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Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

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

Stock Code: 6690

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024	2023	Change
	RMB'M	*RMB'M*	*%*
	(Unaudited)	(Unaudited) (Restated)	
Revenue	**135,621**	131,616	3.0
Gross profit	**40,784**	39,216	4.0
Adjusted operating profit (as defined below)	**11,375**	9,577	18.8
Profit for the period	**10,607**	9,044	17.3
Attributable to:			
Owners of the Company	**10,420**	8,963	16.3
Non-controlling interests	**187**	81	130.9
	10,607	9,044	
Earnings per share attributable to ordinary equity holders of the Company			
Basic	**RMB1.13**	RMB0.96	17.7
Diluted	**RMB1.12**	RMB0.96	16.7

* *For identification purpose only*

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haier Smart Home Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023. This interim condensed consolidated financial statements have been reviewed by the auditor of the Company, HLB Hodgson Impey Cheng Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the audit committee of the Company.

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

	Notes	**For the six months ended 30 June** **2024** ***RMB'M*** **(Unaudited)**	2023 *RMB'M* (Unaudited) (Restated)
REVENUE	5	**135,621**	131,616
Cost of sales		**(94,837)**	(92,400)
Gross profit		**40,784**	39,216
Other gains, net	6	**1,844**	1,690
Selling and distribution expenses		**(18,688)**	(18,769)
Administrative expenses		**(11,006)**	(11,218)
Finance costs	8	**(1,217)**	(884)
Share of profits and losses of associates		**1,022**	1,079
PROFIT BEFORE TAX	7	**12,739**	11,114
Income tax expenses	9	**(2,132)**	(2,070)
PROFIT FOR THE PERIOD		**10,607**	9,044
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequently periods:			
Share of other comprehensive income/(loss) of associates		**25**	(16)
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		**(30)**	(196)
Exchange differences on translating foreign operations		**(202)**	312
		(207)	100

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

	Notes	For the six months ended 30 June **2024** *RMB'M* **(Unaudited)**	2023 *RMB'M* (Unaudited) (Restated)
Items that will not be reclassified to profit or loss in subsequent periods:			
Change arising from re-measurement of defined benefit plans		**(2)**	32
Change in fair value of equity investments designated at fair value through other comprehensive income ("**FVTOCI**"), net of tax		**(126)**	4
		(128)	36
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(335)**	136
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**10,272**	9,180
Profit for the period attributable to			
— Owners of the Company		**10,420**	8,963
— Non-controlling interests		**187**	81
		10,607	9,044
Total comprehensive income attributable to:			
— Owners of the Company		**10,085**	9,117
— Non-controlling interests		**187**	63
		10,272	9,180
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic (RMB per share)	11	**1.13**	0.96
— Diluted (RMB per share)	11	**1.12**	0.96

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2024** *RMB'M* **(Unaudited)**	31 December 2023 *RMB'M* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**35,821**	35,495
Investment properties		**80**	99
Right-of-use assets		**6,728**	6,273
Goodwill		**24,342**	24,290
Other intangible assets		**8,902**	9,101
Interests in associates		**26,038**	25,547
Equity investments designated at FVTOCI		**6,282**	6,404
Financial assets measured at amortised cost		**14,830**	9,192
Long-term prepayments		**2,082**	1,747
Deferred tax assets		**1,782**	1,806
Other non-current assets		**846**	805
Total non-current assets		**127,733**	120,759
CURRENT ASSETS			
Inventories	13	**39,453**	39,524
Trade and bills receivables	14	**30,665**	28,890
Contract assets		**301**	261
Prepayments, deposits and other receivables		**6,692**	6,908
Financial assets measured at fair value through profit or loss ("**FVTPL**")		**1,067**	954
Financial assets measured at amortised cost		**1,547**	1,530
Derivative financial instruments		**87**	68
Pledged deposits		**369**	448
Other deposits with limited use		**108**	61
Cash and cash equivalents		**54,228**	53,977
Total current assets		**134,517**	132,621

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
CURRENT LIABILITIES			
Trade and bills payables	15	**70,589**	69,278
Other payables and accruals		**33,857**	27,368
Contract liabilities		**3,256**	7,732
Interest-bearing borrowings		**11,898**	10,408
Lease liabilities		**1,072**	1,040
Tax payables		**2,222**	1,556
Provisions		**2,631**	2,532
Derivative financial instruments		**192**	169
Total current liabilities		**125,717**	120,083
NET CURRENT ASSETS		**8,800**	12,538
TOTAL ASSETS LESS CURRENT LIABILITIES		**136,533**	133,297
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**18,169**	17,988
Lease liabilities		**3,725**	3,287
Deferred income		**925**	948
Deferred tax liabilities		**1,969**	2,028
Provisions for pensions and similar obligations		**1,055**	1,085
Provisions		**2,005**	1,935
Other non-current liabilities		**101**	114
Total non-current liabilities		**27,949**	27,385
Net assets		**108,584**	105,912
EQUITY			
Share capital	16	**9,438**	9,438
Reserves		**96,296**	94,076
Equity attributable to owners of the Company		**105,734**	103,514
Non-controlling interests		**2,850**	2,398
Total equity		**108,584**	105,912

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF THE GROUP

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

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

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

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

This announcement has been approved for issue by the Board on 27 August 2024.

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

2.1 BASIS OF PREPARATION

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

2.2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

3. MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESSES UNDER COMMON CONTROL

In December 2023, Zhengzhou Haier New Energy Technology Co., Ltd. ("**New Energy Technology**"), a subsidiary of the Company, entered into the equity transfer agreement of Zhengzhou Haiyongxin Enterprise Management Co., Ltd. ("**Haiyongxin Enterprise**") with Qingdao Haier Industrial Development Co., Ltd. ("**Haier Industrial**"), a subsidiary of Haier Group, pursuant to which New Energy Technology agreed to acquire and Haier Industrial agreed to sell 100% of the equity interest in Haiyongxin Enterprise at a consideration approximately of RMB25 million. As at 31 December 2023, the transaction has been completed.

Since the Company and Haiyongxin Enterprise were ultimately controlled by Haier Group both before and after the completion of the transfer agreements, the acquisition of the Haiyongxin Enterprise was accounted for using the principles of merger accounting.

The condensed consolidated statements of profit or loss and other comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements of cash flows of the Group for the period ended 30 June 2023 include the results, changes in equity and cash flows of all companies then comprising the Group and Haiyongxin Enterprise, as if the corporate structure of the Group immediately after the completion of the equity transfer had been in existence throughout the period ended 30 June 2023, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period.

4. OPERATING SEGMENT INFORMATION

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

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

As disclosed in the last annual financial statements, the Group's segment reports had been updated to integrate domestic and overseas businesses to reflect the Group's management goals of globalization as a global home appliance enterprise. The management of the Group began to review business information under the new structure, and segment reports were updated based on how the Group manages and monitors segment performance. The operating segment information for the six months ended 30 June 2023 had been reclassified accordingly.

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

(a) Household Food Storage and Cooking Solutions

- manufacturing and selling refrigerators/freezers;
- manufacturing and selling kitchen appliances;

(b) Air Solutions

- manufacturing and selling air conditioner;

(c) Household Laundry Management Solutions

- manufacturing and selling washing machines and dryers;

(d) Household Water Solutions

- manufacturing and selling water heaters and water purifiers; and

(e) Other Business

- comprising distribution services, parts and components, small home appliances and others.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

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

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

For the six months ended 30 June 2024

	Household Food Storage and Cooking Solutions						
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	RMB'M	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue							
Segment revenue from external customers	41,023	20,228	29,075	29,602	8,011	7,682	135,621
Inter-segment revenue	105	47	160	135	95	42,584	43,126
Total	41,128	20,275	29,235	29,737	8,106	50,266	178,747
Reconciliation:							
Inter-segment eliminations							(43,126)
Total							135,621
Segment results	3,539	1,800	1,693	3,090	1,195	64	11,381
Reconciliation:							
Elimination of inter-segment results							45
							11,426
Corporate and other unallocated income and gains or losses							1,663
Corporate and other unallocated expenses							(155)
Finance costs							(1,217)
Share of profits and losses of associates							1,022
Profit before tax							12,739

4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2023 (Restated)

	Household Food Storage and Cooking Solutions						
	Refrigerators/ Freezers *RMB'M* (Unaudited)	Kitchen Appliances *RMB'M* (Unaudited)	Air Solutions *RMB'M* (Unaudited)	Household Laundry Management Solutions *RMB'M* (Unaudited)	Household Water Solutions *RMB'M* (Unaudited)	Other Business *RMB'M* (Unaudited)	Total *RMB'M* (Unaudited)
Segment revenue							
Segment revenue from external customers	40,321	20,187	28,061	28,248	7,548	7,251	131,616
Inter-segment revenue	84	19	115	66	59	37,612	37,955
Total	40,405	20,206	28,176	28,314	7,607	44,863	169,571
Reconciliation:							
Inter-segment eliminations							(37,955)
Total							131,616
Segment results	2,955	1,657	1,226	2,557	1,005	40	9,440
Reconciliation:							
Elimination of inter-segment results							75
							9,515
Corporate and other unallocated income and gains or losses							1,499
Corporate and other unallocated expenses							(95)
Finance costs							(884)
Share of profits and losses of associates							1,079
Profit before tax							11,114

