

Haier

海爾智家股份有限公司

Haier Smart Home Co., Ltd.

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

A Shares Stock Code: 600690 D Shares Stock Code: 690D H Shares Stock Code: 6690



2025

INTERIM REPORT

Haier Casarte Leader AQUA GE APPLIANCES CANDY FISHER & PAYKEL



CORPORATE PROFILE

Haier Smart Home is a global leader in smart home solutions, offering a comprehensive portfolio that covers all aspects of modern living. Its offerings fall into four core categories: (1) major home appliances such as refrigerators, washing machines, and kitchen appliances; (2) HVAC products and solutions, including residential air conditioners, water heaters, commercial building systems, and commercial refrigeration; (3) smart devices and small appliances such as robotic vacuums and smart locks; (4) end-to-end value chain operations, including production of core components, smart logistics and supply chain management, and recycling. By delivering integrated smart-home experiences, Haier continues to shape the development of the global smart-home industry. The Company distributes its products through a portfolio of world-renowned brands, including Haier, Casarte, Leader, Candy, GE Appliances, AQUA, and Fisher & Paykel.

According to the data from Euromonitor, we ranked first in the major home appliance industry in the world in terms of retail volume of major home appliances for 16 consecutive years. Our Haier brand refrigeration appliances and laundry appliances also ranked first among major home appliance brands in the world in terms of retail volume for 17 and 16 consecutive years respectively. Currently, our business covered more than 160 countries and regions around the world including China, North America, Europe, South Asia and Southeast Asia, Australia and New Zealand, Japan, Middle East and Africa.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LI Huagang (*Chairman and Chief Executive Officer*)
Mr. Kevin Nolan (*appointed on 28 May 2025*)

Non-executive Directors

Mr. GONG Wei (*Vice Chairman*)
Mr. YU Hon To, David
Mr. CHIEN Da-chun
Mr. LI Shaohua (*appointed on 28 May 2025*)
Ms. SHAO Xinzhi (*Vice Chairman*)
(*retired on 28 May 2025*)
Ms. Eva LI Kam Fun (*retired on 28 May 2025*)

Independent Non-executive Directors

Mr. WONG Hak Kun
Mr. LI Shipeng
Mr. WU Qi
Mr. WANG Hua (*appointed on 28 May 2025*)

Employee Representative Director

Ms. SUN Danfeng (*appointed on 28 May 2025*)

BOARD SECRETARY

Ms. LIU Xiaomei

PRINCIPAL BOARD COMMITTEES

Audit Committee

Mr. WONG Hak Kun (*Committee Chairman*)
Mr. YU Hon To, David
Mr. WU Qi
Mr. LI Shaohua (*appointed on 28 May 2025*)
Mr. WANG Hua (*appointed on 28 May 2025*)
Ms. SHAO Xinzhi (*retired on 28 May 2025*)
Mr. CHIEN Da-chun (*retired on 28 May 2025*)

Remuneration and Assessment Committee

Mr. WU Qi (*Committee Chairman*)
(*appointed on 28 May 2025*)
Mr. LI Shipeng
Mr. WANG Hua (*appointed on 28 May 2025*)
Mr. CHIEN Da-chun (*retired on 28 May 2025*)
Mr. LI Huagang (*retired on 28 May 2025*)

Nomination Committee

Mr. LI Shipeng (*Committee Chairman*)
Mr. WU Qi
Mr. WONG Hak Kun (*appointed on 28 May 2025*)
Ms. SUN Danfeng (*appointed on 28 May 2025*)
Mr. LI Huagang (*retired on 28 May 2025*)

Strategy Committee

Mr. LI Huagang (*Committee Chairman*)
Mr. Kevin Nolan (*appointed on 28 May 2025*)
Mr. GONG Wei
Mr. CHIEN Da-chun (*appointed on 28 May 2025*)
Mr. LI Shipeng
Mr. WU Qi
Mr. WANG Hua (*appointed on 28 May 2025*)

Environmental, Social and Governance Committee

Mr. CHIEN Da-chun (*Committee Chairman*)
Mr. GONG Wei
Mr. LI Shaohua (*appointed on 28 May 2025*)
Mr. WU Qi (*appointed on 28 May 2025*)
Ms. Eva LI Kam Fun (*retired on 28 May 2025*)

