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Hisense 海信家電

HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

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

(Stock Code: 00921)

ANNOUNCEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “**Board**”) of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) hereby announces the audited financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the 2022 comparative figures in accordance with China Accounting Standards for Business Enterprises. The following financial information is prepared in accordance with China Accounting Standards for Business Enterprises:

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

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

Audited Consolidated Balance Sheet

Item	Note	31 December 2023	1 January 2023
Assets			
Current assets			
Cash at bank and on hand		4,939,273,198.62	6,001,295,427.37
Including: Deposited with finance company		1,947,864,398.82	4,620,904,868.10
Transactional financial assets		13,192,025,535.87	6,758,233,998.86
Derivative financial assets			
Notes receivable		741,622,573.50	144,188,330.26
Accounts receivable	5	9,225,321,882.07	7,665,702,299.91
Factoring of accounts receivable		4,643,427,583.77	5,072,959,470.76
Prepayments		389,066,274.16	262,443,975.56
Other receivables		145,804,125.45	475,034,340.60

Including: Interest receivable			
Dividends receivable		89,630.21	152,634,355.75
Inventories		6,774,603,438.00	6,552,835,435.54
Contract assets		35,878,308.82	6,918,368.07
Assets held for sale			
Non-current assets due within one year		3,641,708,361.11	1,986,840,000.00
Other current assets		1,411,188,199.90	1,702,738,189.99
Total current assets		45,139,919,481.27	36,629,189,836.92
Non-current assets			
Investments in debt			
Other investments in debt			
Long-term receivables			
Long-term equity investments		1,671,365,117.46	1,518,340,556.73
Other equity investment		40,244,766.96	36,399,028.71
Other non-current financial assets		27,197,809.69	25,748,931.39
Investment properties		177,982,723.30	208,716,406.19
Fixed assets		5,662,912,502.03	5,318,274,820.56
Construction in progress		443,523,694.21	525,171,610.80
Productive biological assets			
Oil and gas assets			
Right-of-use assets		169,378,820.87	181,192,061.73
Intangible assets		1,341,855,927.15	1,459,616,347.69
Development costs			
Goodwill		226,408,877.76	226,408,877.76
Long-term prepaid expenses		40,734,232.78	41,623,003.89
Deferred tax assets		1,125,596,510.74	984,485,078.70
Other non-current assets		9,879,375,091.45	8,220,701,882.26
Total non-current assets		20,806,576,074.40	18,746,678,606.41
Total assets		65,946,495,555.67	55,375,868,443.33
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		2,502,318,314.58	1,462,253,713.24
Transactional financial liabilities		54,355,584.93	1,745,488.01
Derivative financial liabilities			
Notes payable	6	14,608,429,378.74	11,322,271,209.54
Accounts payable	7	12,049,877,232.20	9,717,666,826.44

Advances from customers		3,833,256.75	
Contract liabilities		1,440,254,499.57	1,145,145,334.78
Employee remunerations payable		1,373,816,151.59	1,002,267,354.81
Taxes payable		774,372,089.67	705,821,864.03
Other payables		4,670,674,014.20	5,219,154,864.04
Including: Interest payable			
Dividends payable		70,574,497.68	67,374,222.13
Liabilities held for sale			
Non-current liabilities due within one year		121,677,937.29	145,170,159.23
Other current liabilities		6,442,483,786.34	5,643,445,390.50
Total current liabilities		44,042,092,245.86	36,364,942,204.62
Non-current liabilities			
Long-term borrowings		42,956,652.46	19,808,239.84
Bonds payable			
Including: Preferred shares			
Perpetual debts			
Lease liabilities		208,946,083.77	277,195,821.24
Long-term payables			
Long-term employee remunerations payable		105,961,766.83	116,092,710.65
Provisions		1,229,967,589.74	1,313,738,416.00
Deferred income		149,189,343.53	145,835,582.02
Deferred tax liabilities		158,435,374.83	168,179,961.94
Other non-current liabilities		612,887,372.01	690,992,901.11
Total non-current liabilities		2,508,344,183.17	2,731,843,632.80
Total liabilities		46,550,436,429.03	39,096,785,837.42
Shareholders' equity			
Share capital		1,387,935,370.00	1,362,725,370.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserves		2,115,407,718.05	2,074,168,605.49
Less : Treasury shares		236,626,482.61	
Other comprehensive income		226,997,819.74	121,267,445.50
Special reserves		6,319,636.53	
Surplus reserves		724,682,309.99	711,971,309.99

General risk provisions			
Undistributed profits		9,355,458,114.25	7,248,240,711.27
Total equity attributable to shareholders of the parent		13,580,174,485.95	11,518,373,442.25
Minority interests		5,815,884,640.69	4,760,709,163.66
Total shareholders' equity		19,396,059,126.64	16,279,082,605.91
Total liabilities and shareholders' equity		65,946,495,555.67	55,375,868,443.33

Audited Consolidated Income Statement

Item	Note	2023	2022
1. Total operating revenue		85,600,189,224.06	74,115,151,039.29
Operating revenue	8	85,600,189,224.06	74,115,151,039.29
2. Total operating costs		81,457,336,033.74	71,261,426,810.30
Including : Operating costs	8	66,696,116,231.21	58,783,119,200.03
Taxes and surcharges		579,207,000.98	479,236,001.09
Sales expenses		9,311,027,187.99	8,070,720,273.85
Management expenses		2,296,063,851.05	1,821,201,420.18
Research and development expenses		2,779,508,194.39	2,289,313,746.54
Financial expenses	9	-204,586,431.88	-182,163,831.39
Including: Interest expense	9	144,388,196.47	88,136,778.11
Interest income	9	56,918,785.34	79,204,113.83
Add: Other income		598,955,858.57	402,784,997.75
Investment gain (loss expressed with "-")	10	719,432,575.42	512,712,041.01
Including: Share of profit of associates and joint ventures	10	343,907,407.14	253,464,775.11
Income from derecognition of financial assets at amortised cost		-1,048,232.87	-8,626,472.16
Gain from changes in fair values (loss expressed with "-")		14,926,269.81	22,522,221.59
Impairment losses on credit (loss expressed with "-")		-43,203,421.13	-150,871,087.49
Impairment losses on assets (loss expressed with "-")		-190,783,091.93	-275,152,336.56
Gains on disposal of asset (loss expressed with "-")		5,835,013.43	1,384,257.12
3. Operating profits (loss expressed with "-")		5,248,016,394.49	3,367,104,322.41
Add: Non-operating income		498,281,308.38	531,249,812.33
Less: Non-operating expenses		61,740,282.05	74,544,406.53
4. Total profits (loss expressed with "-")		5,684,557,420.82	3,823,809,728.21

Less: Income tax expenses	11	893,067,496.90	754,400,667.51
5. Net profits (loss expressed with “-”)		4,791,489,923.92	3,069,409,060.70
(1) Classified on a going concern basis			
1) Net profit from continuing operations (loss expressed with “-”)		4,791,489,923.92	3,069,409,060.70
2) Net profit from discontinued operations (loss expressed with “-”)			
(2) Classification by ownership of equity			
1) Net profit attributable to shareholders of the parent		2,837,322,754.58	1,434,968,215.84
2) Profit and loss of minority interests		1,954,167,169.34	1,634,440,844.86
6. Other comprehensive income after tax, net		107,901,029.90	20,116,688.31
Other comprehensive income after tax attributable to owners of the parent, net		105,730,374.24	27,697,446.93
(1) Items not to be reclassified into profit or loss		-3,821,920.55	
1) Changes arising from remeasurement of defined benefit plan		-6,252,650.20	
2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3) Changes in fair value of other equity instruments investment		2,430,729.65	
4) Changes in the fair value of the Company’s own credit risk			
5) Others			
(2) Items to be reclassified into profit or loss		109,552,294.79	27,697,446.93
1) Other comprehensive income that is convertible gains and losses under the equity method		3,579,459.96	-9,868,592.45
2) Changes in fair value of other investments in debt			
3) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provisions for other debt investment			
5) Cash flow hedge reserve (effective portion of cash flow hedge profit and loss)			
6) Differences on translation of foreign currency financial statements		105,972,834.83	21,841,340.30
7) Others			15,724,699.08
Other comprehensive income after tax attributable to minority interests, net		2,170,655.66	-7,580,758.62
7. Total comprehensive income		4,899,390,953.82	3,089,525,749.01

Total comprehensive income attributable to shareholders of the parent		2,943,053,128.82	1,462,665,662.77
Total comprehensive income attributable to minority interests		1,956,337,825.00	1,626,860,086.24
8. Earnings per share :			
(1) Basic earnings per share	12	2.08	1.05
(2) Diluted earnings per share	12	2.08	1.05

Notes:

1. General information

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

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

On 31 August 2009, the Company 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 CSRC (China Securities Regulatory Commission) on 23 March 2010. On 10 June 2010, the Company allotted and issued 362,048,187 A Shares to Hisense Air-Conditioning in consideration of the acquisition.