4. OPERATING SEGMENT INFORMATION (CONTINUED)

As at 30 June 2024

	Household Food Storage and Cooking Solutions						
	Refrigerators/ Freezers *RMB'M* (Unaudited)	Kitchen Appliances *RMB'M* (Unaudited)	Air Solutions *RMB'M* (Unaudited)	Household Laundry Management Solutions *RMB'M* (Unaudited)	Household Water Solutions *RMB'M* (Unaudited)	Other Business *RMB'M* (Unaudited)	Total *RMB'M* (Unaudited)
Segment assets	**52,006**	**22,655**	**30,997**	**32,009**	**7,476**	**74,888**	**220,031**
Reconciliation:							
Elimination of segment assets							**(91,386)**
Goodwill							**24,342**
Interests in associates							**26,038**
Equity investments designated at FVTOCI							**6,282**
Deferred tax assets							**1,782**
Financial assets measured at FVTPL							**1,067**
Financial assets measured at amortised cost							**16,377**
Derivative financial instruments							**87**
Pledged deposits							**369**
Other deposits with limited use							**108**
Cash and cash equivalents							**54,228**
Prepayments, deposits and other receivables							**2,925**
Total assets							**262,250**
Segment liabilities	**69,941**	**13,849**	**25,759**	**17,757**	**5,907**	**68,216**	**201,429**
Reconciliation:							
Elimination of segment liabilities							**(91,285)**
Tax payables							**2,222**
Other payables and accruals							**8,971**
Derivative financial instruments							**192**
Interest-bearing borrowings							**30,067**
Deferred tax liabilities							**1,969**
Other non-current liabilities							**101**
Total liabilities							**153,666**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

As at 31 December 2023

	Household Food Storage and Cooking Solutions						
	Refrigerators/ Freezers *RMB'M* (Audited)	Kitchen Appliances *RMB'M* (Audited)	Air Solutions *RMB'M* (Audited)	Household Laundry Management Solutions *RMB'M* (Audited)	Household Water Solutions *RMB'M* (Audited)	Other Business *RMB'M* (Audited)	Total *RMB'M* (Audited)
Segment assets	46,387	21,182	23,095	31,083	6,974	72,346	201,067
Reconciliation:							
Elimination of segment assets							(74,984)
Goodwill							24,290
Interests in associates							25,547
Equity investments designated at FVTOCI							6,404
Deferred tax assets							1,806
Financial assets measured at FVTPL							954
Financial assets measured at amortised cost							10,722
Derivative financial instruments							68
Pledged deposits							448
Other deposits with limited use							61
Cash and cash equivalents							53,977
Prepayments, deposits and other receivables							3,020
Total assets							253,380
Segment liabilities	61,738	12,928	22,560	18,456	5,952	67,123	188,757
Reconciliation:							
Elimination of segment liabilities							(74,838)
Tax payables							1,556
Other payables and accruals							1,286
Derivative financial instruments							169
Interest-bearing borrowings							28,396
Deferred tax liabilities							2,028
Other non-current liabilities							114
Total liabilities							147,468

5. REVENUE

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

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited) (Restated)
Sale of goods	**135,566**	131,520
Rendering of services	**55**	96
	135,621	131,616

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited) (Restated)
Sale of goods		
— Point in time	**135,566**	131,520
Rendering of services		
— Point in time	**23**	35
— Over time	**32**	61
	135,621	131,616

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

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

Sale of goods

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

Rendering of services

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

6. OTHER GAINS, NET

An analysis of other gains, net is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Treasury and investment income:		
Interest income from		
Bank	**893**	597
Wealth management products	**30**	30
Others	**20**	18
Purchase payment discounts	**62**	59
	1,005	704
Compensation received from suppliers	**24**	18
Loss on disposal of non-current assets, net	**(10)**	(25)
Government grants	**555**	601
Net fair value (loss)/gain on financial assets/liabilities measured at FVTPL	**(30)**	31
Net foreign exchange gain	**263**	288
Sundry income	**37**	73
	1,844	1,690

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited) (Restated)
Depreciation of property, plant and equipment	**2,376**	2,166
Depreciation of right-of-use assets and investment properties	**564**	599
Amortisation of other intangible assets and other non-current assets	**675**	614
Provision for obsolete and slow-moving inventories, net	**432**	500
(Reversal of impairment loss)/impairment loss of non-current assets and contract assets, net	**(2)**	11
Allowance for expected credit losses in respect of trade and bills receivables, net	**127**	175
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	**211**	261

8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Interest on borrowings	**859**	606
Interest on lease liabilities	**86**	54
Other finance costs	**272**	224
	1,217	884

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
Charge for the period	**2,199**	1,879
Deferred tax (income)/expense	**(67)**	191
Total tax charge for the period	**2,132**	2,070

Under the Law of the Mainland China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25%. Certain subsidiaries of the Group in the Mainland of China were approved as High and New Technology Enterprise subject to a preferential corporate income tax rate of 15% during the period ended 30 June 2024 and 2023.

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

10. DIVIDENDS

At the annual general meeting on 20 June 2024, the shareholders of the Company approved the payment of a final dividend of RMB8.04 per 10 shares (further adjusted to RMB8.0131 per 10 shares as per announcement of the Company dated 5 July 2024) for the year ended 31 December 2023. The final dividend of approximately RMB7,471 million in total was paid on 16 August 2024 to shareholders whose names appeared on the register of members of the Company on 19 July 2024.

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

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

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

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

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**10,420**	8,963

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**9,218,228,718**	9,288,914,698
Effect of dilutive potential ordinary shares:		
Share award	**61,431,976**	58,792,857
Share options	**4,998,590**	719,003
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**9,284,659,284**	9,348,426,558

12. PROPERTY, PLANT AND EQUIPMENT

During the six month ended 30 June 2024, the Group acquired RMB3,052 million (six months ended 30 June 2023: RMB2,845 million) of property, plant and equipment. The Group disposed of property, plant and equipment with carrying amount of RMB112 million (six months ended 30 June 2023: RMB90 million), resulting in a loss on disposal of RMB5 million (six months ended 30 June 2023: RMB34 million).

13. INVENTORIES

	30 June 2024	31 December 2023
	RMB'M	*RMB'M*
	(Unaudited)	(Audited)
Raw material	**5,136**	5,665
Work in progress	**117**	48
Finished goods	**34,200**	33,811
	39,453	39,524

14. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	RMB'M	*RMB'M*
	(Unaudited)	(Audited)
Trade receivables	**24,344**	21,677
Less: Allowance for expected credit losses ("**ECL**")	**(826)**	(1,408)
Trade receivables, net	**23,518**	20,269
Bills receivables	**7,152**	8,626
Less: Allowance for ECL	**(5)**	(5)
Bills receivables, net	**7,147**	8,621
Total	**30,665**	28,890

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

14. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
1 to 3 months	**21,572**	17,882
3 months to 1 year	**1,343**	1,805
1 to 2 years	**407**	405
2 to 3 years	**138**	120
Over 3 years	**58**	57
	23,518	20,269

15. TRADE AND BILLS PAYABLES

	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Trade payables	**47,200**	47,062
Bills payables	**23,389**	22,216
	70,589	69,278

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

	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Within 1 year	**69,957**	68,726
1 to 2 years	**269**	279
2 to 3 years	**160**	114
Over 3 years	**203**	159
	70,589	69,278

The trade and bills payables are non-interest bearing and are normally settled on credit terms ranging from 30 to 180 days.

16. SHARE CAPITAL

The movements of the Company's issued share capital during the period ended 30 June 2024 and 31 December 2023 are as follows:

	H Shares *'M*	D Shares *'M*	A Shares *'M*	Total number of shares *'M*	Share capital *RMB'M*
As at 1 January 2023 (Audited)	2,867	271	6,309	9,447	9,447
Shares repurchased and cancelled *(Note a)*	(9)	—	—	(9)	(9)
As at 31 December 2023 (Audited), 1 January 2024 and 30 June 2024 (Unaudited)	2,858	271	6,309	9,438	9,438

Notes:

(a) During the year ended 31 December 2023, the Company repurchased a total of 8,483,600 H shares at a consideration of approximately HKD199 million which were subsequently cancelled.

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

BUSINESS REVIEW

DISCUSSION AND ANALYSIS ON OVERALL OPERATIONS

During the reporting period, in response to changing environment, the Company advanced end-to-end digital transformation, improved user experience and operational efficiency, to improve profitability.

In the first half of 2024, the Company recorded sales revenue of RMB135.621 billion, a 3.0% increase compared to the same period in 2023. The following factors are contributing to revenue changes.

In domestic markets, despite weak momentum in the white goods sector, particularly against a 14.5% drop in air conditioner retail sales, the Company managed to grew revenue by 2.3% in the first half this year, leveraging multi-brand product lineup and innovative new media marketing strategies.

The Company's revenue from overseas markets grew by 3.7% in the first half of the year. In developed markets like the U.S. and Europe, where inflation suppressed demand, the Company increased market share by launching high-end products, optimizing supply chain, and improving operational efficiency. In rapidly growing South Asia, Southeast Asia, and the Middle East & Africa, the Company strengthened supply chain and distribution network, enhanced high-end product lineup and increased price indices to achieve 9.9% revenues growth in South Asia, 12.4% in Southeast Asia and 26.8% in Middle East & Africa in the first half this year.

In the first half of 2024, the net profit attributable to the shareholders of the parent company was RMB10.42 billion, representing a 16.3% increase from the same period in 2023.