COMPANY SECRETARY

Mr. NG Chi Yin

LEGAL ADVISORS

As to PRC Law

Zhong Lun Law Firm

As to Hong Kong Law

Clifford Chance

PRINCIPAL BANKER

China Construction Bank Corporation

AUDITORS

Hexin Certified Public Accountants LLP
HLB Hodgson Impey Cheng Limited

FINANCIAL CALENDAR

Six-month interim period end : 30 June
Financial year end : 31 December

REGISTERED OFFICE AND HEADQUARTERS

Haier Industrial Park
Laoshan District, Qingdao
Shandong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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H-SHARE REGISTRAR

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17/F, Far East Finance Centre
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STOCK CODE

The Shanghai Stock Exchange : 600690
The Frankfurt Stock Exchange : 690D
The Stock Exchange of Hong Kong Limited : 6690

WEBSITE

<http://smart-home.haier.com>

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

TO THE BOARD OF DIRECTORS OF
HAIER SMART HOME CO., LTD.

(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Haier Smart Home Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 5 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("**HKSRE 2410**") as issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yau Wai Ip
Practising Certificate Number: P07849

Hong Kong, 28 August 2025

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

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
REVENUE	5	156,469	141,981
Cost of sales		(115,229)	(104,697)
Gross profit		41,240	37,284
Other gains, net	6	2,889	1,915
Selling and distribution expenses		(15,817)	(14,518)
Administrative expenses		(12,749)	(11,369)
Finance costs	8	(1,416)	(1,244)
Share of profits and losses of associates		850	913
PROFIT BEFORE TAX	7	14,997	12,981
Income tax expenses	9	(2,512)	(2,207)
PROFIT FOR THE PERIOD		12,485	10,774
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss in subsequently periods:			
Share of other comprehensive income of associates		31	25
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		(132)	(30)
Exchange differences on translating foreign operations		1,712	(202)
		1,611	(207)
Items that will not be reclassified to profit or loss in subsequent periods:			
Change arising from re-measurement of defined benefit plans		136	(2)
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVTOCI"), net of tax		(294)	(126)
		(158)	(128)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		1,453	(335)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,938	10,439

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		RMB'M	RMB'M
		(Unaudited)	(Unaudited)
			(Restated)
		Notes	
Profit for the period attributable to:			
— Owners of the Company		12,033	10,410
— Non-controlling interests		452	364
		12,485	10,774
Total comprehensive income attributable to:			
— Owners of the Company		13,489	10,075
— Non-controlling interests		449	364
		13,938	10,439
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic (RMB per share)	11	1.30	1.13
— Diluted (RMB per share)	11	1.29	1.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	44,824	43,703
Investment properties		665	246
Right-of-use assets		9,656	9,127
Goodwill		27,835	27,384
Other intangible assets		11,123	10,758
Interests in associates		21,414	20,932
Equity investments designated at FVTOCI		5,650	6,074
Financial assets measured at amortised cost		14,730	15,699
Long-term prepayments		1,247	1,381
Deferred tax assets		2,442	2,477
Other non-current assets		839	841
Total non-current assets		140,425	138,622
CURRENT ASSETS			
Inventories	14	43,520	43,189
Trade and bills receivables	15	38,033	38,675
Receivables at FVTOCI		1,248	413
Contract assets		1,496	998
Prepayments, deposits and other receivables		9,809	9,931
Financial assets measured at fair value through profit or loss ("FVTPL")		8,815	1,236
Financial assets measured at amortised cost		2,919	1,931
Derivative financial instruments		79	143
Pledged deposits		769	533
Other deposits with limited use		73	70
Cash and cash equivalents		54,514	54,995
Total current assets		161,275	152,114
CURRENT LIABILITIES			
Trade and bills payables	16	78,666	75,886
Other payables and accruals		37,801	32,265
Contract liabilities		5,711	10,865
Interest-bearing borrowings	17	23,008	24,127
Lease liabilities		1,529	1,352
Tax payables		2,207	2,650
Provisions		2,634	2,710
Derivative financial instruments		440	71
Total current liabilities		151,996	149,926