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

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

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

As at 31 December 2023, the total number of issued shares of the Company was 1,387,935,370 and the registered capital of the Company was RMB1,387,935,370.00, of which Hisense Air-Conditioning held 516,758,670 Shares, representing approximately 37.23% of the Company's total issued share capital.

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

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

2. Basis of preparation

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

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

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

3. Changes in significant accounting policies

On 30 November 2022, the Ministry of Finance issued the Notice on the Publication of No. 16 of the Enterprise Accounting Standards Interpretation (Finance and Accounting (2022) No. 31). (《關於印發<企業會計準則解釋第 16 號>的通知（財會〔2022〕31 號）》), which stipulated that the accounting treatment of the deferred income tax related to assets and liabilities arising from a single transaction shall not be subject to the initial recognition exemption from 1 January 2023.

A description of the names and amounts of the statement items that are significantly affected:

Unit: RMB

Affected Item	1 January 2023 (January-December 2022)		
	Before Adjustment	Adjustment Amount	After Adjustment

Total assets	55,375,550,868.66	317,574.67	55,375,868,443.33
Including: Deferred tax assets	984,167,504.03	317,574.67	984,485,078.70
Total shareholders' equity	16,278,765,031.24	317,574.67	16,279,082,605.91
Including: Retained profits	7,248,124,550.56	116,160.71	7,248,240,711.27
Minority interests	4,760,507,749.70	201,413.96	4,760,709,163.66
Net Profit	3,069,234,330.39	174,730.31	3,069,409,060.70
Including: Income tax expenses	754,575,397.82	-174,730.31	754,400,667.51
Profit and loss of minority interests	1,634,329,955.55	110,889.31	1,634,440,844.86

4. Segment information

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

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

Unit: RMB

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

Segment information as at and for the year ended 31 December 2022 is as follows:

Unit: RMB

Amount for last period	air-conditioner	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	34,499,733,925.58	21,207,092,434.08	11,787,912,833.04		67,494,739,192.70
2. Revenue from inter-segment sales	1,001,205.93	12,092,073.41	2,520,058,040.12	-2,533,151,319.46	
3. Gain from investment in associates and joint ventures	720,511.15	720,511.15	252,023,752.81		253,464,775.11
4. Depreciation and amortisation	578,212,144.80	366,557,127.40	426,330,115.69		1,371,099,387.89
5. Gain from changes in fair value	-42,920.00	11,446,773.25	11,118,368.34		22,522,221.59
6. Impairment losses on credit and assets	-98,258,731.21	-132,615,991.81	-195,148,701.03		-426,023,424.05
7. Total profit (Total loss)	3,452,041,902.34	282,337,472.47	89,430,353.40		3,823,809,728.21
8. Total assets	31,188,124,293.26	28,652,214,278.81	15,651,116,404.12	-20,115,586,532.86	55,375,868,443.33
9. Total liabilities	20,810,902,742.15	17,966,094,914.07	11,451,687,077.60	-11,131,898,896.40	39,096,785,837.42
10. Additions to other non-current assets other than long-term equity investments	2,604,699,926.77	25,307,181.32	-213,198,062.67	-1,123,200.00	2,415,685,845.42

(2) Geographic information

Unit: RMB

Category	2023	2022
Revenues from domestic customers	49,035,166,343.99	42,624,208,014.02
Revenues from overseas customers	27,924,024,928.43	24,870,531,178.68
Total	76,959,191,272.42	67,494,739,192.70
Domestic non-current assets	16,928,683,438.39	15,359,424,477.26
Overseas non-current assets	3,877,892,636.01	3,387,254,129.15
Total	20,806,576,074.40	18,746,678,606.41

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

5. Accounts receivable

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	31 December 2023	1 January 2023
Within three months	8,330,628,047.85	6,536,005,628.49
Over three months but within six months	433,307,441.27	447,891,643.76
Over six months but within one year	246,354,515.38	520,314,101.55

Over one year	527,815,292.00	471,721,042.96
Total	9,538,105,296.50	7,975,932,416.76
Less: provision for bad debts	312,783,414.43	310,230,116.85
Book value	9,225,321,882.07	7,665,702,299.91

6. Notes payable

Unit: RMB

Item	31 December 2023	1 January 2023
Bank acceptance notes	9,101,350,361.29	8,301,493,794.02
Commercial acceptance notes	5,507,079,017.45	3,020,777,415.52
Total	14,608,429,378.74	11,322,271,209.54

7. Accounts payable

The ageing of accounts payable is analysed as follows:

Unit: RMB

Item	31 December 2023	1 January 2023
Within one year	12,007,211,767.15	9,581,962,727.38
Over one year	42,665,465.05	135,704,099.06
Total	12,049,877,232.20	9,717,666,826.44

8. Operating revenues and costs

Unit: RMB

Item	2023	2022
Revenue from principal operations	76,959,191,272.42	67,494,739,192.70
Revenue from other operations	8,640,997,951.64	6,620,411,846.59
Total	85,600,189,224.06	74,115,151,039.29
Item	2023	2022
Cost of principal operations	58,465,825,397.94	52,573,262,431.34
Cost of other operations	8,230,290,833.27	6,209,856,768.69
Total	66,696,116,231.21	58,783,119,200.03

9. Financial expenses

Unit: RMB

Item	2023	2022
Interest expenses	144,388,196.47	88,136,778.11
Less: interest income	56,918,785.34	79,204,113.83
Loss on foreign exchange	-304,993,741.48	-205,797,333.01

others	12,937,898.47	14,700,837.34
Total	-204,586,431.88	-182,163,831.39

10. Investment gain

(1) Particulars of investment gain

Unit: RMB

Item	2023	2022
Gain from long-term equity investment by the equity method	343,907,407.14	253,464,775.11
Investment gains on disposal of transactional financial assets	-49,009,326.89	-52,786,004.23
Interest income from time deposits	304,935,738.87	247,540,002.04
Others	119,598,756.30	64,493,268.09
Total	719,432,575.42	512,712,041.01

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

Unit: RMB

Investee	2023	2022
Hisense Jinlong Holding	15,082,906.79	12,968,049.38
Hisense Marketing Management	-2,028,893.94	1,441,022.29
Hisense Global Asia Holding	-194,362.50	
Hisense International	110,193,668.98	61,776,387.44
Associated companies of Sanden Company	220,854,087.81	177,279,316.00
Total	343,907,407.14	253,464,775.11

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

11. Income tax expenses

Unit: RMB

Item	2023	2022
Current income tax expenses	1,030,925,303.34	846,911,451.83
Including: PRC enterprise income taxes	1,031,179,157.46	807,415,277.51
Hong Kong profit taxes	784,538.52	910,933.90
Deferred tax expenses	-137,857,806.44	-92,510,784.32
Total	893,067,496.90	754,400,667.51

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	2023
Total profits	5,684,557,420.82
Income tax expenses calculated at statutory (or applicable) tax rates	1,421,139,355.20

Item	2023
Tax effects of different tax rates applicable to certain subsidiaries	-453,129,861.37
Adjustments of income tax in previous period	-9,236,187.32
Effects of non-taxable incomes	-39,220,019.99
Effects of non-deductible costs, expenses and losses	93,980,093.86
Effects of deductible losses not recognised as deferred tax assets in previous period	-116,115,036.59
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	217,252,567.84
Effects of additional deduction relating to costs of research and development	-221,023,026.97
Others	-580,387.76
Income tax expenses	893,067,496.90

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

Unit: RMB

Item	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	2,837,322,754.58	1,434,968,215.84
Weighted average number of issued ordinary shares of the Company	1,353,221,019.50	1,362,725,370.00
Basic earnings per share	2.08	1.05

(2) Diluted earnings per share

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

13. Dividends

The Board proposes to distribute a cash dividend of RMB10.13 (tax inclusive) for every 10 shares to all shareholders on the basis of the total share capital of the Company of 1,373,429,913 shares which represents the total share capital of 1,387,935,370 shares deducting the repurchased shares from the repurchase account as at the date of this announcement (as at the date of this announcement, the Company has repurchased 14,505,457 shares in total), without bonus issue and issue of shares by way of conversion of capital reserve. (For the year ended 31 December 2022, a cash dividend of RMB5.171314 (tax inclusive) per 10 shares was paid to all shareholders on the basis of the total share capital of 1,387,257,381 shares of the Company actually participating in the distribution)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(1) Central air-conditioner market

According to the statistics from AICON (www.aicon.com.cn), the overall market capacity of the central air-conditioner industry increased by 4.6% year-on-year in 2023. Among these, centrifuges and two-connected supply products performed well in the market, while multi-connected machines grew steadily as weighted products, remaining the largest product category in the central air-conditioner market, accounting for 48.7% of the industry and experiencing a 3.3% year-on-year increase in market scale.