In the first half of 2024, the Company's gross profit margin was 30.1%, up 0.3 percentage points compared to the same period in 2023, leveraging digitalizing procurement, R&D, and manufacturing to coordinate production and sales management systems in domestic market; while we improved cost competitiveness with digital procurement platform and enhanced utilization through global supply chain collaboration.

The selling and distribution expense ratio in the first half of 2024 was 13.8%, an improvement of 0.5 percentage points compared to the same period in 2023, leveraging digitally enhanced efficiency in marketing resource allocation, logistics network and warehouse management.

The administrative expense ratio in the first half of 2024 was 8.1%, an improvement of 0.4 percentage points compared to the same period in 2023, leveraging streamlining business processes, and enhancing organizational efficiency.

The Company's net cash flow from operating activities in the first half of 2024 was RMB7.818 billion, an increase of RMB1.028 billion year-on-year, achieved from increased operating profit and enhanced operational efficiency during the period.

I. Household Food Storage and Cooking Solutions

(I) Refrigeration business

In the first half of 2024, the Company maintained technological leadership and accelerated overseas high-end brand transformation to improve product competitiveness and market share. During the reporting period, the Company's global refrigerator revenue reached RMB41.128 billion, a year-on-year increase of 1.8%.

According to Gfk, the Company consolidated leadership with offline retail share of 44.1%, and an online retail share of 39% in China; the Company's retail volume share also went up by 0.4 percentage points reaching 22.9% overseas.

R&D

The Company leveraged global technology platforms to accelerate development in integrated appliances & furniture solutions, freshness preservation, and ice-making. MSA oxygen control preservation was also made available on more products, to offer user better value for their purchase. In response to users' needs for integrated home appliances and furnishings Casarte launched built-in Ultra-realm (致境) 600/601 refrigerator which contributed 98% growth in sales volume of seamless built-in units during the first half of the year.

Domestic market

The Company focused on creating optimal user experiences by leveraging multi-brand portfolio of Haier, Casarte and Leader, catering to specific user needs with distinct value propositions. Haier refrigerators concentrated on full-space freshness preservation technology and smart features, introduced the world's first full-space smart preservation compartment. This innovation combined freshness preservation technology with smart interaction for superior food storage and management. Casarte refrigerators pioneered high-end integration of home appliances and furnishings by expanding its built-in range. Leader attracted trendy users through performance and aesthetic design, new launches in the first half including Little European style (小歐包) series, featuring light green colour, rounded exterior and drawer-style door design.

Overseas markets

The Company remained committed to premium building by introducing high-end products tailored to local demands overseas. In Western European market, the Company strengthened leading position in multi-door, large-capacity units and while making breakthrough in side-by-side refrigerators, helping Haier brand price index increase to 147. In South Asian market, the Company tailored high-end products to meet local needs, achieving a year-on-year volume growth of 50%. In the Australia, Fisher & Paykel concentrated on ultra-high-end home appliances integrated with home furnishings, with a brand price index reaching 200, while Haier brand targeted mid to high-end mainstream market, to maintain leadership while elevating its price index to 108.

(II) Kitchen appliance business

In the first half of 2024, the kitchen appliance business focused on iterating product platforms, expanding product lineup, and enhancing presence in home improvement channels to achieve a global revenue of RMB20.275 billion, a year-on-year increase of 0.3%.

According to Gfk, in China, the Company's ranked the third in the offline market with 8.6% retail share, up 0.2 percentage points year-on-year while online retail share went up by 0.7 percentage reaching 5.1%. Casarte ovens ranked first in the price segment above RMB11,000. In the North America, built-in and microwave products continued to gain market share against headwind. In Europe, Haier continued to grow and ranked amongst Top 4 despite industry downturn.

Domestic market

The Company further expanded the kitchen appliance lineup and upgraded product competitiveness: Casarte launched a seamless built-in smart lift range hood, an ultra-thin built-in gas stove, and a steam oven featuring waterless fresh steam and moisture-control roasting technology, all of which contributed to the brand's 0.8 percentage points share gain in high-end market.

The Company enhanced presence in home improvement channels by developing partnerships with cabinet manufacturers and interior designing firms. The Company managed to grow domestic revenue despite challenging market environment by promoting content marketing and highlighting local renovations projects to stimulate replacement demand and capture opportunities from kitchen remodelling projects.

Overseas markets

In North American market, the Company successfully launched a new generation of dishwashers featuring stainless steel interiors, which ensured durability, high efficiency, with excellent cleaning and drainage performance. Café's new-generation stainless steel dishwasher earned the "2024 Great Design Awards" by the renowned Architectural Digest for its exceptional flexibility and customization options. The Company launched a new model of freestanding ovens and committed USD118 million to upgrade production line of new SKUs.

II. Household Laundry Solutions

In the first half of 2024, the washing machine business implemented innovation R&D, omni-channel marketing, and overall cost optimization to achieve a global revenue of RMB29.737 billion, representing a 5.0% increase year-on-year. According to Gfk, in China the Company continued to lead the industry with 46.5% offline retail share and 38.1% online retail share. The Company remained dominant in the high-end market, with a share of 83% in the price segment above RMB10,000. According to Euromonitor, the Company achieved top market share in 10 countries, including Australia, New Zealand, and Vietnam.

Domestic market

The Company consistently delivered high-quality laundry experiences to consumers. The Company solidify market leadership by introducing leading products such as the Casarte Ultra-realm (致境) series Utilizing advanced technologies like 3D drying assessment, wet cleaning, and quadruple filtration. The Company also increased average ticket price by offering integrated laundry solutions while improving user engagement leveraging air wash and wet cleaning in-store demonstration.

In response to changing consumption trends, the Company adjusted Leader brand strategy, launching products that resonated with younger users to achieve rapid growth; in addition to enhancing retail capabilities offline, the Company also bolstered marketing efforts on new media including Douyin and Xiaohongshu to amplify brand influence and create a comprehensive user service experience, successfully captured young consumers, enhanced brand awareness and improved user recognition.

Overseas markets

The Company launched highly differentiated and competitive products, with effective retail channel management strategies, resulting in continued market share growth. In the North American market, heat pump COMBO washer-dryers remained best-sellers and increased high-end share. In Europe, the Company launched the X11 Fresh Air series washing machines, which could replace the air inside the drum every two minutes, effectively preventing bacterial growth. Their energy efficiency also surpassed the European A-class energy rating by 50%. In India, the Company maintained high-end product strategy, actively expanded into premium distribution channels and improved retail traffic conversion to achieve over 30% revenue growth.

III. Air Solutions

During the reporting period, the Company's air solution business realized revenue of RMB29.235 billion, up 3.8% year-on-year.

(I) Home air conditioner business

In the first half of 2024, the home air conditioner business actively expanded new HVAC product lines while enhancing competitiveness in products, marketing and supply chains, to achieve global revenue growth.

According to Gfk, the Company's offline and online retail share of standing and wall-mounted units reached 17.95% and 10.4% respectively in China and ranked first in Pakistan and Malaysia.

R&D

The Company expanded ducted air conditioners, fresh air systems, and residential central air conditioners, while increasing investment in energy-saving air conditioning systems and smart IoT technologies. The Company also enhanced product quality and cost competitiveness leveraging digital transformation and product platform strategies. In the first half of the year, average individual model output increased by 10%, and component standardization improved by 5%. At the same time, the Company accelerated vertical supply chain integration by commencing production at Zhengzhou compressor joint venture in April this year as well as increasing in-house component production in Hefei to improve efficiency and cost competitiveness.

Domestic market

The Company accelerated retail transformation by integrating online and offline channels, strengthening franchised stores and improving network coverage in rural areas. The Company implemented omnichannel marketing strategy to enhance user acquisition and conversion by promoting in-store product demonstration and creating bestsellers online. In addition, revenue from Leader brand grew over 40% in the first half of the year by accelerating development online to capture younger users.

Overseas markets

Benefited from long-term strategic investments in product iteration, professional channel development, and localized supply chains across South Asia and Southeast Asia, the Company seized opportunities from growing emerging countries and product upgrade demand in developed markets. In the first half of the year, overseas revenue maintained rapid growth. During the reporting period, the Company strengthened presence in the Middle East, Africa, and Japan by upgrading variable frequency portable systems, RV air conditioners, and Japanese split units.

(II) Smart building business

The smart building business gained share in both domestic and export market by advancing core compressor technologies, maintaining a leading edge in air and magnetic levitation, boosting in-house manufacturing of key components, and strengthening professional solutions and services. According to China IOL, the Company's domestic market share increased by 1.2 percentage points year-on-year to 10.5%, while export market share rose by 2.8 percentage points year-on-year to 12.5%.

R&D

The Company continuously iterated product platform through technology breakthroughs, leading the industry in energy saving, carbon reduction, and smart control trends. We developed a 500–1,200 cooling ton air-suspended, oil-free centrifugal chiller, which completed large-capacity chiller lineup and enhanced market competitiveness. Breakthroughs in scroll compressors and large standard centrifugal compressors strengthened cost-competitiveness. Our new-generation IoT multi-split system provided energy-efficient and smart solutions throughout its lifecycle, the increased domestic share of multi-split products in the first half of the year has boosted profitability. In the European market, the Company addressed demand for energy-efficient buildings with heat pump products using eco-friendly refrigerant R290, which featured a heating COP of up to 5.5 with multiple anti-freezing functions.