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
NET CURRENT ASSETS		9,279	2,188
TOTAL ASSETS LESS CURRENT LIABILITIES		149,704	140,810
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	17	14,096	9,666
Lease liabilities		4,916	4,481
Deferred income		1,166	1,081
Deferred tax liabilities		1,624	1,547
Provisions for pensions and similar obligations		2,660	2,562
Provisions		2,404	2,386
Other non-current liabilities		259	285
Total non-current liabilities		27,125	22,008
Net assets		122,579	118,802
EQUITY			
Share capital	18	9,383	9,383
Reserves		105,511	102,396
Equity attributable to owners of the Company		114,894	111,779
Non-controlling interests		7,685	7,023
Total equity		122,579	118,802

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2025 and signed on its behalf by:

Mr. Li Huagang
Chairman

Mr. Kevin Nolan
Executive Director

The accompanying notes form an integral part of these condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company														
	Reserves														
	Issued equity RMB'M	Capital reserve RMB'M	Share-based payments reserve RMB'M	Remeasurement of defined benefits plans reserve RMB'M	Cash flow hedges reserve RMB'M	FVTOCI reserve RMB'M	Equity method investments reserve RMB'M	Reserve funds RMB'M	Retained profits RMB'M	Exchange differences on translation reserve RMB'M	Other reserves RMB'M	Treasury shares reserve RMB'M	Total reserves RMB'M	Non-controlling interests RMB'M	Total equity RMB'M
At 1 January 2024 (Audited)	9,438	19,722	1,785	146	(93)	1,333	(345)	4,841	68,538	925	10	(5,034)	91,828	6,264	107,550
Effect of business combination under common control (Note 3)	—	195	—	—	—	16	—	—	306	—	—	—	517	—	517
At 1 January 2024 (Restated)	9,438	19,917	1,785	146	(93)	1,349	(345)	4,841	68,844	925	10	(5,034)	92,345	6,264	108,047
Profit for the period	—	—	—	—	—	—	—	—	10,410	—	—	—	10,410	364	10,774
Other comprehensive (loss)/income for the period	—	—	—	(2)	—	—	—	—	—	—	—	—	(2)	—	(2)
— Changes arising from re-measurement of defined benefit plans	—	—	—	—	—	—	—	—	—	—	—	—	24	1	25
— Share of other comprehensive income of associates	—	—	—	—	—	—	24	—	—	—	—	—	—	—	—
— Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax	—	—	—	—	(31)	—	—	—	—	—	—	—	(31)	1	(30)
— Exchange differences on translating foreign operations	—	—	—	—	—	—	—	—	—	(200)	—	—	(200)	(2)	(202)
— Change in fair value of equity investments designated at FVTOCI, net of tax	—	—	—	—	—	(126)	—	—	—	—	—	—	(126)	—	(126)
Total comprehensive (loss)/income for the period	—	—	—	(2)	(31)	(126)	24	—	10,410	(200)	—	—	10,075	364	10,439
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	(467)	(467)	—	(467)
Recognition of equity settled share-based payment	—	—	201	—	—	—	—	—	—	—	—	—	201	—	201
Dividend payable to owners of the Company	—	—	—	—	—	—	—	—	(7,514)	—	—	—	(7,514)	—	(7,514)
Dividend payable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(14)	(14)
Other changes	—	(57)	—	—	—	1	—	—	(140)	—	—	—	(196)	150	(46)
At 30 June 2024 (Unaudited)	9,438	19,860	1,986	144	(124)	1,224	(321)	4,841	71,600	725	10	(5,501)	94,444	6,764	110,646