In the context of dual-carbon and new infrastructure, China continues to intensify its support for emerging industries, boosting the growth of the commercial fit-out market. In 2023, the commercial fit-out market achieved a strong rebound, representing a year-on-year increase of 5.7% in scale. The commercial fit-out market has gradually expanded into high-end manufacturing, data centers, photovoltaic, lithium battery, energy storage, new energy and other emerging industrial manufacturing fields. During the year, the investment in public construction projects in China increased by 8%, with rail transit increasing by nearly 10% and the emerging industrial manufacturing fields experiencing high-speed growth of 18%.

The home fit-out retail market was affected by the weak real estate market and the weakened demands, resulting in a 2.1% year-on-year increase in the scale of the home fit-out market in 2023. The home fit-out market still faces certain challenges. Meanwhile, users’ demands continued to undergo iterative upgrades focused on “health, comfort, energy saving and intelligence”, resulting in significant growth in the improved market. The two-connected supplies have become the fastest-growing products in the industry, with a growth rate of 14%, thereby driving the industry’s transformation and upgrade from central air-conditioner to air-conditioner, floor heating, purification and fresh air integrated system solutions.

(2) Household air-conditioner market

According to the omni-channel general data from AVC (奧維雲網), the retail volume increased by 6.5% year-on-year and the retail sales increased by 7.5% year-on-year in the domestic air-conditioner market in 2023.

Household air-conditioner products were continually upgraded and innovated to meet consumer demands. With increasing consumer demand for indoor air freshness and oxygen aeration, the market for fresh-air hangers is growing rapidly, with the online and offline growth of 10.4% and 20.7% year-on-year, respectively, according to the monitoring data from AVC. Intelligent voice air-conditioner empowers consumers with more advanced features and intelligent experience demands, with the online sales increasing by 20.7% year-on-year.

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

(1) Domestic refrigerator market

According to the omni-channel general data from AVC, the retail volume of the domestic refrigerator market increased by 1.5% year-on-year in 2023 and the retail sales increased by 7.0% year-on-year.

Under the market structure dominated by high ownership and rejuvenation demand, refrigerator products continue to develop towards high-end, flat embedding and home scenarios. High-end products are continuously increasing their market share, with hot-selling items such as cross four-door and French-style refrigerators remaining favored by users. Meanwhile, the demand of embedded refrigerators is also rising, with the penetration rate of offline retail sales increasing from 18.1% in 2021 to 36.7% in 2023. On the other hand, industry sales have been targeting emerging channels, and online and offline channels have been further integrated. And the retail sales of refrigerators through the TikTok e-commerce platform increased by 113% year-on-year.

(2) Domestic washing machine market

According to the omni-channel general data from AVC, the retail volume of the washing machine market increased by 3.4% year-on-year in 2023, and the retail sales increased by 5.8% year-on-year.

Driven by the popularity of clothes dryers and the trend of trade-ins, the industry scale of domestic washing machines achieved a certain growth, especially with a steady recovery in the offline market. In the segmented market, the washing and drying joint operations have grown strongly, and users' awareness and acceptance of clothes dryers have been significantly enhanced. Ultra-thin embedded drum washing machines have also achieved a rapid growth alongside the trend of home integration. Users' demands for personal health classification care have increasingly subdivided, and mini washing machines continue to innovate in form, stimulating expanding scale.

(3) Domestic kitchen appliance market

According to the omni-channel general data from AVC, the retail volume of the kitchen and bathroom market in China increased by 0.8% year-on-year, and the retail sales increased by 5.3% year-on-year in 2023.

In the kitchen and bathroom industry, different categories of kitchen appliances showed a clear differentiation trend. The rigid-demand category including hoods, cookers, electric water heaters and gas water heaters, rebounded rapidly after a relatively low growth in the past, with a year-on-year increase of 6.5% in scale. The quality-life-demand category including dishwashers, disinfection cabinets and water purifiers suffered from a low penetration rate, with a year-on-year increase of 8.6% in scale. The integrated-product category including integrated stoves has experienced a certain decline in growth rate after high growth in previous years, with a year-on-year decrease of 4.0%.

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

According to the statistics from IHS, in 2023, the cumulative production of compressors in the global automotive industry was about 85.23 million units, an increase of about 6.4% year-on-year. The global automotive market experienced a rapid growth as a whole. Total production in the Greater China was about 26.93 million units, representing a 1.99% year-on-year increase. The development of new energy vehicles remains robust, with the global production of new energy vehicles reaching about 21.35 million units, an increase of more than 35.1% year-on-year, accounting for 25% of the total. Among them, the production of new energy vehicles in the Greater China market was about 9.68 million units, an increase of about 22% year-on-year, accounting for 36% of the total.

With the continuous and accelerated development in electrification, intelligence, networking and sharing in the automotive industry, high-voltage fast charging, battery thermal safety, temperature control management of electric motor control, and reduction of endurance mileage attenuation in winter have brought significant development space to the new energy vehicle market. Systems and components such as wide temperature range and multi-heat source waste heat recovery heat pumps, ultra-high pressure electric compressors, double-layer flow air conditioner boxes and water heaters have gradually become the mainstream demands for thermal management of new energy vehicles. Additionally, under the backdrop of global carbon neutrality, natural refrigerant thermal management systems such as R744 and R290, compressors and heat exchangers, etc. have gradually shifted from research and development to the early stage of practical application and development.

4. Overview of the Smart Home Market

In 2023, the smart home market in China faced dual challenges from both the macro consumption environment and its own development cycle, resulting in a slowdown in scale growth rate. However, the market is expected to gradually pick up with the upgrading of consumer demands. According to Statista, a think tank, the global smart home market is expected to grow from USD117.6 billion in

2022 to USD222.9 billion in 2027. Accompanied by technological upgrading, ecological improvement and channel expansion, consumers' acceptance of the smart home market will gradually enhance. The penetration rate of smart homes is expected to rise from 14.2% in 2022 to 28.8% in 2027, indicating a significant market space.

On 12 July 2023, 13 departments including the Ministry of Commerce introduced a series of measures to promote home consumption, supporting enterprises to accelerate the research and development of smart home appliances, smart sleep, smart audio-visual entertainment and other products. This initiative aims to advance the interconnection among smart home devices, and promote the development of single product intelligence to whole house intelligence. In the future, the smart home market will focus on seven scenarios: smart lighting, home infrastructure, air management, security management, audio-visual entertainment, home cleaning and cooking. Smart home scenarios will gradually extend to home infrastructure covering water, electricity, gas and heating, deepening integrated management from linkage control to comprehensive safety, health and energy saving. Meanwhile, the intelligentization of home infrastructure will drive the intelligent upgrade of related equipment and stimulate the innovation in smart home equipment in function and form.

5. Overseas Home Appliance Market

In 2023, influenced by factors such as the rebound of overseas demands, the decline in overseas inventories, the reduction in shipping prices and the low base for the same period, the demand in the overseas home appliance market has significantly improved. Countries along the "Belt and Road", including those in Southeast Asia, the Middle East and Africa, are emerging as new growth points in the overseas home appliance markets, with the penetration rate of home appliances continuing to rise. Refrigerator products continue to grow in the European market, while demand for refrigerator products is gradually recovering in the North American market. Washing machine products have demonstrated stable performance in the Asian market and growing demand in the European market. The demand for air-conditioner products is increasing in Southeast Asia and other markets.

Additionally, the green upgrading and innovation of home appliances, along with the acceleration of globalization layout, are also the driving forces behind the industry's growth overseas. Product intelligence, high-end and branding have become new trends in the overseas home appliance market.

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

1. HVAC Business

(1) Central air-conditioner business

The Company actively responds to the national "double carbon" policy, focusing on user demands, continuously introduces industry-leading products through technological innovation, and leads the

development of central air-conditioner business in the home fit-out market, commercial fit-out market and new industries. In 2023, the central air-conditioner business achieved a year-on-year increase of 9.3% in main business revenue and 20.5% in total profit, with its multi-connected market share reaching more than 20%, maintaining a leading position in the industry.

