed the enterprise's sustainable growth capability

to ensure the company's healthy, stable and sustainable development.

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

Since part of the purchase and overseas sales of the Group during the Reporting Period were denominated in foreign currency, the Group is exposed to certain 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, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control, risk management system and financial reporting matters, including the unaudited interim results of the Group for the six months ended 30 June 2023.

#### **GEARING RATIO**

As at 30 June 2023, the Group's gearing ratio (calculated according to the formula: total liabilities divided by total assets) was 73.38% (as at 30 June 2022: 70.98%).

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

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

#### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company disclosed the announcement regarding the completion of the repurchase of the Company's A Shares and changes in Shares on 20 March 2023. During the period from 16 January 2023 to 16 March 2023, the Company repurchased 11,699,989 A Shares of the Company, representing 0.86% of the total share capital of the Company as at 16 March 2023, through centralized bidding transactions via a dedicated securities account for share repurchases. The highest transaction price was RMB20.12 per share, the lowest transaction price was RMB16.66 per share, and the total transaction amount was RMB 211,401,111.66 (excluding transaction costs).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased,

redeemed or sold any of the Company's listed securities during the six months ended 30 June 2023.

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

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of total amount of similar transactions (%)
Hisense Group	Purchase	Finished goods	Agreed price	6,030.66	0.18
Hisense Visual	Purchase	Finished goods	Agreed price	296.98	0.01
Hisense International	Purchase	Finished goods	Agreed price	6,528.88	0.19
Johnson Hitachi	Purchase	Finished goods	Agreed price	1,742.37	0.05
Hisense Group	Purchase	Materials	Agreed price	52,725.41	1.56
Hisense Visual	Purchase	Materials	Agreed price	17,092.25	0.51
Hisense International	Purchase	Materials	Agreed price	7,724.78	0.23
Hisense Hong Kong	Purchase	Materials	Agreed price	27,126.40	0.80
Johnson Hitachi	Purchase	Materials	Agreed price	29,136.09	0.86
Hisense Group	Receipt of services	Receipt of services	Agreed price	37,020.99	1.10
Hisense Visual	Receipt of services	Receipt of services	Agreed price	2,762.09	0.08
Hisense International	Receipt of services	Receipt of services	Agreed price	309.57	0.01
Hisense Marketing Management	Receipt of services	Receipt of services	Agreed price	21,758.73	0.65
Johnson Hitachi	Receipt of services	Receipt of services	Agreed price	360.03	0.01
Hisense Group	Sale	Finished goods	Agreed price	16,203.89	0.38
Hisense Visual	Sale	Finished goods	Agreed price	56.18	-
Hisense International	Sale	Finished goods	Agreed price	972,140.73	22.64
Hisense Marketing Management	Sale	Finished goods	Agreed price	69,326.03	1.61
Johnson Hitachi	Sale	Finished goods	Agreed price	10,780.72	0.25
Hisense Group	Sale	Materials	Agreed price	16,323.03	0.38
Hisense Visual	Sale	Materials	Agreed price	35,182.17	0.82
Hisense International	Sale	Materials	Agreed price	8,750.39	0.20
Hisense Marketing Management	Sale	Materials	Agreed price	923.86	0.02
Johnson Hitachi	Sale	Materials	Agreed price	205.73	-
Hisense Group	Sale	Moulds	Market price	-	-
Hisense Visual	Sale	Moulds	Market price	1,965.90	0.05

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 International	Sale	Moulds	Market price	940.21	0.02
Hisense Group	Provision of services	Provision of services	of Agreed price	976.27	0.02
Hisense Visual	Provision of services	Provision of services	of Agreed price	290.18	0.01
Hisense International	Provision of services	Provision of services	of Agreed price	308.98	0.01
Hisense Marketing Management	Provision of services	Provision of services	of Agreed price	1,287.38	0.03
Johnson Hitachi	Provision of services	Provision of services	of Agreed price	-	-

As at the end of the Reporting Period, the Company had the balance of deposit of approximately RMB11.988 billion, recognised interest income of approximately RMB158.9977 million, the actual balance of loan of RMB102.1410 million with loan interest recognised of RMB0.7410 million, the balance of electronic bank acceptance bill of approximately RMB0.67 billion, and the handling fee for opening accounts for electronic bank acceptance bill of approximately RMB0.2611 million. The actual amount of discounted interest for the provision of draft discount services of approximately RMB0.1426 million, the actual amount involved for the provision of settlement and sale of foreign exchange services was approximately US\$6.6004 million and the actual service fee paid for the provision of agency services such as settlement services for receipt and payment of funds was approximately RMB0.5694 million.

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

Name	Position	Method of appointment	Appointment Date	Reasons for change
Li Zhi Gang	independent non-executive Director	Elected	9 January 2023	Elected as an independent non-executive director at the 2023 first extraordinary general meeting
Yu Zhi Tao	executive Director	Elected	19 April 2023	Elected as an executive director at the 2023 third extraordinary general meeting
Hu Jian Yong	executive Director, president	Elected	28 February 2023 19 April 2023	Appointed as president at the third extraordinary meeting of the eleventh session of the Board, and elected as an executive director at the 2023 third extraordinary general meeting

Notes:

Save as disclosed above, there were no substantial changes to the information of the directors, supervisors and senior management of the Company required to be disclosed

pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Hong Kong Listing Rules.

## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

During the Reporting Period, amendments have been made to the Articles of Association of the Company pursuant to the special resolutions passed at the 2023 second extraordinary general meeting held on 28 February 2023 and the 2022 annual general meeting held on 29 June 2023. For details of the amendments to the Articles of Association, please refer to the announcements of the Company dated 13 January 2023 and 8 June 2023, and the circulars of the Company dated 13 February 2023 and 8 June 2023. The full text of the amended Articles of Association can be downloaded on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://hxjd.hisense.cn>).

## **CORPORATE GOVERNANCE CODE**

To the best knowledge and information of the Company, during the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Hong Kong Listing Rules.

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

The 2023 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:

“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Company”	Hisense Home Appliances Group Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the Shenzhen Stock Exchange
“Director(s)”	the directors of the Company
“Hisense Air-Conditioning”	Qingdao Hisense Air-Conditioning Company Limited*

	(青島海信空調有限公司), a company incorporated in the PRC with limited liability and indirectly controlled by Hisense Holdings, and holds approximately 37.23% 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 Group”	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
“Hisense Hong Kong”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Holdings, and holds approximately 8.97% 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
“Supervisors”	the supervisors of the Company

*\* For identification purposes only*

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

Foshan City, Guangdong, the PRC, 28 August 2023

*As at the date of this announcement, the Company’s executive directors are Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Mr. Hu Jian Yong, Mr. Xia Zhang Zhua and Ms. Gao Yu Ling; and the Company’s independent non-executive directors are Mr. Zhong Geng Shen, Mr. Cheung Sai Kit and Mr. Li Zhi Gang.*