Domestic market

The Company unlocked growth opportunities by strengthening county-level presence, eliminated coverage gaps and expanding network coverage. Targeting diverse application scenarios, such as real estate and underground transportation systems, we categorized strategic user groups to improve client acquisition, scenario-based solution implementation, and maintenance services, facilitating a shift from standalone HVAC products to integrated building solutions. During the reporting period, the Company secured a RMB200 million contract with Shanghai Metro, positioning us as a leader in the rail transit industry.

Overseas markets

The Company capitalized on our leading position in wireless multi-split and air & magnetic levitation products. By offering comprehensive solutions featuring our light commercial, multi-split, water chiller, point-of-use, heat pump, and smart control series, we catered to diverse regional, and scenario needs while establishing a professional brand image in overseas markets. We advanced the development of integrated sales centres that combined user experience, product display, employee training, and sales operations to enhance our professional capabilities in design, installation, and services, and boost our industry reputation. In the rapidly growing global data centre sector, the Company won a data centre project in Malaysia with a scale exceeding 12,000 refrigeration tons, providing professional air-cooled magnetic levitation solutions for the facility.

IV. Household Water Solutions

During the reporting period, the household water solution business achieved a global revenue of RMB8.106 billion, up 6.6% year-on-year.

In China, the Company launched innovative products including Casarte crystal tank series with skin-care features; while 20,000 units of brand new dual-tank heaters have been sold strengthening Casarte's market leadership in water heater unit priced RMB5,000- 8,000. Haier Little Magic box with filtration, anti-bacteria, lime scale and chlorine reduction functions helped the Company become number one in units priced over RMB3,000.

Product upgrade also contributed to over 20% overseas revenue growth. In Malaysia, over 10,000 units of instant hot water units were sold, almost five times the volume sold last year. In Europe, introduction of dual-tank electrical water heaters addressed the weakness in the heat pump market. The Company also made breakthrough in developing new markets in Algeria.

On 17 July 2024, the Company entered the transaction with Electrolux Group in Sweden to acquire 100% equity interest in Electrolux South Africa Proprietary Limited ("ESA"), its subsidiary engaging in water heater business in South Africa. The acquisition is a crucial step in the strategic development in African market. Leveraging Kwikot's extensive HVAC channel and service coverage, Haier will realize synergies in product and supply chain management to expand water heater lineups and unlock potentials in solar water heaters and water purifiers.

V. China Operation

During the reporting period, the Company capitalized on growth opportunities among young consumers, replacement buyers, and pre-installation customers through continuous innovation in China.

Network Expansion offline

Enhancing competitiveness in offline channels

By strengthening San Yi Niao's capability in scenario planning, integrated cabinet and appliance design, and scenario implementation, the Company improved "scenario → design → delivery → service" experience, meeting the growing demand for kitchen and bathroom renovations.

The Company enhanced presence in shopping malls to create hubs for brand promotion, image showcase, solution experience, member engagement, ecosystem co-creation, and traffic monetization, effectively improving user traffic acquisition and conversion.

The Company also made use of digital mapping tools to identify network gaps, enhanced coverage and retail competitiveness by empowering local micro enterprises, optimizing resource allocation and accelerating mechanism reforms.

Model innovation online

By implementing strategies POP store cloud-based warehouse integration and lean user management, the Company was able to expand product portfolio, facilitate inventory sharing, enhance warehouse and logistics capabilities and promote precise user marketing to improve efficiency in user management and product turnover, all of which contributed to 17% GMV growth online during 618 Festival with retail share reaching 22.3%, up 1.8 percentage points year-on-year.

Multi-Brand Strategy

The Company accelerated iterations of original technologies to expand Casarte's leading advantages and achieve revenue growth against the headwind. By enhancing product suite offerings and spearheading the integration of home appliances with furnishings leveraging Nebula (星雲) and Ultra-realm (致境) series, the Company increased user value and brand recognition while suite sales revenue surged 145% year-on-year in the first half of 2024. The Company also launched product series online featuring natural aesthetics in appearance and industrial design, to attract younger users and expand brand recognition.

The Company addressed the needs of young consumers and achieved a retail sales growth of 31% from Leader brand in the first half of the year by launching popular products such as the Vitality (元氣) air conditioner and Cloud (雲朵) washing machine. The Company also introduced "fun small appliances" for trendy travel and camping experiences. On the other hand, the Company renovated marketing strategies to enhance presence on Douyin and Kuaishou integrated in-store livestreaming to achieve a growth of 402%. Additionally, the Company strengthened partnership with JD and Tmall Campus channel to target young audiences and expand user base.

VI. Overseas markets

In the first half of 2024, the Company's overseas revenue amounted to RMB70.824 billion, up 3.7% compared to the same period in 2023.

The revenue growth stemmed from commitment to strategic positioning, leveraging global R&D resources and maintaining technological leadership. In response to diverse market demands, the Company expanded product lineup by enriching mid-range and entry-level offerings alongside high-end products. Building on strengths in traditional categories, the Company enhanced HVAC and small appliance offerings. Meanwhile, the Company expedited network coverage in emerging markets, enhanced brand image in mainstream channels, improved conversion rates, strengthened localized social media presence to increase brand awareness, implemented organizational reform and accelerated supply chain deployment in Belt and Road countries to capitalize on growth opportunities.

1. North America

In the first half of 2024, despite weakness in the U.S. home appliance market, the Company achieved revenue of RMB39.079 billion, and outperformed the U.S. home appliance market with core appliance market share growing across all product categories.

The Company continued to enhance leadership in high-end products, successfully launching a new generation of oven range series with easy-to-clean baking trays, Café/Profile's new stainless-steel interior dishwasher series, and innovative products such as the Profile 2.0 chewable ice maker. Profile's smart indoor smoker, the industry's first and only indoor smoker appliance, offered consumers a novel and convenient way to experience smoked cooking and earned the Best of CES Award in 2024.

The Company continued to expand into new channels and invest in accelerating new industry development. At the 2024 AHR Expo, our Air and Water Solutions introduced the new RealMAX gas water heater and the new-generation dual heat pump, dual heat recovery system VRF MRV-5H, providing high efficiency and superior comfort for multi-room commercial spaces.

During the reporting period, we maintained leading position in construction channels. Despite weak consumer momentum and competitive pressures, the Company outperformed the industry by capitalizing on key sales events and became the top performer at the BrandSource and Nationwide spring sales exhibitions.

For the 6th consecutive year, the Company was named "Smart Appliance Company of the Year" by IoT Breakthrough. The Company innovatively launched the Eco Balance smart energy management solution, jointly developed with multiple ecosystem partners, providing optimal whole-house energy management solutions for net-zero homes in the U.S. The Company received the Great Place to Work certification for the third time, indicating our position among top-tier enterprises in providing an excellent work environment for employees.

2. Europe

In Europe, the Company recorded revenue of RMB14.505 billion, up 9.2% year-on-year, and market share increased by 0.1 percentage points.

During the reporting period, the Company continued to accelerate strategic upgrade and launched several new product platforms that are expected to contribute to long term growth. Almost 150 new products covering Haier, New Candy and Hoover brands are planned for the premium kitchen appliance platform to provide comprehensive kitchen solutions. The first batch of new products have been launched in over 150 stores in Spain, France, Italy, and Poland. The Company also introduced 905 French Door refrigerator series with class A energy efficiency and New Candy series were launched in 489 stores.

Industry leading front-loading washing machine entered the entire Darty store network in France, significantly contributing to profit growth. High-end OLED series, mini M95/C900 series were also launched in Spain to capture specific demand for playing games and watching sports programmes.

On the manufacturing front, the new kitchen appliances factory in Turkey continued to ramp up its production capacity leveraging coordinated R&D, production platforms and order management.

3. Australia & New Zealand

In Australia and New Zealand, the Company recorded revenue of RMB3.225 billion, up 9.3% year-on-year. Connected products grew by 76% and led the market with 2.8 percentage points volume share gain and 2.9 percentage points revenue share gain in Australia. In New Zealand, Haier and Fisher & Paykel brand outperformed the industry with 0.6 percentage points market share gain.

The Company remained dedicated to meeting consumer demand with cutting-edge technology and innovative products such as Haier's 8-star energy efficiency refrigerator, which directly contributed to 7.4 percentage points market share gain in bottom-mounted refrigerators; Haier's ultra-thin tumble dryer integrated heat pump technology to achieve 7-star energy efficiency; Fisher & Paykel also introduced self-cleansing 48-inch oven and induction cooktop, as well as series 7 and 9 dishwasher with leading energy efficiency performance.

On the other hand, the Company enhanced presence in mainstream channels such as Winnings with Fisher & Paykel's popular built-in refrigerator range and made effort to improve in-store display of Haier's kitchen appliances in New Zealand.

4. South Asia

During the period, revenue from South Asian market grew 9.9% year-on-year to RMB6.542 billion.

In India, sales revenue grew by over 25% year-on-year, attributable to long-term investment across the value chain, including products, distribution channels, and after-sales that successfully built a highly localized operational platform with well-established brand recognition.

The Company leveraged global-leading R&D capabilities and local insights to launch innovative products such as the side-by-side refrigerator with seamless welding technology, significantly improved product lifespan and gained popularity with local consumers, capturing over 20% market share. Meanwhile, Haier enhanced cost competitiveness by increasing in-house production of injection moulding parts.