① In terms of home fit-out business, the Company is deeply engaged in the fields of “health, intelligence, energy saving” while focusing on users, providing comfortable and convenient air experience solutions.

During the Reporting Period, the Company gained deep insight into the increasing demands of users for the home environment and continuously innovated and launched personalized and integrated air solutions. The Company meticulously developed a home-feel air customization system and successfully iterated and upgraded it to Version 2.0, achieving comprehensive control of air conditioning, underfloor heating, fresh air, dehumidification and humidification, thereby delivering the ultimate healthy and comfortable experience to users. Additionally, the Company introduced the innovative “ThinkAir Active All-Health Air Solution” and released a series 5G + Glory Home of central air-conditioner products, receiving positive feedback from users. By integrating IoT and AI technology, “all-round air housekeepers” not only possessed subjective consciousness and thinking ability, but also can realize active air management, further meeting the personalized needs of users.

Meanwhile, the Company continued to optimize its two-connected supply products matrix. The Company launched the water-comfort VRF full variable frequency series, which can maintain system stability and meet the low-carbon lifestyle of high-end users in large space with complicated room functions. York VRF adhered to the leading strategy of top-freon and floor-water (天氟地水) products, successfully creating the industry’s first top-freon and hot water two-connected central air-conditioner, winning the annual HVAC Industry Innovation Product Award at the 2023 National Heating and Cooling Industry Conference (全國冷暖產業大會). The top-freon and floor-freon (天氟地氟) two-connected products released by Kelon carried the air source heat pump technology and adopted capillary copper tube floor heating, achieving efficient refrigeration and heating while effectively reducing energy consumption. The Company is committed to providing users with high-quality and energy-efficient product solutions. According to the statistics from AICON, the market share of Hisense’s two-connected products increased to over 20% in 2023, fully proving that the Company’s innovation strategy and product strength have been widely recognized by the market.

② In terms of engineering business, the Company seized the opportunity of dual-carbon development and led the cutting-edge technology layout of the industry.

The Company released the next generation of commercial multi-connected M3 series, which operated continuously from -30°C to 58°C through wide-range ambient temperature operation in refrigeration and heating. It could precisely control the temperature, humidity and cleanliness, meeting the needs of various scenarios such as production, storage and testing. At the same time, Hitachi’s top-freon and floor-water series achieved explosive growth in the field of building support,

with a growth rate exceeding 100%.

In active response to the national carbon neutrality policy, the Company built a full-effect direct drive series of commercial multi-connected machines that could effectively improve power conversion efficiency, obtaining the first batch of DC air-conditioner certificates in China. The highest energy efficiency of the new generation of water source variable frequency multi-connected machines has reached the top level in the industry, enabling the Company to obtain a number of characteristic product certifications due to excellent energy efficiency and intelligent variable flow. Its innovative four-tube multi-connected machines greatly reduced energy consumption, achieving a remarkable energy-saving effect of nearly 50%, and have been applied in numerous domestic data centers, archives, lithium battery processing workshops of automotive factories and other projects.

Furthermore, the Company continued to break through in green and efficient technological innovation, promoting the market share of Hisense's commercial fit-out series to reach more than 10%.

③ In terms of new industries, the Company was committed to providing overall energy-saving and low-carbon solutions for government public building renovation, industrial manufacturing, rail transit and other segments, thereby aiding the high-speed growth of the second curve.

In the smart building segment, the Company launched the ECO-B smart building mobile APP, achieving full-scenario and full-project lifecycle energy saving from air-conditioning intelligent control, building automatic control, energy management to smart operation and maintenance. This meets the segmented needs of various industries, effectively reducing building operating costs by 20% and assisting in the implementation and application of digital buildings. The Company ceremoniously released the home energy management system at IFA and CES exhibitions, applying integrated intelligent control technologies in photovoltaic, energy storage, heat pump and set home appliances to achieve energy saving by 13%. This empowers whole-house energy management, green power supply and optimal utilization.

In the heat pump fresh air segment, the Company helped to transform the northern clean energy heating market, achieving nearly 40% energy-saving results. During this period, the shipment amount of the new air Q5 products increased by 100% year-on-year. In the water heater segment, the Company broke through the rail transit and data center industries, deeply cultivated clean energy, large industry and other sub-sectors, and realized the application in factories, hospitals and other scenarios, achieving a 50% increase in revenue during the Reporting Period.

(2) Household air-conditioner business

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

Kelon. According to the omni-channel general data from AVC, the online and offline retail sales of household air-conditioners increased by 41.4% and 14.3%, respectively in 2023, which is 26 points and 10 points higher than the industry growth rate, respectively.

① Hisense brand highlights fresh air, providing users with scenario-based, systematic, intelligent and diversified whole-house air solutions through its all-weather air management technology.

Hisense Air Conditioner continued to deepen its layout in the mid-to-high-end market, and launched a series of high-quality products including Tresor C2, C3 and X6, achieving the perfect integration of indoor comfortable temperature and healthy air for users to freely enjoy fresh air at home. Among them, 5 models have successfully entered the TOP10 of the fresh-air market segment, with Hisense Tresor 72C310 fresh-air cabinet topping the segmented market list, and the Tresor C3 cabinet and hanger combination even winning the AWE2023 Excellent Product Award.

The Company released a five-dimensional air housekeeper of “temperature, humidity, wind, purification and oxygen” to create an extremely comfortable experience for users through all-around air management. Hisense X620 fresh air hanger has become an ideal choice for study scenarios due to its two advantages of large fresh air volume and mute. Hisense Chunfeng A3 innovates against the pain points of users with respect to uneven temperature and direct wind blowing of traditional air-conditioners. The first hidden air machine is convenient to disassemble and wash independently, and the hidden fully closed tuyere is designed to lead the innovation trend of the air conditioning industry.

Hisense Air Conditioner has always been committed to tackling users’ pain points and responding to multiple demands efficiently. According to the monitoring data from AVC, mid-to-high-end retail sales of Hisense Air Conditioner significantly increased by 43.7% year-on-year, and the offline fresh air market share of fresh air conditioners increased by 12 percentage points year-on-year, firmly ranking among Top 2 in the industry. These achievements fully prove Hisense Air Conditioner’s outstanding strength in innovating products and meeting user needs.

② Kelon Air Conditioner builds an Internet air conditioner brand that rejuvenates the vitality of changes and realizes a double breakthrough in brand reputation and sales volume.

Kelon Air Conditioner keeps up with the aesthetic trend of the new generation, delving deep into the diversified needs of young consumers, and actively promoting rejuvenation and upgrading of its products based on the concept of home interconnection. To satisfying the pursuit of high-quality sleep among young people, Kelon Air Conditioner has launched a professional sleep air conditioner; in response to the desire for smart home appliances among young people, Kelon Air Conditioner has also launched a type of air-conditioner products with intelligent functions such as remote control and voice control; and meanwhile, considering the concern for health and energy saving among young people, Kelon Air Conditioner has also launched efficient, energy-saving, environmental and healthy air-conditioner products.

Kelon Air Conditioner continuously engages young user groups through a series of immersive marketing methods of lifestyle-oriented and easily spread, carrying out innovative marketing iterations and upgrades. With the help of the New Youth Music Festival IP, Kelon Air Conditioner unlocked the coolness of early summer together with more than 50,000 music fans, resonating with young emotions and showcasing the brand's "attractive, high-quality and professional" product image and positive interconnected brand transformation attitude to the public. With this series of brand strategic transformation, brand image building and dissemination, Kelon Air Conditioner won the title of Fashionable Air Conditioner Brand Preferred by Young People in China's Air Conditioning Industry in 2022-2023.

2. Refrigerator, Washing Machine and Kitchen Appliance Business

(1) Refrigerator Business

The refrigerator business continues to optimize and enhance the scenario-based experience for users and families. In 2023, the refrigerator business achieved remarkable results, with a 18.7% increase in main business revenue. According to the omni-channel general data from AVC, retail sales increased by 17.8% year-on-year, and market share increased by 1.6 percentage point during the Reporting Period.

① Ronshen Refrigerator leads the new trend of embedding, high volume ratio and ultimate freshness preservation to meet consumers' demands for home furnishings quality.