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company														
	Reserves														
	Issued equity RMB'M	Capital reserve RMB'M	Share-based payments reserve RMB'M	Remeasurement of defined benefits plans reserve RMB'M	Cash flow hedges reserve RMB'M	FVTOCI reserve RMB'M	Equity investments reserve RMB'M	Reserve funds RMB'M	Retained profits RMB'M	Exchange differences on translation reserve RMB'M	Other reserves RMB'M	Treasury shares reserve RMB'M	Total reserves RMB'M	Non-controlling interests RMB'M	Total equity RMB'M
At 1 January 2025 (Audited)	9,383	18,425	1,683	145	(121)	1,049	(362)	5,295	79,291	78	10	(3,510)	101,983	7,023	118,389
Effect of business combination under common control	—	195	—	—	—	32	—	—	186	—	—	—	413	—	413
At 1 January 2025 (Restated)	9,383	18,620	1,683	145	(121)	1,081	(362)	5,295	79,477	78	10	(3,510)	102,396	7,023	118,802
Profit for the period	—	—	—	—	—	—	—	—	12,033	—	—	—	12,033	452	12,485
Other comprehensive income(loss) for the period	—	—	—	136	—	—	—	—	—	—	—	—	136	—	136
— Changes arising from re-measurement of defined benefit plans	—	—	—	—	—	—	29	—	—	—	—	—	29	2	31
— Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax	—	—	—	—	(130)	—	—	—	—	—	—	—	(130)	(2)	(132)
— Exchange differences on translating foreign operations	—	—	—	—	—	—	—	—	—	1,715	—	—	1,715	(3)	1,712
— Change in fair value of equity investments designated at FVTOCI, net of tax	—	—	—	—	—	(294)	—	—	—	—	—	—	(294)	—	(294)
Total comprehensive income(loss) for the period	—	—	—	136	(130)	(294)	29	—	12,033	1,715	—	—	13,489	449	13,938
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	(856)	(856)	—	(856)
Recognition of equity settled share-based payment	—	—	221	—	—	—	—	—	—	—	—	—	221	—	221
Dividend payable to owners of the Company	—	—	—	—	—	—	—	—	(8,992)	—	—	—	(8,992)	—	(8,992)
Dividend payable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(7)	(7)
Other changes	—	(687)	—	—	—	—	—	—	(60)	—	—	—	(747)	220	(527)
At 30 June 2025 (Unaudited)	9,383	17,933	1,904	281	(251)	787	(333)	5,295	82,458	1,793	10	(4,366)	105,511	7,685	122,579

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2025

		For the six months ended 30 June 2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
Notes			
Cash flows from operating activities			
		14,997	12,981
Profit before tax			
Adjustments for:			
Finance costs	8	1,416	1,244
Interest income	6	(957)	(980)
Share of profits and losses of associates		(850)	(913)
Loss on disposal of non-current assets, net	6	21	9
Gain on disposal of financial assets measured at FVTPL, net	6	(23)	—
Loss on disposal of associates and subsidiaries	6	4	15
Fair value (gain)/loss on financial assets/liabilities measured at FVTPL, net	6	(35)	30
Depreciation of property, plant and equipment	7	2,664	2,520
Depreciation of right-of-use assets and investment properties	7	819	777
Amortisation of other intangible assets and other non-current assets	7	704	686
Provision for obsolete and slow-moving inventories, net	7	465	428
Allowance for expected credit losses in respect of trade and bills receivables, net	7	55	136
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	7	296	214
Reversal of impairment loss of non-current assets and contract assets, net	7	—	(2)
Equity-settled share-based expenses		221	201
Operating cash inflow before movements in working capital			
		19,797	17,346
Increase in inventories			
		(773)	(383)
Increase in trade and bills receivables, prepayments, deposits and other receivables and contract assets			
		(1,812)	(3,854)
Decrease in trade and bills payables, other payables and accruals and contract liabilities			
		(4,136)	(3,883)
Change in other working capital			
		59	(28)
Cash generated from operations			
		13,135	9,198
Interest received			
		655	833
Income tax paid			
		(2,651)	(1,607)
Net cash generated from operating activities			
		11,139	8,424

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
Notes	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Payment for purchases of non-current assets	(3,763)	(4,204)
Proceeds from disposal of non-current assets	17	9
Dividends received from associates	398	394
Proceeds from disposal of financial assets measured at amortised cost and financial assets measured at FVTPL	19,962	9,646
Purchase of financial assets measured at amortised cost and financial assets measured at FVTPL	(26,918)	(15,182)
Proceeds from disposal of equity investments designated at FVTOCI	87	—
Interest received	48	84
Other investing cash flow	148	61
Net cash used in investing activities	(10,021)	(9,192)
Cash flows from financing activities		
Payment on repurchase of shares	(856)	(467)
Proceeds from borrowings	17,318	6,238
Repayment of borrowings	(14,320)	(4,633)
Lease payments	(813)	(815)
Interest paid	(1,244)	(1,177)
Payment of put option liabilities	(2,155)	—
Other financing cash flow	5	351
Net cash used in financing activities	(2,065)	(503)
Net decrease in cash and cash equivalents	(947)	(1,271)
Cash and cash equivalents at beginning of the period	54,995	56,715
Effect of foreign exchange rate changes, net	466	(42)
Cash and cash equivalents at end of the period	54,514	55,402
Non-pledged cash and bank balances	38,810	35,450
Time deposits	15,704	19,952
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	54,514	55,402

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 report has been approved for issue by the Board on 28 August 2025.