The Company adhered to value-sharing with channel partners, focusing on expanding network and refining retail operations to ensure strong brand visibility online and offline. Haier's physical retail network covered 61% of premium areas and successfully expanded into 52% of towns and villages. The Company also expanded presence online to capture growth opportunities.

Haier recognized the importance of serin enhancing user experience and ensuring product quality. Currently, Haier has established an after-sales service team of over 5,000 employees in India, ensuring exceptional customer support and boosting the brand's reputation.

In Pakistan, the Company maintained growth momentum by enhancing distribution channels, expanding local manufacturing, upgrading franchised store network while developing partnerships with Coca-Cola and Unilever. The Company also focused on building local supply chain, the second phase of the refrigerator factory is expected to approaching complete soon with 300,000 units annual capacity. Kitchen appliance production was also localized with an annual capacity of 100,000 units.

5. Southeast Asia

During the period, the Company realized revenue of RMB3.492 billion in Southeast Asia, up 12.4% year-on-year.

In Southeast Asia, the Company increased market share through product mix upgrade, improved offline channel efficiency, social media brand promotion, and local supply chain deployment. In Thailand, we upgraded the self-cleaning feature of air conditioners with UV sterilization technology, addressing the market demand for healthy living and achieving a 28% growth in air conditioner sales. In Vietnam, we launched AQUA refrigerators featuring ABT dynamic sterilization and HCS moisture lock compartments. The Company also introduced smart Color AI washing machines driving AQUA's market share reach 20%.

Regarding distribution channels, The Company effectively improved retail ticket prices and competitiveness leveraging store development and product upgrade. We established 86 new AQUA store in Indonesia and secured prime space in CANDI Bali, Indonesia's second largest retail channel to enhance premium brand image. The Company implemented a user-centric approach to enhance experience using measures including promoting online/offline integration, providing personalized marketing and establishing a presence on local search engines and content platforms in Vietnam. The Company also strengthened local supply chain deployment. Construction of a new air conditioner factory commenced in Thailand in April, refrigerator factory in Vietnam has been upgraded to secure production capacity for both local and neighbouring markets.

6. Japan

During the period, revenue amounted to RMB1.827 billion in Japan, down 6.2% year-on-year, a growth of 2.4% in local currency.

In Japan, the Company implemented a dual-brand strategy with AQUA and Haier, enhancing retail competitiveness through product upgrades, channel expansion, and marketing innovation. The Company captured demands for high-efficiency and smart appliances with AQUA's compact, large-capacity heat pump front-load series and the upgraded TX multi-door/TZ ultra-thin large refrigerator to achieve over 30% year-on-year growth in AQUA's 500L+ extra-large refrigerators and a 125% growth in heat pump front-load washers. Haier's ultra-slim three-door refrigerators and variable-frequency washers both grew over 30%. The Company entered air conditioner sector and accelerated online expansion in response to user trends, creating new growth opportunities. Through innovative activities and omni-channel promotion, the Company increased visibility and user conversion rates, maintaining leading market share for refrigerator and freezer products in Japan.

7. Middle East & Africa

During the period, revenue from the Middle East and Africa grew 26.7% year-on-year to RMB1.474 billion.

During the reporting period, the Company drove rapid growth through localized manufacturing, operation upgrades and business acquisitions. During the reporting period, the first phase of Egypt eco-park in Egypt commenced production, localizing the manufacturing of air conditioners and washing machines, reducing operational costs, to accelerate development in Egypt and surrounding markets. The Company strengthened operation and retail capabilities by focusing on brand and product mix upgrades to improve user experience across different countries and promote mid-to-high-end products. The Company announced the acquisition of Electrolux's water heater business in South Africa. This acquisition will support the development of solar water heaters and water purifiers in local market, while leveraging Kwikot's channel advantages to promote Haier's refrigerators, washing machines amongst others in South Africa and surrounding markets.

VII. Digital transformation

During the reporting period, the Company continued to advance digital transformation along the entire value chain, enhancing competitiveness in user management, R&D, cost management and order fulfilment. In the first half of the year, the Company's selling and distribution and administrative expense ratio optimized by 0.9 percentage points.

Enhancing User Management Competitiveness

The Company adopted AI-generated content (AIGC) to improve the quality and efficiency of marketing content, while utilizing digital platforms to manage media placement costs and improved effectiveness through data-driven strategy optimization. During the reporting period, traffic acquisition costs in the domestic market were optimized by 28%.

The Company carried out digital upgrade of marketing strategies through operating a matrix of new media accounts and integrating Douyin platform resources to improve traffic acquisition and conversion. In the first half of the year, the proportion of digital retail increased by 25.7%.

Improving Product R&D and Cost Competitiveness

The Company focused on full product lifecycle management, enhancing capabilities in user insights, product launch and exit strategies, R&D engineering, and cross-functional integration, effectively shortened R&D cycles and enhanced user experience. In the first half of the year, average model output in the domestic market increased by 7%.

The Company also integrated AI and OCR technologies to automatically identify cost factors and build cost models, enabling one-click procurement price comparisons. Cost comparison models have been established for over 100 types of materials while common component ratio increased by 13%.

The Company achieved precise pre-production planning and efficient in-process operations through smart management of labour, machinery, materials, methods, and environment, to improve order execution accuracy. In the first half of the year, manufacturing (manufacturing and logistics in factories) cost was optimized by 0.3%, and production efficiency increased by 8%.

Increasing Order Fulfilment Efficiency

The Company achieved real-time responsiveness to customer needs through data sharing in sales, supply, production, and logistics, expediting lead time by 12% in the domestic market.

Furthermore, the Company upgraded smart order platform to optimize allocation based on cost efficiency and reduce cost.

REVIEW OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD

Industry overview for the first half of 2024

1. Domestic market

In the first half of 2024, sluggish real estate sector and weak consumer confidence suppressed demand and put pressure on the white goods sector. According to AVC, retail sales of white goods and kitchen & bathroom products fell 6.2% year-on-year to RMB290.5 billion in the first half of 2024, while retail volume decreased 2.4% to 113.93 million units. The performance of major sub-sectors was as follows:

(1) Home air conditioning industry

In the first half of 2024, persistent rainfall in eastern and southern China dampened market demand. The industry's earlier shipment in the first quarter of 2024, coupled with pressure on end-user demand, led to elevated inventory levels and intensified competition. According to AVC, in the first half of 2024, the air conditioner market's total sales volume dropped 11.0% year-on-year to 33.15 million units across all channels, while sales revenue decreased 14.5% year-on-year to RMB111.4 billion. The proportion of low-priced models increased: according to AVC, online sales of 1.5 HP wall-mounted units priced below RMB2,000 accounted for 22.8% of total sales volume, a year-on-year increase of 6.1 percentage points; whereas the offline product mix ratio of 1.5 HP wall-mounted units priced above RMB3,500 dropped from 49.6% to 41.9% year-on-year.

As consumers' increasing attention to air quality and preference towards integration of home appliances and furnishings is driving structural upgrades as the industry shifts from standing and wall-mounted products to integrated HVAC solutions.

(2) Refrigerator industry

Overall market remained replacement-driven. According to AVC, in the first half of 2024, China's refrigerator market achieved a total retail value of RMB65.2 billion across all channels, a year-on-year increase of 0.4%, while retail volume reached 19.36 million units, up 0.8% year-on-year. Consumers' increasing focus on healthy diet and home aesthetics, are driving the industry towards food freshness preservation and integration of appliances with furnishings. Built-in refrigerators continued to outperform in the first half of 2024 with online retail volume accounting for 12.4%, a year-on-year increase of 7.1%, while offline retail volume accounted for 37.8%, a rise of 19.5% year-on-year.

(3) Washing machine industry

As living standards continue to rise, washer-dryer combos have become industry growth driver. According to AVC, in the first half of 2024, the washing machine industry achieved retail sales of RMB49.4 billion, a year-on-year increase of 3.6%, and retail volume reached 20.29 million units, up 6.2% year-on-year. Online retail sales of washer-dryer combos totalled RMB4.34 billion, a year-on-year increase of 43.6%, and retail volume amounted to 541,000 units, up 64.1% year-on-year. As home appliances and furnishings become more integrated, washing machines are gradually upgrading to ultra-thin models to create enhanced home aesthetic experience.

(4) Kitchen appliance industry

Traditional kitchen appliances such as range hoods and stoves remained stable, dishwashers continued to grow and integrated stoves experienced a decline. According to AVC, in the first half of 2024, range hood retail sales decreased 0.2% year-on-year to RMB14.9 billion; retail volume dropped 3.3% year-on-year to 8.68 million units. Gas stove retail sales rose 2.7% year-on-year to RMB8.4 billion, and retail volume increased 4.8% to 10.47 million units. Dishwasher retail sales reached RMB5.8 billion in the first half of 2024, up 5.0% year-on-year. Retail volume reached 990,000 units, a 3.4% year-on-year increase. Retail sales of integrated stoves totalled RMB11.1 billion, a year-on-year decline of 18.20%, and retail volume decreased 15.2% to 1.14 million units. As consumers increasingly pursue high-quality lifestyles, their demands for quality and design in kitchen appliances continue to rise. The industry is trending towards appliance-furnishing integration, smart features, energy saving, and healthy cooking.