In the process of user demands evolving towards home appliances and home furnishings, Ronshen Refrigerator has launched a flat embedded and high volume ratio 506 product, upgrading its intelligent and sensory dual purification system. This system dynamic identifies and purifies the refrigeration space, ensuring that the air quality and ingredient freshness in the refrigerator are always optimal. In the second half of 2023, it won the industry's Top 1 performance. Additionally, Ronshen WELL Borderless Series 605 refrigerator incorporates an AI intelligent temperature control module to achieve a dynamic temperature balance, improving overall preservation effectiveness by 20% compared to traditional refrigerators while achieving -31°C deep cooling and freshness locking, earning the AWE2023 Excellent Product Award. The retail volume of Ronshen 60CM flat-embedded concept refrigerator in the offline market accounts for as high as 36%, firmly ranking first in the industry. Ronshen Refrigerator took the lead the formulation the industry's first freshness preservation standard, pushing the whole industry to a higher standard.

② Hisense Refrigerator takes vacuum technology as the core, and tailors a unique spatial art kitchen for high-end families in China.

Starting with Hisense Tresor Vacuum Refrigerator, Hisense Refrigerator constructs a complete set of intelligent cooking scenarios. The vacuum cube PRO, carried by Artist 509 Refrigerator, achieves fresh-keeping and separate storage, offering users a refined storage experience. Hisense Tresor Refrigerator 607 invests core research and development strength to achieve zero-distance door

opening and invisible embedment. Tresor 503 applies vacuum negative pressure fresh-locking technology to slow down ingredient oxidation effectively. It adopts precious metal cold catalyst antibacterial technology to eliminate psychrophilic bacteria quickly, with an antibacterial rate as high as 99.99%, and ranks among the TOP20 in the industry in the first period of sales after its market launch. Hisense Refrigerator continues to optimize its mid-to-high-end product layout. According to the omni-channel general data from AVC, the sales share of Hisense's offline middle and high-end refrigerator products (unit price above RMB8,700) reached 12.0% in 2023, a year-on-year increase of 1.8 percentage points, and a year-on-year increase of 68% in revenue for the high-end brand Tresor series.

③ Developing new channels, and empowering a new retail pattern.

In the refrigerator segment, the Company focused on expanding new channels, while reforming online and offline product patterns. It vigorously expanded brand self-operated matrix accounts, and innovated live streaming and content marketing. In 2023, the scale of new channels like TikTok and Kwai increased by 151% year-on-year, achieving remarkable results in channel expansion, and injecting new vitality into the sustainable development of the refrigerator business.

(2) Washing machine

The washing machine business pioneered the running water washing technology, and constantly innovated washing technology and product experience, achieving a growth of 53.6% in main business revenue in 2023.

The Hisense washing machine applies the first running water washing technology, fully stimulating water activity in the washing process, reducing washing time by 20%, and enhancing decontamination ability by 22% and sterilization rate by 99.99%. Meanwhile, it can prevent scale formation and prevent clothes from turning yellow and hard after being washed. The running water washing technology of Hisense won the “2023 Annual Technological Innovation Achievement” award issued by China Household Electrical Appliances Research Institute (**CHEARI**). The L3 products carrying the running water washing technology have been ranked TOP1 in the best-selling list of washing machines in Shandong Province for many times, being widely praised by users. The unique Roman Holiday washing machine was created for young users of Generation Z, and deeply favored by these young users due to its super-high fashionable retro appearance and extremely smart rounded corner design. In the first month of its release, the history of omni-channel sales of the innovative product has been broken through. Hisense Tresor C2 washing and drying set is designed on the basis of stricter standards for removing fungi, truly solving the pain points of intimate clothing care for women, infants and young children. During the Reporting Period, the washing machine segment won the first place in the gold medal of Qingdao “Mayor Cup” Industrial Design Competition, and Hisense Rome Holiday washing machine won the honor of “Top 10 Creative Products” of AVC in 2023.

(3) Kitchen appliances

The kitchen appliances business integrates home appliance design with home aesthetics, realizing full-process cooking linkage in the kitchen. The scale of kitchen appliances increased by 66% year-on-year in 2023.

Hisense Dishwasher 527 Set is configured with a unique universal spray system and pasteurization technology, achieving the standard of “maternal-infant level detergent washing” in the whole process of washing, sterilization, drying, storage and purification. It won the “Zero Bacteria Storage Certification for Dishwashers” and the “Performance Certification for Maternal and Infant Dishwashers”, becoming the first batch of dishwasher brands certified by CHEARI. Additionally, it won the 2023 China Kitchen and Bathroom Industry Innovation Product Award in the China Kitchen and Bathroom Industry Innovation and Development Summit hosted by AVC. Hisense branded hoods have been iteratively upgraded in performance and form, launching a series of new crossover products with top-side double suction and ultra-thin low suction. Its stoves have completed the iteration of flat plate burner technology, achieving the industry’s first research and application of circular seam flat plate uniform fire burner, reaching a leading level in the industry. And at the China Kitchen and Bathroom Industry Innovation and Development Summit, the Company won the “2023 China Kitchen and Bathroom Industry User Word of Mouth Award”.

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

Sanden Company leverages its advantages and the synergistic resources of the Hisense to continuously drive the transition from a compressor-based component supplier to a supplier of integrated thermal management system for new energy vehicle. During the Reporting Period, the automotive air conditioner compressor and integrated thermal management segment achieved a revenue of 9.05 billion.

(1) At the system level, focusing on green upgrading and achieving comprehensive breakthroughs in thermal management system and core components.

Sanden Company launched integrated thermal management system using CO₂ and R290 as refrigerants, built two sets of direct and indirect integrated thermal management system (ITMS) solutions incorporating heat pump technology, secondary circulation waterway, waste heat recovery technology, and more. These systems provide balanced temperature management for the cabin, battery, motor and electronic control of electric vehicles, effectively enhancing driving comfort, extending winter endurance mileage, and aligning with the trend of energy saving and emission reduction. Meanwhile, the highly integrated, miniaturized, universal and serialized design not only reduces costs effectively, but also meets the customization requirements of different customers promptly.

The new Gen5 electric compressor platform is compatible with various refrigerants like R1234yf, CO₂ and R290, leading the industry in terms of high pressure, miniaturization, low vibration and noise and high energy efficiency. This platform reduces refrigerant charge in vehicle heat pump air

conditioning system and adheres more closely to principles of lightweight and compactness.

Utilizing innovative technologies like membrane heating, the ECH product line has been expanded, ensuring normal battery operation in low-temperature environments and providing a comfortable experience for drivers and passengers. Sanden Company is the first in the industry to develop miniaturized and mid-level double-layer flow HVAC systems, achieving technological leadership in spatial layout and low energy consumption.

(2) At the market level, firmly prioritizing customer needs and fully leveraging the global collaborative mechanism.

The Company continuously strengthened the confidence of strategic customer cooperation, deepened the implementation of global customer development strategy, and intensified the promotion of thermal management systems and core accessories together with key global customers, especially those in Europe, the United States and China. Sanden Company made a historic breakthrough with key customers worldwide, successfully securing HVAC and ECH business from strategic customers in thermal management core components in Europe, acquiring ECH business of key customers in Japan, and securing key air conditioner box business in China. The total signing amount increased by 43% year-on-year, laying a solid foundation for large-scale and deepened global collaborative business in the future.

4. Overseas Markets for Home Appliances Business

During the Reporting Period, the Company, facing severe macro situations, accelerated the enhancement of its overseas brands' influence, deepened localization construction, and advanced research, production and sales collaboration. In 2023, its overseas business realized revenue of RMB27.92 billion, a year-on-year increase of 12.3%. At the same time, the newly established joint venture empowered the expansion of brand building in the ASEAN region. In 2023, the overall revenue of the ASEAN region increased by more than 20% year-on-year, with over 70% year-on-year growth in self-owned brand business.

(1) HVAC Business

① The central air-conditioner business has continuously improved its overseas marketing system, and developed strategic markets in Europe.

In 2023, the scale of European strategic markets increased by 45% year-on-year, driving the overall growth of self-operated business by 35%. The overseas business strategy of multi-connection and dual-core drive for heat pumps was proposed in the central air-conditioner business which provided customers with professional and healthy air system solutions. The scale of the heat pump increased by 46% year-on-year, and the breakthroughs were achieved in major water heater projects in Central Asia and other regions, establishing a model project for the development of overseas water heater. The dual-core drive strategy in overseas markets has shown significant effects.

② The household air-conditioner business accelerated the expansion of channel layout and empowered overseas terminal retail.

Driven by the refinement of Connect-life smart home sets, the household air-conditioner has vigorously expanded the professional channels in America and Asia-Pacific while continuing to consolidate the traditional advantages in professional channels in Europe and the Middle East. In the ASEAN market, Malaysia's market share increased by 3.8 percentage points year-on-year.

(2) Refrigerator, Washing Machine and Kitchen Appliance Business

① The refrigerator and freezer business has deepened research, production and sales collaboration and continuously improved the structure of mid-to-high-end products

The refrigerator and freezer business continued to focus on localization construction and expand its channel distribution. In the European market, sales in Western Europe increased by 16.5% year-on-year, with a year-on-year increase of 1.2 percentage points in the market share, while sales in Eastern Europe increased by 25.1% year-on-year, with a year-on-year increase of 2.4 percentage points in the market share. The industry average price and the price index have outperformed the industry level. In the American Market, the first-year operation of the Monterrey Household Appliances Industrial Park in Mexico has also provided a delivery guarantee for the refrigerator and freezer business in America. In the ASEAN market, Thailand's market share increased by 2.3 percentage points year-on-year, and Malaysia's market share increased by 3.1 percentage points year-on-year.

② The washing machine business deeply cultivated washing and drying integrated machine products, providing energy-efficient solutions.

The washing machine business focused on users' pain points and usage scenarios, accounting for the first place in many market segments in Europe, with overseas market sales increasing by 66.9% and maintaining rapid growth. The Company focused on promoting energy consumption savings. The energy efficiency of these energy-efficient washing machines launched in Europe and Australia increased by 30%.

③ Technological innovation in the kitchen appliance business is leading growth.

Adhering to the brand concept of "Global Technology and Healthy Kitchen", the kitchen appliance business insisted on building a kitchen appliance brand trusted by users with technology and quality, and contributed to overseas delivery guarantee, with a year-on-year growth of 250.5% in the export scale of kitchen appliance in 2023.

5. Deepening channel reform and building a whole domain user interaction matrix with digital transformation.

(1) Improving the diversified store layout such as physical stores and online new retail

platforms to have a comprehensive coverage across multiple touchpoints.

In 2023, the Company focused on customers and pushed forward the retail transformation of specialty stores around the whole consumption journey of users. The scale of Hisense specialty stores increased by 25% year-on-year. The Company explored deep into the growth space of front-loading channels, increased the sales of cross-industry cooperation and home channels by over 200% year-on-year, added the number of front stores by 80%, and vigorously expanded the growth space of sinking channels. In 2023, the revenue from sinking channels increased by 18.6%, of which the revenue from air-conditioner sinking channels increased by 66%. By integrating products and sales, and the scale of emerging channels was actively expanded by means of exclusive product layout, localized operation and accurate delivery, the revenue from platforms such as TikTok and Kwai doubled.

(2) Actively building diversified and living scenes to provide users with comprehensive solutions that better meet their daily needs.

Hisense Tresor set has created a complete set of home appliances covering all categories, scenarios and intelligent interconnection. The integration of appearance design, intelligent experience and service was extremely unified to meet the demands of high-end users for quality life. During the Reporting Period, the revenue from Tresor's high-end set products increased by 287% year-on-year and 3,562 stores were newly added. The products have been continuously expanded and iterated; and in 2023, Tresor has developed to cover 7 categories, 3 sets, 5 scenarios and 78 high-end product lineups, providing users with full-scenario high-end smart home appliance solutions from artistic homes, and smart homes to user-centered home scenarios.

(3) Leading digital transformation and continuously improving the refined operation level of retail channels.

The Company fully utilized the influence of new media platforms to expand brand awareness and enhance product exposure. It strengthened the building of a comprehensive user interaction matrix, and continuously enhanced user volume and quality through public domain user interaction touchpoints and digital tools, while focusing on "potential customer acquisition, member promotion and opportunity conversion". In 2023, the number of new members increased by 23% year-on-year, and the sales of members increased by 33% year-on-year.

6. Being user-centered and scenario-driven, continuously focusing on the themes of intelligence, health and energy saving, and upgrading smart home scenario schemes for users.

As the smart hub of Hisense's smart home business, Hisense Love Home Platform applies core technologies such as AI voice interaction and covers all the categories of Hisense and smart devices in its ecosystem. It provides intelligent control of all devices, full-space scenario linkage and full-process home appliance services around the entire home scenario journey of users, and creating a one-stop high-quality smart life experience for users.

In terms of comfortable air supply, the Company launched a drying room formaldehyde removal scheme based on new air technology, with a formaldehyde release rate of 99%, and won two awards, including in the Intelligent Electrical Appliance Application Scenario Development Competition; in terms of health preservation, the Company launched a vacuum pickling plan around vacuum preservation technology and innovatively developed 32 pickling recipes, with the penetration rate of pickling materials enhanced by up to 20% under vacuum environment; in terms of intelligent washing and care, the Company launched the intelligent recognition of laundry detergent scheme, supporting the recognition of more than 200 types of laundry detergents, helping automatically adjust washing parameters to release the best washing activity, and making the washing efficiency improved by up to 7%; and in terms of energy conservation, the Company launched a dishwasher valley-voltage night washing scheme, intelligently identifying peak-valley electricity price periods, and putting off-peak power consumption into practice. Thanks to the continuous upgrading of the scenario scheme and the substantial enhancement in the intelligent level of home appliances, the number of home appliance users on Hisense Love Home Platform increased by 54% year-on-year, the number of monthly active home appliance users increased by 58% year-on-year, the NPS of home appliance intelligent experience increased by 8% year-on-year, and the sales volume of domestic smart home appliances increased by more than 40% in 2023.

7. Creating an efficient, agile, transparent and sustainable global intelligent supply chain centered on users, and empowering a lean manufacturing system driven by digital intelligence.

Adhering to the vision of “building an efficient, agile, transparent and sustainable global intelligent supply chain centered on consumers/users”, the Company constantly consolidated planning management, order management, procurement management and supply chain operation management, prevented supply risks, and upgraded resilience and long-term competitiveness of the global supply chain. During the Reporting Period, the Company implemented supplier optimization, supplier sharing and category sharing, and continuously optimized supplier layout. It pushed forward the process of outbound support of domestic suppliers and localization of overseas materials, effectively solving bottleneck materials. This led to a shortened delivery cycle by 8.6% and enhanced the order guarantee rate by 7.5% year-on-year. Additionally, the Company promoted the standardization of common parts, significantly reducing the quantity of purchased materials.

The Company adhered to digital transformation, deepening the 4A structure reform in the fields of supply chain plan, order and procurement. It strengthened capabilities, improved efficiency and achieved sustained high growth by continuously deepening order coordination of the whole link, refining the category strategy management, deepening the end-to-end cost reduction, formulating a high-quality agile delivery system, operating the global supply chain in a dual-track mode, building a dual-carbon supply chain, and practicing transparent procurement.

The Company solidified the foundation of lean operation, continuously promoted intelligent manufacturing, and significantly improved production efficiency. The Company introduced

Hisense's lean operation system, built a lean factory to consolidate its manufacturing foundation, continued to carry out lean improvement, and reduced the operating costs of enterprises around automation, process optimization and other directions, realizing automatic replacement of more than 2,300 people throughout the year. The Company continued to promote "digital and intelligent upgrade" and "advanced manufacturing application scenario demonstration", and greatly improved production efficiency and quality, achieving an overall year-on-year improvement of single set labor cost by 10.0%. Hisense Hitachi's Huangdao Factory has passed the fourth-level certification of intelligent manufacturing capability maturity of the Ministry of Industry and Information Technology of the People's Republic of China, and its Pingdu Factory of Refrigerator and Air Conditioner Company has passed the third-level certification. Monterrey Household Appliances Industrial Park in Mexico has put into production several models, with a dramatic improvement in the efficiency of the refrigerator production line and a 16.3% year-on-year improvement in the kitchen appliance production line.

The Company insisted on energy conservation and emission reduction, while accelerating the application of clean energy and promoting green manufacturing. By improving the refined level of energy management and focusing on energy saving and improvement of key energy-using equipment, the Company systematically carried out energy-saving management and technical energy-saving measures. It also promoted promoting the application of clean energy including distributed photovoltaic and energy storage, and advanced the full coverage of energy management system in China. The Company achieved an annual comprehensive energy saving rate up to 8.1%, adding two green factories and one green supply chain management enterprise.

8. Establishing a capital system with "operational safety as the first priority", and continuing to optimize the efficiency of capital use by means of digital transformation.