(5) Water heater industry

Industry demand has stabilized. According to AVC, in the first half of 2024, electric water heaters recorded retail sales of RMB10.7 billion, down 0.8% year-on-year; retail volume stood at 8.26 million units, up 1.6% year-on-year. Gas water heaters recorded retail sales of RMB12.8 billion, down 1.0% year-on-year; retail volume totalled 6 million units, up 1.2% year-on-year. Consumer focus has shifted from safety considerations to design, rapid heating and comfort, thus popular models include ultra-thin electric water heaters with dual-tank, rapid heating and smart constant-temperature gas units.

(6) Water purifier industry

The water purification industry maintained steady growth as consumer awareness of healthy drinking water continued to grow. According to AVC, in the first half of 2024, retail sales of household water appliances increased 2.3% year-on-year to RMB12.6 billion; retail volume grew 4.3% year-on-year to 10.1 million units.

Currently, anticipated reduction in income has led to more cautious purchasing decisions. Value for money has become key considerations in home appliance consumption. Unlike their parents, consumers in their 20s and 30s utilize new media to gather product information when making purchasing decisions, which requires appliance manufacturers to continually adapt their branding, marketing, and product development strategies to capture growth opportunities.

The white goods industry has become primarily upgrades and replacement-driven. The proportion of first-time buyers is gradually declining, while demand for replacements due to home renovations is on the rise. Consumers are increasingly seeking to enhance their quality of life through kitchen and bathroom upgrades. As a result, comprehensive capabilities in scenario design, installation, and maintenance services have become crucial for acquiring uses.

In the first half of 2024, there was a significant price increase in copper, aluminium, and refrigerants, which had a significant impact on the profitability of the industry, particularly in the air conditioner sector.

2. *Overseas markets*

In the first half of 2024, overseas market demand exhibited mixed trends. Core home appliance markets in developed regions (Europe, U.S., Japan) remained under macroeconomic pressure. However, emerging markets, including Southeast Asia, South Asia, the Middle East, and Africa, maintained robust growth.

In the U.S, industry demand declined due to a downturn in both existing and new home sales. According to AHAM, core appliance shipments in the first half of 2024 decreased by 2% in volume and 6% in value year-on-year while competition remained fierce.

In Europe, persistent high inflation and interest rates continued to dampen consumer sentiment; the home appliance industry remained sluggish. Demand was shifting towards value-for-money products. Gfk data reported a 0.3% decline in sales volume and a 1.3% decrease in sales value for white goods across 21 European countries. However, green and low-carbon trends, as well as energy price pressure created increasing demand for energy-efficient products and unlock opportunities in HVAC sector with ongoing consolidation across the industry.

Benefiting from macroeconomic growth in India, the home appliance industry grew by 7–8%. The refrigerator and washing machine sector increased by 5–6%, while the air conditioner sector, boosted by hot temperatures in the north, saw over 30% retail growth. Driven by economic growth and rising per capita income in Pakistan, the home appliance industry sustained growth in the first half of the year.

According to Gfk, Thailand's market grew by approximately 3%, driven by recoveries in foreign investment and tourism. Air conditioner sales volume surged over 20% due to hot temperatures. Vietnam experienced double-digit growth in the home appliance sector, bolstered by increased foreign investment. Indonesia's stable political and economic environment, coupled with rising household disposable income, contributed to a 6% growth in the home appliance industry.

Due to high interest rates and inflation, consumers increasingly sought value-for-money products in Australia and New Zealand. According to data from major Australian home appliance retail channels, sales volume grew by 4.6% year-on-year in the first half of 2024, while sales value increased by 1.7%.

The refrigerator, freezer, and washing machine sectors declines in volume, price, and revenue in Japan because of inflation, currency depreciation, declining disposable income, longer replacement cycles and ongoing price competition. Consumers have become more interested in seeking added-value in products with large capacity, compact size, energy efficiency, and smart features.

Industry Outlook for 2H2024

Domestic market

The Chinese home appliance industry has entered replacements and upgrades phase. According to China Household Electric Appliance Research Institute, the penetration of air conditioners, refrigerators, and washing machines across the country in 2022 amounted to 780 million, 580 million, and 550 million units respectively. A massive replacement market has already emerged.

The industry showed a clear trend towards lower-end products because of cautious income growth expectations and weakened consumer confidence. On 15 July 2024, the National Development and Reform Commission and the Ministry of Finance jointly issued "Measures to Support Large-scale Equipment Renewal and Trade-in of Consumer Goods". The implementation of these measures is expected to stimulate consumer demand for upgrades, boost consumer confidence, and promote industry development.

Overseas markets

In the second half of 2024, interest rate cut is expected in the developed countries, where pent-up demand can be released to gradually revitalize the real estate market. Price competition is expected to ease due to home appliance manufacturers' focus on operational quality and high commodity prices.

The industry is poised for steady growth in the emerging markets where continued urbanization is expected to drive appliance penetration and home appliance manufacturers are also accelerating the localization of their supply chains.

DEVELOPMENT PLAN FOR THE SECOND HALF OF THE YEAR

In the second half of 2024, amid dynamic changes in demand and an increasingly competitive environment, the Company will continue to focus on iteratively optimizing user experience and improving operational efficiency. We aim to enhance profitability by leveraging advantages in technology, scale and service, while accelerating innovation and transformation to achieve long-term sustainable growth.

Product Innovation

We will continue to uphold our value-oriented approach by integrating global R&D and planning resources, accelerating technology sharing, and promoting the rapid implementation of leading technologies and innovations across a wider range of products, to better meet the ever-changing needs of our users.

Domestic market

In the second half of 2024, we will align with the national trade-in policy and achieve sustainable growth through innovative marketing and channel strategies. We will leverage the Company's advantages in product lineup, scenario-based solutions, and franchised store network to capitalize on trade-in subsidy opportunities, meeting users' upgrade needs and driving retail growth. We will adapt our marketing content and communication strategies to changing consumer decision-making processes while adding on to brand value by improving go-to-market strategy and increase conversion efficiency through new media. We will deepen our user-centric transformation by establishing efficient systems for order forecasting, distribution and response, thereby enhancing user experience and customer satisfaction.

Overseas markets

We will focus on improving profitability by expanding value chain through continuous product upgrades, accelerating supply chain localization, implementing end-to-end digital transformation and deepening global collaborations, to enhance profitability and achieve growth targets.

In the U.S., Australia, and New Zealand, we will strengthen profitability by improving supply chain efficiency and iterating product platforms. In Europe, we will enhance competitiveness by optimizing organizational structure, streamlining business processes, and promoting brand transformation. We will continue localization along the Belt and Road Initiative in South Asia, Southeast Asia, Middle East and Africa, to capitalize on population growth and penetration increases, thus become a leading brand in these regions.

Platform transformation

We will advance the digital transformation in production, procurement, and quality systems to enhance lean management capabilities across design, procurement, and production stages, while optimizing end-to-end cost competitiveness.

POTENTIAL RISKS OF THE COMPANY

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods as durable consumer appliances are subject to users' income levels and their expectations of future income growth which will have a certain impact on their willingness to purchase products. A slowdown in macroeconomic growth causing a decline in users' purchasing power will have a negative impact on industry growth. In addition, a slowdown in real estate market will also have a negative impact on market demand, which will indirectly affect end-user demand for home appliances.

2. Risk of price war caused by intensified industry competitions. The white goods industry is highly competitive with a high degree of product homogeneity, and the industry concentration has continued to increase in recent years. However, the increase in industry inventory capacity in individual sub-sectors due to the demand-supply imbalance may lead to risks such as price wars. Furthermore, rapid technological advancements, scarce talents in the industry, shortened product life cycles and ease of imitation are making it increasingly difficult to profit. Although new products, services and technologies are often associated with higher selling prices, it has become necessary for the Company to invest more in R&D. The Company will actively invest in R&D to attract more users through continuous innovation in products and services, to build a lasting brand awareness.

3. Risk of fluctuations in raw material prices. The Company's products and core components use metal raw materials such as steel, aluminium, and copper, as well as commodities such as plastics and foam. If the prices of raw materials continue to surge, it will put certain pressure on the Company's production and operations. In addition, the Company relies on third party manufacturers and suppliers for key raw materials, components, and manufacturing equipment, as well as OEM suppliers, and any disruption in supply or significant price increases by these suppliers will have a negative impact on the Company's business. As a leader in the industry, the Company will take measures including volume & price adjustment mechanism as well as hedging to reduce the risk of raw material fluctuations on its operations.

4. Operational risks in overseas business. The Company has steadily developed its global business and has established production bases, R&D centres, and marketing centres in many parts of the world, with the proportion of overseas revenue increasing year by year. Overseas markets are subject to local political and economic situations (including events such as military conflicts and wars), legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose certain risks to the Company's local operations in these markets. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the impact on the overall cost of sales, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect its people and assets.

5. Risk of exchange rate fluctuations. As the Company expands its global footprint, the import and export of the Company's products involve the exchange of foreign currencies such as the U.S. dollar, the Euro, and the Japanese yen. If the exchange rates of the relevant currencies fluctuate, it will have a certain impact on the Company's financial position and increase its financial costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while the financial statements of its subsidiaries are measured and reported in the currency of their primary economic environment in which the entity operates and are therefore subject to currency exchange risk. In this regard, the Company uses hedging instruments to reduce its exposure to exchange rate fluctuations.

6. Risk of policy changes. The home appliance industry is closely related to the consumer market and the real estate market. Changes in macroeconomic policies, consumption investment policies, real estate policies and relevant laws and regulations will affect product demand from distributors, which in turn will affect product sales of the Company. The Company will closely monitor changes in the relevant policies, laws, and regulations, and make forecasts of market changes, to ensure further development of the Company.