In light of the current market uncertainty, the Company consistently prioritizes operational safety to support long-term investment and stable development. Leveraging digital transformation as an opportunity and efficiency as a driving force, the Company shortens the order delivery cycle, subdivides inventory safety control standards, reduces redundant capital occupation and achieves a healthy inventory turnover through effective coordination of production, supply and marketing. The Company strictly implements the customer credit management system, identifies and avoids pre-risks, increases insurance coverage at the back end, dynamically monitors customer credit status, and reduces bad debt risks. The Company strictly implements the investment decision-making process and dynamically monitors project risks with the principle of "risk first, liquidity second, revenue third". In 2023, the accounts receivable turnover of the Company improved by 11.0% year-on-year, the inventory turnover improved by 21.6% year-on-year, and the cash flow from operating activities increased by 163.2% year-on-year.

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

(I) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Yes No

The reason of retroactive adjustments or restatement

Change in accounting policy

Item	2023	2022		Increase or decrease as compared to last year (%)	2021	
		Before Adjustment	After Adjustment		After Adjustment	Before Adjustment
Operating revenue (RMB)	85,600,189,224.06	74,115,151,039.29	74,115,151,039.29	15.50	67,562,603,666.81	67,562,603,666.81
Net profits attributable to shareholders of listed company (RMB)	2,837,322,754.58	1,434,904,374.84	1,434,968,215.84	97.73	972,581,491.39	972,633,811.10
Net profits after deducting non-recurring profit and loss attributable to shareholders of listed company (RMB)	2,355,069,261.87	905,503,359.78	905,567,200.78	160.07	666,126,470.35	666,178,790.06
Net cash flow from operating activities (RMB)	10,611,857,591.35	4,032,382,602.38	4,032,382,602.38	163.17	4,313,780,760.27	4,313,780,760.27
Basic earnings per share (RMB/share)	2.08	1.05	1.05	98.10	0.71	0.71
Diluted earnings per share (RMB/share)	2.08	1.05	1.05	98.10	0.71	0.71
Weighted average rate of return on net assets (%)	22.64	13.13	13.13	9.51	9.64	9.64
Item	At the end of 2023	At the end of 2022		Increase or decrease as compared to last year (%)	At the end of 2021	
		Before Adjustment	After Adjustment		After Adjustment	Before Adjustment
Total assets (RMB)	65,946,495,555.67	55,375,550,868.66	55,375,868,443.33	19.09	55,948,549,486.98	55,948,692,331.34
Net assets attributable to shareholders of listed company (RMB)	13,580,174,485.95	11,518,257,281.54	11,518,373,442.25	17.90	10,342,355,185.33	10,342,407,505.04

Reasons for change in accounting policies:

On 30 November 2022, the Ministry of Finance issued the Notice on the Publication of No. 16 of the Enterprise Accounting Standards Interpretation (Finance and Accounting (2022) No. 31). (《關於印發〈企業會計準則解釋第 16 號〉的通知 (財會〔2022〕31 號)》), which stipulated that the accounting treatment of the deferred income tax related to assets and liabilities arising from a single transaction shall not be subject to the initial recognition exemption from 1 January 2023. The Company adjusted the opening balance accordingly.

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

Unit: RMB

Item	2023	2022	2021	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	-3,666,652.72	47,140,615.81	3,535,383.13	
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)	195,139,772.58	225,922,958.46	219,822,004.71	
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	-239,068,307.45	16,533,562.48	39,567,358.88	
Profit and losses from assets which entrust others to invest or manage	298,844,795.34	187,413,275.48	103,919,806.78	
Gain or loss on debt restructuring	25,739,211.33			
Other non-operating income and expenses other than the aforementioned items	371,016,020.58	366,457,850.14	57,837,694.36	
Other profit and loss items that satisfy the definition of non-recurring profit and loss	72,041,335.03			
Less: Effect of income tax	147,009,791.45	194,250,687.61	78,433,576.30	
Effect of minority interests (after tax)	90,782,890.53	119,816,559.70	39,793,650.52	
Total	482,253,492.71	529,401,015.06	306,455,021.04	

(III) ANALYSIS OF PRINCIPAL BUSINESS

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

Unit: RMB

Item	Revenue from major operating businesses	Costs of major operating businesses	Gross profit margin (%)	Increase or decrease in revenue from operating businesses as compared to corresponding period last year (%)	Increase or decrease in costs of operating businesses as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
manufacturing industry	76,959,191,272.42	58,465,825,397.94	24.03	14.02	11.21	1.92
By products						
HVAC	38,652,244,832.54	26,800,791,715.99	30.66	12.04	7.78	2.73
Refrigerators and washing machines	26,070,166,905.77	21,088,500,691.11	19.11	22.93	20.58	1.58
Others	12,236,779,534.11	10,576,532,990.84	13.57	3.81	3.50	0.26

Domestic	49,035,166,343.99	33,389,722,531.18	31.91	15.04	11.12	2.41
Overseas	27,924,024,928.43	25,076,102,866.76	10.20	12.28	11.33	0.77
Direct sales	52,044,822,688.37	43,053,023,450.84	17.28	15.31	13.24	1.51
Distribution	24,914,368,584.05	15,412,801,947.10	38.14	11.43	5.91	3.23

2. Expenses

Unit: RMB

Expense Item	2023	2022	Increase or decrease as compared to corresponding period last year (%)	Reason for the significant changes
Sales expense	9,311,027,187.99	8,070,720,273.85	15.37	No significant changes
Management expense	2,296,063,851.05	1,821,201,420.18	26.07	No significant changes
Finance expense	-204,586,431.88	-182,163,831.39	12.31	No significant changes
Research and development expense	2,779,508,194.39	2,289,313,746.54	21.41	No significant changes

3. Cash Flow

Unit: RMB

Item	2023	2022	Increase or decrease as compared to corresponding period last year (%)
Cash inflows from operating activities	76,815,643,741.00	66,773,741,495.44	15.04
Cash outflows from operating activities	66,203,786,149.65	62,741,358,893.06	5.52
Net cash flows from operating activities	10,611,857,591.35	4,032,382,602.38	163.17
Cash inflows from investing activities	20,906,798,504.15	22,483,763,618.07	-7.01
Cash outflows from investing activities	30,464,242,081.12	25,081,409,578.99	21.46
Net cash flows from investing activities	-9,557,443,576.97	-2,597,645,960.92	N/A
Cash inflows from financing activities	4,558,764,891.41	3,348,695,041.76	N/A
Cash outflows from financing activities	5,179,903,602.62	5,127,326,548.62	1.03
Net cash flows from financing activities	-621,138,711.21	-1,778,631,506.86	N/A
Net increase in cash and cash equivalents	398,794,325.14	-400,830,719.28	N/A

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

√ Applicable □ Not applicable

The increase in net cash flows from operating activities was mainly due to the improvement in the Company's operating and working capital turnover.

The increase in the cash inflows from financing activities was mainly due to the increase in external bank borrowings of subsidiaries during the Reporting Period.

(IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product Type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 31 December 2023	Amount of undue principal and return as at 31 December 2023	Amounts overdue for recovery as at 31 December 2023	Impairment of amounts overdue for recovery as at 31 December 2023
Wealth management products of banks	Self-owned funds	1,381,200.00	1,302,197.30	0.00	0.00
Total		1,381,200.00	1,302,197.30	0.00	0.00

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

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

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

Name of company	Company type	Major business	Registered capital	Total assets (RMB ten thousand)	Net assets (RMB ten thousand)	Operating revenue (RMB ten thousand)	Operating profit (RMB ten thousand)	Net profit attributable to shareholders of the Company (RMB ten thousand)
Hisense Hitachi	Subsidiary	Production and sale of commercial air-conditioners	USD150 million	2,235,767.30	808,885.39	2,216,676.14	428,449.74	324,371.23

IV. OUTLOOK

(I) The Company's development strategy

With the mission of “devoting to scientific and technological innovation, leading advanced manufacturing centered on intelligence, and serving hundreds of millions of families with high-quality products”, the Company abides by the values of “honesty and integrity, pragmatic innovation, customer first and sustainable operation”, casts high-quality products with ingenuity, and aims to become the most trustworthy brand in the world.

(II) Business highlights for 2024

The Company will adhere to its customer- and user-centered approach, focus on the digital transformation of its brand and marketing capabilities, and continue to improve the quality of its

operations through the following initiatives:

1. Stimulating talent vitality and improving organizational efficiency. To focus on business strategy and digitalization, build a global talent pool, improve the long-term incentive mechanism, mobilise the enthusiasm of all kinds of talents, and effectively enhance organizational efficiency.
2. Continuously improving brand and marketing capabilities, and promoting collaborative development across multiple categories. To actively build the brand positioning of “people-oriented technology” and “ultimate quality”, and promote brand rejuvenation and transformation. To maintain “brand-guided, user-centered and scenario-driven” to accelerate category integration and optimize the ability and efficiency of the entire marketing chain.
3. Upgrading the global regional operation mode and continuing to exert its strength in overseas markets. To strengthen the independent brand strategy, realize the integration of research, production, supply, sales and services, build five overseas regional centers in Europe, America, ASEAN, Middle East, Africa and Asia-Pacific, as well as drive overseas markets to achieve sustainable development with multiple engines.
4. Promoting chain-wide digital transformation and enhancing operational efficiency with AI. To comprehensively carry out digital transformation around the three main lines of product, customer and user, accelerate the digital transformation of research and development, strengthen digital marketing capabilities, and promote the integration of industry and finance to help cost competitiveness.
5. Strengthening ESG capacity building and empowering sustainable development of the home appliance industry. To set medium and long-term carbon reduction targets, clarify the emission reduction potentials of business operations, improve the ESG risk management mechanism, and establish systematic management and operation from top to bottom in key areas such as dual carbon and compliance.
6. Building a global dual-track supply chain and enhancing long-term cost reduction capability. To establish a dual-track supply chain mechanism, continuously deepen the optimization and integration of the supply system in China, standardize and manage from various angles as service level and access threshold, increase the proportion of localized resources in overseas factories, optimize the global production capacity layout of refrigerators and freezers, and implement a refined category strategy to help build the hard power of “Hisense Manufacturing”.
7. Practicing advanced manufacturing strategy and achieving high-quality product delivery. To promote the transformation and upgrading of manufacturing models towards digitization, intelligence and informatization, optimize user experience implementation processes and standards, unify the delivery quality management architecture, and create the ultimate product strength of Hisense home appliances.

(III) Risks faced by the Group include:

1. Macroeconomic fluctuation risk. With increasing global macroeconomic uncertainties, continued economic slowdowns may result in insufficient consumer spending power, thereby affecting demand for household appliances.
2. Rising cost risk. Fluctuations in raw material prices or continuous increases in costs related to labor, labor services, installation and maintenance services could negatively impact the Company's profitability.
3. Exchange rate risk. Significant fluctuations in the RMB exchange rate could directly affect the cost competitiveness of the Company's overseas products, thereby impacting the profitability of its overseas business.
4. Market risk due to trade protectionism and trade barriers. If certain countries and regions escalate trade barriers by raising tariffs or implementing mandatory certification to safeguard their own economic interests, it may increase operating costs for the Company and indirectly affect the competitiveness of the overseas business.

FINAL DIVIDEND

The Board proposes to distribute a cash dividend of RMB10.13 (tax inclusive) for every 10 shares to all shareholders (the "**Proposed Dividend**") on the basis of the total share capital of the Company of 1,373,429,913 shares which represents the total share capital of 1,387,935,370 shares deducting the repurchased shares from the repurchase account as at the date of this announcement (as at the date of this announcement, the Company has repurchased 14,505,457 shares in total), without bonus issue and issue of shares by way of conversion of capital reserve. (For the year ended 31 December 2022, a cash dividend of RMB5.171314 (tax inclusive) per 10 shares was paid to all shareholders on the basis of the total share capital of 1,387,257,381 shares of the Company actually participating in the distribution)

The Proposed Dividend is subject to approval by the shareholders at the 2023 annual general meeting (the "**Annual General Meeting**"). Subject to the approval of the Proposed Dividend by the shareholders, the Proposed Dividend is expected to be paid on or about 15 August 2024. The total amount of profits to be distributed is expected to be RMB1,391,284,501.87. Details of the payment of the Proposed Dividend will be announced after the conclusion of the Annual General Meeting.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

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

AUDIT COMMITTEE

The eleventh session of the audit committee of the Company has reviewed the financial results of

the Group for the year ended 31 December 2023.

CAPITAL EXPENDITURE

The capital expenditure of the group for the year ended 31 December 2023 was RMB985.12 million. The Group has sufficient funds to meet the funding requirement for purposes such as capital expenditure plans and daily operations.

GEARING RATIO

As at 31 December 2023, the Group's gearing ratio (calculated according to the formula: total liabilities/total assets) was 70.59% (2022: 70.60%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

On 30 December 2022, the Company convened the 10th extraordinary meeting of the eleventh session of the Board, in which the resolution relating to the plan of the repurchase of A Shares of the Company through centralized bidding trading (the “**2022 A Share Repurchase Plan**”) was considered and approved. The 2022 A Shares repurchased under the 2022 A Share Repurchase Plan are intended to be used for the 2022 A Share Employee Stock Ownership Plan.

On 14 March 2023, the Company convened the fourth extraordinary meeting of the eleventh session of the Board, in which the resolution relating to adjusting the plan of the repurchase of A Shares of the Company through centralized bidding trading was considered and approved. The upper limit of the repurchase price under the 2022 A Share Repurchase Plan was adjusted from not more than RMB17.00 per Share to not more than RMB21.00 per Share, and the total repurchase funds were adjusted from not less than RMB99,450,000 and not more than RMB198,900,000 to not less than RMB122,850,000 and not more than RMB245,700,000.

From 16 January 2023 to 16 March 2023, the Company repurchased 11,699,989 A Shares of the Company through centralized bidding trading at a total transaction amount of RMB211,401,111.66 (excluding transaction fees). As at the date of this announcement, the repurchase of A shares under the 2022 A Share Repurchase Plan has been completed.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS LLP

The figures in respect of the consolidated balance sheet and consolidated income statement of the Company, and the related notes thereto, for the Reporting Period as set out in this announcement

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

CORPORATE GOVERNANCE CODE

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

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

1. 2024 A Share Employee Stock Ownership Plan

On 22 February 2024, the EGM considered and approved (i) the resolution on the 2024 A Share Employee Stock Ownership Plan (Draft) of the Company and its summary, (ii) the resolution on the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan of the Company and (iii) the resolution to propose the general meeting of shareholders to authorize the Board to deal with matters in relation to the 2024 A Share Employee Stock Ownership Plan of the Company. For details, please refer to the Company's circular dated 5 February 2024 and the Company's announcement dated 22 February 2024.

As at the date of this announcement, the Company has not yet administered the 2024 A Share Employee Stock Ownership Plan.

2. Repurchase of A Shares

On 8 January 2024, the Company convened the 1st extraordinary meeting of the eleventh session of the Board, in which the resolution relating to the plan of the repurchase of A Shares of the Company through centralized bidding trading (the "**2024 A Share Repurchase Plan**") was considered and approved. The 2024 A Shares repurchased under the A Share Repurchase Plan are intended to be used for the 2024 A Share Employee Stock Ownership Plan. The upper limit of the repurchase price under the 2024 A Share Repurchase Plan was not more than RMB27.00 per Share, and the total repurchase funds were not less than RMB187,870,000 and not more than RMB375,730,000.

Please refer to the Company's announcement dated 8 January 2024 for details.

From 17 January 2024 to 29 February 2024, the Company repurchased 13,615,468 A Shares of the Company through centralized bidding trading at a total transaction amount of RMB335,319,596.75 (excluding transaction fees).

As at the date of this announcement, the repurchase of A shares under the 2024 A Share Repurchase Plan has not been completed.

PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This announcement is published on the websites of the Company (<http://hxjd.hisense.cn/>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The 2023 annual report of the Company will be available on the websites of the Company and the Hong Kong Stock Exchange stated above in due course.

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

DEFINITIONS

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

“Company”	Hisense Home Appliances Group Co., Ltd.* (海信家電集團股份有限公司), a company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“Hisense Air-Conditioning”	Qingdao Hisense Air-Conditioning Company Limited* (青島海信空調有限公司), a company incorporated in the PRC with limited liability and indirectly controlled by Hisense Holdings, which holds approximately 37.23% of the issued shares of the Company as at the date of this announcement
“Hisense Global Asia Holding”	Qingdao Hisense Global Asia Holding Co., Ltd.* (青島海信環亞控股有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
“Hisense Holdings”	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
“Hisense Hitachi”	Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.* (青島海信日立空調系統有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Hisense International”	Hisense International Co., Ltd* (青島海信國際營銷股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Holdings
“Hisense Jinlong Holding”	Qingdao Hisense Jinlong Holding Co., Ltd.* (青島海信金隆控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Holdings

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

**For identification purposes only*

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

Foshan City, Guangdong, the PRC, 29 March 2024

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.