7. Credit risk. There is possibility that the Company will be unable to collect all trade receivables from its distributors, or distributors are not able to settle the Company's trade receivables in a timely manner, in which the Company's business, financial status, and operation performance may be affected. In relation to this risk, the Company will maintain flexibility by offering credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.

8. Inventory risk. Excess inventory might occur as the Company cannot always accurately predict trends and events and maintain appropriate inventory levels; thus, the Company may be forced to offer discounts or promotions to manage the slow-moving inventory. On the other hand, a shortage of inventory may lead to loss of sales opportunities for the Company. However, the Company will manage its inventory and adjust according to market situation and will conduct regular impairment assessment of its inventory.

FINANCIAL REVIEW

In the first half of 2024, the Group's revenue amounted to approximately RMB135,621 million, representing an increase of 3.0% from RMB131,616 million (restated) in the first half of 2023.

Profit attributable to owners of the Company amounted to RMB10,420 million, representing an increase of 16.3% from approximately RMB8,963 million (restated) in the first half of 2023.

1. Analysis of Revenue and Profit

Items	For the six months ended 30 June **2024** ***RMB'M*** **(Unaudited)**	 2023 *RMB'M* (Unaudited) (Restated)	Change %
Revenue			
Household Food Storage and Cooking Solutions			
— Refrigerators/ Freezers	**41,128**	40,405	1.8
— Kitchen Appliances	**20,275**	20,206	0.3
Air Solutions	**29,235**	28,176	3.8
Household Laundry Management Solutions	**29,737**	28,314	5.0
Household Water Solutions	**8,106**	7,607	6.6
Other Business	**50,266**	44,863	12.0
Inter-segment elimination	**(43,126)**	(37,955)	13.6
Consolidated revenue	**135,621**	131,616	3.0
Adjusted operating profit*	**11,375**	9,577	18.8
Profit attributable to owners of the Company	**10,420**	8,963	16.3
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
— For profit for the period	**RMB1.13**	RMB0.96	17.7
Diluted			
— For profit for the period	**RMB1.12**	RMB0.96	16.7

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

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

	For the six months ended 30 June		
	2024	2023	Change
	RMB'M	*RMB'M*	%
	(Unaudited)	(Unaudited) (Restated)	
China	**64,797**	63,313	2.3
Other countries/ regions	**70,824**	68,303	3.7
Total	**135,621**	131,616	3.0

As at 30 June 2024, the Group's foreign assets amounted to RMB124,138 million, representing 47.3% of the total assets. In the first half of 2024, the Group's revenue and operating profit from foreign assets amounted to RMB70,824 million and RMB4,081 million respectively.

In the first half of 2024, the Group's revenue amounted to RMB135,621 million, representing an increase of 3.0% from approximately RMB131,616 million (restated) in the first half of 2023. (1) Domestic Market: Despite weakening consumer confidence and a downturn in the white goods sector, particularly a 14.5% drop in air conditioner retail sales, the Group navigated the challenges by strengthening our multi-brand product lineup and implementing innovative new media marketing strategies. Domestic revenue grew by 2.3% against headwind. (2) Overseas Markets: The Group's revenue from overseas markets grew by 3.7% in the first half of the year. ① In developed markets like the U.S. and Europe, where inflation suppressed demand, we increased market share by launching high-end products, optimizing supply chain layout, and improving operational efficiency through organizational reforms.②In rapidly growing regions such as South Asia, Southeast Asia, and the Middle East & Africa, we strengthened our supply chain and network presence. By enhancing our high-end product lineup and increasing price indices, significant growth was achieved. Revenues in South Asia, Southeast Asia and Middle East & Africa in the first half of the year grew 9.9%, 12.4% and 26.8% respectively.

(1) Household Food Storage and Cooking Solutions

Revenue from refrigerators/freezers increased by 1.8% from approximately RMB40,405 million (restated) in the first half of 2023 to approximately RMB41,128 million in the first half of 2024. The Group's refrigerator and freezer business continued to maintain technological leadership while accelerating its high-end brand transformation in overseas markets, which enhanced product competitiveness and increased market share.

Revenue from kitchen appliances increased by 0.3% from approximately RMB20,206 million (restated) in the first half of 2023 to approximately RMB20,275 million in the first half of 2024. The kitchen appliance business achieved market share growth through iterating product platforms, expanding product suite lineup, and enhancing the breadth and depth of home improvement channels.

(2) Air Solutions

Revenue from air-conditioners increased by 3.8% from approximately RMB28,176 million (restated) in the first half of 2023 to approximately RMB29,235 million in the first half of 2024. Specifically, the home air conditioner business actively expanded new product lines in the global HVAC sector, continuing to enhance its global competitiveness in products, markets, and supply chains, resulting in steady global revenue growth. The smart building business achieved growth in both domestic and export market shares by advancing its core compressor technologies and maintaining a leading edge in air and magnetic levitation, boosting in-house manufacturing of key components, and strengthening capabilities in professional solutions and services.

(3) Household Laundry Management Solutions

Revenue from washing machine increased by 5.0% from approximately RMB28,314 million (restated) in the first half of 2023 to approximately RMB29,737 million in the first half of 2024. The washing machine business increased market share by advancing its three core strategies: innovation-driven technology, omni-channel marketing, and overall cost optimization.

(4) Household Water Solutions

Revenue from water appliances increased by 6.6% from approximately RMB7,607 million (restated) in the first half of 2023 to approximately RMB8,106 million in the first half of 2024. In the Chinese market, we introduced innovative products such as the Casarte Crystal Tank series with skincare features, 20,000 units of the new dual-tank water heaters have been sold, solidifying Casarte's market leadership in the segment for water heaters priced between RMB5,000–8,000. The Haier Little Magic box series, equipped with filtration, anti-bacteria, lime scale and chlorine reduction functions, helped the Group become number one in units priced over RMB3,000.

Profit Attributable to Owners of the Company

In the first half of 2024, the profit attributable to owners of the Company was approximately RMB10,420 million, representing an increase of 16.3% from approximately RMB8,963 million (restated) in the first half of 2023.

Adjusted Operating Profit

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

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

In the first half of 2024, the adjusted operating profit of the Group amounted to RMB11,375 million, representing an increase of 18.8% as compared to RMB9,577 million (restated) in the first half of 2023. The increase in adjusted operating profit was driven by the profit growth in the Group's business segments in the global market.

The following table sets forth the reconciliation between the Group's adjusted operating profit and profit before tax prepared in accordance with IFRS for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited) (Restated)
Profit before tax	**12,739**	11,114
Adjustment:		
Bank interest income	**(893)**	(597)
Foreign exchange gains	**(263)**	(288)
Government grants	**(374)**	(409)
Return on investments in other financial assets	**(33)**	(48)
Loss on disposal of subsidiaries	**4**	—
Finance costs	**1,217**	884
Share of profits and losses of associates	**(1,022)**	(1,079)
Adjusted operating profit	**11,375**	9,577

Gross Profit Margins

The Group's gross profit margin was 30.1% in the first half of 2024, representing an increase of 0.3 percentage points compared to the same period. In the domestic market, we continued to advance digital transformation in procurement, R&D, and manufacturing, while building a digital production and sales coordination system, resulting in a year-on-year increase in gross profit margin. In overseas markets, we improved cost competitiveness by establishing a digital procurement platform and enhanced capacity utilization through global supply chain collaboration, leading to a year-on-year increase in gross profit margin.

Selling and Distribution Expenses

The Group's selling and distribution expenses accounted for 13.8% of the revenue, representing an improvement of 0.5 percentage points compared to the same period of 2023. The domestic and overseas selling and distribution expenses ratios improved due to the implementation of digitalization by the Group, leading to efficiency enhancement in marketing resource allocation, logistics distribution and warehousing operations.

Administrative Expenses

The Group's administrative expenses accounted for 8.1% of the revenue, representing an improvement of 0.4 percentage points year-on-year. The domestic and overseas administrative expense ratios improved due to the implementation of digital tools, which streamlined business processes, and enhanced organizational efficiency.

2. Financial Position

Items	**30 June 2024** *RMB'M* **(Unaudited)**	31 December 2023 *RMB'M* (Audited)
Non-current assets	**127,733**	120,759
Current assets	**134,517**	132,621
Current liabilities	**125,717**	120,083
Non-current liabilities	**27,949**	27,385
Net assets	**108,584**	105,912

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

As at 30 June 2024, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets increased by 0.7% from RMB55,995 million as at 31 December 2023 to RMB56,381 million as at 30 June 2024.

Items	**30 June 2024** *RMB'M* **(Unaudited)**	31 December 2023 *RMB'M* (Audited)
Cash and cash equivalents	**54,228**	53,977
Wealth management products from other financial assets		
— Current portion	**2,153**	2,018
Total	**56,381**	55,995

Net Assets

The Group's net assets increased by 2.5% from RMB105,912 million as at 31 December 2023 to RMB108,584 million as at 30 June 2024.

Working Capital

Trade and Bills Receivables Turnover Days

The trade and bills receivables turnover days of the Group was 41 days in the first half of 2024, representing an increase of 3 days as compared to that as of the end of 2023, which was due to increased income from sales.

Inventory Turnover Days

The Group's inventory turnover days at the first half of 2024 was 79 days, representing an improvement of 3 days as compared to the end of 2023. The improvement in inventory turnover days was due to efficient stock management and optimisation of inventory.

Trade and Bills Payable Turnover Days

The Group's trade and bills payables turnover days in the first half of 2024 was 139 days, representing an increase of 1 day as compared to that as of the end of 2023.

3. Cash Flow Analysis

Items		**For the six months ended 30 June**	
		2024	2023
	Notes	***RMB'M***	*RMB'M*
		(Unaudited)	(Unaudited) (Restated)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the period		**53,977**	53,392
Net cash flow from operating activities	(a)	**7,818**	6,790
Net cash flow from investing activities	(b)	**(7,334)**	(4,333)
Net cash flow from financing activities	(c)	**(191)**	(1,269)
Effect of foreign exchange rate changes, net		**(42)**	482
Cash and cash equivalents as stated in the statement of cash flows at the end of the period		**54,228**	55,062

(a) In the first half of 2024, the Group's net cash inflow from operating activities was RMB7,818 million, representing an increase of RMB1,028 million compared to the same period of 2023, which was mainly due to the increase in operating profit and the improvement in operating efficiency during the period.

(b) Net cash outflow from investing activities in the first half of 2024 amounted to RMB7,334 million, with the details as follows:

Items	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Payment for purchases of non-current assets	**(3,892)**	(3,728)
Purchase of wealth management products	**(3,989)**	(1,173)
Cash from disposal of fixed assets and leasehold land	**8**	74
Dividend received from associates	**394**	401
Interest received from wealth management products	**84**	66
Net cash inflow from other investing activities	**61**	27
Net cash flow from investing activities	**(7,334)**	(4,333)

(c) Net cash outflow from financing activities in the first half of 2024 amounted to RMB191 million, as compared to the net cash outflow of RMB1,269 million for the same period of last year, with details as follows:

Items	For the six months ended 30 June	
	2024	2023
	RMB'M	*RMB'M*
	(Unaudited)	(Unaudited)
Proceeds from borrowings	**5,932**	11,553
Repayment of borrowings	**(4,150)**	(10,429)
Repurchase of shares	**(467)**	(897)
Interest paid	**(1,160)**	(809)
Lease payment	**(597)**	(551)
Net cash inflow/(outflow) from other financing activities	**251**	(136)
Net cash flow from financing activities	**(191)**	(1,269)

LIQUIDITY AND FINANCIAL RESOURCES

The Group pays great attention to cash flow management and has been able to maintain a healthy financial and liquidity position. As at 30 June 2024, the Group had a current ratio of 1.07 (31 December 2023: 1.10).

Items	**30 June 2024** *RMB'M* **(Unaudited)**	31 December 2023 *RMB'M* (Audited)
Cash and cash equivalents	**54,228**	53,977
Wealth management products from other financial assets	**2,153**	2,018
	56,381	55,995
Less:		
Interest-bearing borrowings	**(30,067)**	(28,396)
Net balance of cash and cash equivalents and wealth management products from other financial assets	**26,314**	27,599

As at 30 June 2024, wealth management products from other financial assets amounted to RMB2,153 million (31 December 2023: RMB2,018 million), representing an increase of 6.7% as compared to that as of the end of 2023.

As at 30 June 2024, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB56,381 million (31 December 2023: RMB55,995 million), representing an increase of 0.7% as compared to that as of the end of 2023.

In the first half of 2024, the financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB923 million, representing an increase of 47.2% as compared to RMB627 million in the first half of 2023.

The Group will continue to maintain stable liquidity in its operations in 2024 to ensure meeting its working capital requirements in the coming year, and also for constructing a super factory, as well as maintaining the financial flexibility for future strategic investment opportunities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

As disclosed in the 2023 Annual Report, the Company entered into a placing agreement dated 11 January 2022 with a placing agent in relation to the placing of new H shares of the Company under a general mandate. The Company intends to further strengthen its financial position by the placing and the utilization of the net proceeds, which will be primarily for supporting overseas business expansion and investments in ESG related areas. The share placing was completed on 21 January 2022. The net proceeds from the placing were approximately HK$1,149.98 million. The net proceeds from the placing will be used for the following purposes: (i) 70% for production capacity expansion of overseas industrial parks; (ii) 15% for investments in ESG (Environmental, Social and Governance) related areas; (iii) 10% for further digitalization of overseas industrial parks; and (iv) 5% for overseas channel expansion and promotion, which are expected to be fully utilized by December 2024. As at 30 June 2024, the Group completed the utilisation of the net proceeds of approximately HK$977.48 million on above purposes numbered (i), (iii) and (iv), whereas approximately HK$172.5 million remained unutilized for the purpose (ii) as stated above.

As at the date of this announcement, the Group's unutilized net proceeds (the "**Unutilized Net Proceeds**") is approximately HK$172.5 million for the purpose of investments in ESG (Environmental, Social and Governance) related areas, representing approximately 15% of the net proceeds. The timeline for the full utilisation of the Unutilized Net Proceeds will be extended to 31 December 2026.

In order to meet the ESG requirements and expectations of stakeholders for the Group as a responsible enterprise, and to better reflect the Group's value above business, the Group's ESG-related work is in the internal upgrade stage of combining the Company's strategy and operation management, and the relevant ESG projects are in the preparation and initiation stage. In view of the above considerations, the Unutilized Net Proceeds are expected to be used up by the end of 2026, and the actual use of funds will depend on the specific implementation progress of the projects.

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

CAPITAL EXPENDITURE

The Company assesses its capital expenditure and investments in each business segment of the Group from time to time. The capital expenditure during the reporting period was RMB3,892 million (the first half of 2023: RMB3,728 million), in which RMB2,063 million and RMB1,829 million were mainly used in China and overseas, respectively, and primarily for the construction of plant and equipment, property rental expenses and investments of information infrastructure, etc.

GEARING RATIO

As at 30 June 2024, the Group's gearing ratio (defined as total borrowings (including interest bearing borrowings and lease liabilities) divided by net assets of the Group) was 32.1% (31 December 2023: 30.9%), representing an increase of 1.2 percentage points mainly due to the utilization of more preferential loans during the reporting period.

TREASURY POLICIES

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

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

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

CAPITAL COMMITMENT

The Group's capital commitments contracted but not yet provided for amounted to RMB4,143 million as at 30 June 2024 (31 December 2023: RMB3,225 million), which were mainly related to the Group's domestic and overseas factory construction projects.

CHARGE OF ASSETS

As at 30 June 2024, the Group did not pledge any trade and bills receivables to secure certain bank loans granted to the Group. (31 December 2023: RMB34 million).

In addition, as at 30 June 2024, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB270 million (31 December 2023: RMB407 million) and the Group's bills receivable amounting to RMB4,346 million (31 December 2023: RMB4,357 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

RELATIONSHIP WITH EMPLOYEES AND REMUNERATION POLICY

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

The total number of employees of the Group decreased by 2.3% to 109,925 as at 30 June 2024 from 112,458 as at 31 December 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchase of A-Shares

During the six months ended 30 June 2024, the Company repurchased certain of its ordinary A-Shares on the Shanghai Stock Exchange. The summary details of those transactions are as follows:

Months	Number of A-Shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		RMB	*RMB*	*RMB'M*
January 2024	5,406,200	22.74	21.15	118.07
February 2024	10,536,828	24.15	22.28	247.72
March 2024	4,139,014	24.96	23.78	100.78
	20,082,042			466.57

The repurchases of the Company's A-Shares during the reporting period was effected by the Directors, pursuant to Board resolutions passed on 27 April 2023 regarding the repurchase of A-Shares. The A-Shares repurchased will be used in the Company's share incentive plans.

As of 30 June 2024, the Company held a total of 145,238,037 A-share treasury shares. In July 2024, 31,266,608 A-share treasury shares had been transferred to the 2024 A-Share Core Employee Stock Ownership Plan of the Company. The remaining 54,051,559 A-share treasury shares will be cancelled in accordance with a resolution of 2023 annual general meeting of the Company and 59,919,870 A-share treasury shares will be used in other share incentive plans.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the period from 1 January 2024 to 30 June 2024, except for the following deviation:

Chairman and Chief Executive Officer ("CEO")

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

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

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

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code of conduct for securities transactions by Directors and Supervisors on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Upon specific enquiry by the Company, all Directors and Supervisors of the Company had confirmed that they had complied with the required standard as set out in the Model Code throughout the period for the six months ended 30 June 2024.

AUDIT COMMITTEE

The Company has established an audit committee comprising two non-executive Directors and three independent non-executive Directors of the Company. The audit committee had reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024, and discussed with internal audit department on internal audit and controls, and risk management.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

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

The Company's 2024 interim results announcement is published on the HKExnews website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at http://smart-home.haier.com. The Company's 2024 interim report will be made available on the websites of the Company and the HKEXnews website of the Stock Exchange in due course. The 2024 interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2024 and is extracted from the financial information for the six months ended 30 June 2024 that will be included in the Company's 2024 interim report.

APPRECIATION

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

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

Qingdao, the PRC
27 August 2024

As at the date of this announcement, the executive Directors of the Company are Mr. LI Huagang and Mr. GONG Wei; the non-executive Directors are Mr. YU Hon To, David, Ms. Eva LI Kam Fun and Ms. SHAO Xinzhi; and the independent non-executive Directors are Mr. CHIEN Da-Chun, Mr. WONG Hak Kun, Mr. LI Shipeng and Mr. WU Qi.

* *For identification purposes only*