The Company and its subsidiaries (collectively referred as the “**Group**”) mainly engaged in research, development, production and sales of home appliances covering refrigerator/freezers, kitchen appliances, air-conditioners, laundry appliances, water appliances and other smart home business, as well as offering complete sets of smart home solutions.

2.1 BASIS OF PREPARATION

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

2.2 ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

2.2 ACCOUNTING POLICIES (continued)

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to a IFRS Accounting Standard 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 March 2025, the Company entered into the equity transfer agreement of Qingdao Haier Moulds Co., Ltd. ("**Haier Moulds**") with Qingdao Haimo Zhiyun Technology Co., Ltd. ("**Haimo Zhiyun**"), a subsidiary of Haier Group, pursuant to which the Company agreed to acquire and Haimo Zhiyun agreed to sell 100% of the equity interest in Haier Moulds at a consideration approximately of RMB78 million. As at 30 June 2025, the transaction has been completed.

Since the Company and Haier Moulds were ultimately controlled by Haier Group both before and after the completion of the transfer agreement, the acquisition of the Haier Moulds 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 2025 and 2024 include the results, changes in equity and cash flows of all companies then comprising the Group and Haier Moulds, 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 2025 and 2024, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period.

The condensed consolidated statement of financial position of the Group as at 31 December 2024 has been prepared to present the state of affairs of the Group and Haier Moulds as if the corporate structure of the Group immediately after the completion of the equity transfer had been in existence and in accordance with the respective equity interests and/or the power to exercise control over the individual company attributable to the Company as at 31 December 2024.

There are no significant adjustments made to the net assets and net profit or loss previously reported by the Group as a consequence on the merger accounting for business combination involving businesses under common control.

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.

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, logistics services and others.

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

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

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

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2025

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	Solutions	Solutions	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	42,735	20,629	32,856	31,938	9,691	18,620	156,469
Inter-segment revenue	118	43	122	67	102	49,067	49,519
Total	42,853	20,672	32,978	32,005	9,793	67,687	205,988
Reconciliation:							
Inter-segment eliminations							(49,519)
Total							156,469
Segment results	3,925	1,970	2,101	3,483	1,502	318	13,299
Reconciliation:							
Elimination of inter-segment results							2
							13,301
Corporate and other unallocated income and gains or losses							2,625
Corporate and other unallocated expenses							(363)
Finance costs							(1,416)
Share of profits and losses of associates							850
Profit before tax							14,997

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2024 (Restated)

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers RMB'M (Unaudited)	Kitchen Appliances RMB'M (Unaudited)	Air Solutions RMB'M (Unaudited)	Solutions RMB'M (Unaudited)	Solutions RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)
Segment revenue							
Segment revenue from external customers	41,023	20,228	29,075	29,602	8,011	14,042	141,981
Inter-segment revenue	105	47	160	135	95	45,800	46,342
Total	41,128	20,275	29,235	29,737	8,106	59,842	188,323
<i>Reconciliation:</i>							
Inter-segment eliminations							(46,342)
Total							141,981
Segment results	3,588	1,807	1,733	3,119	1,204	252	11,703
<i>Reconciliation:</i>							
Elimination of inter-segment results							45
							11,748
Corporate and other unallocated income and gains or losses							1,733
Corporate and other unallocated expenses							(169)
Finance costs							(1,244)
Share of profits and losses of associates							913
Profit before tax							12,981

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)**As at 30 June 2025**

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	Solutions	Solutions	Business	Total
	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	53,749	24,784	45,611	39,042	15,067	102,650	280,903
<i>Reconciliation:</i>							
Elimination of segment assets							(122,162)
Goodwill							27,835
Interests in associates							21,414
Equity investments designated at FVTOCI							5,650
Deferred tax assets							2,442
Financial assets measured at FVTPL							8,815
Financial assets measured at amortised cost							17,649
Derivative financial instruments							79
Pledged deposits							769
Other deposits with limited use							73
Cash and cash equivalents							54,514
Prepayments, deposits and other receivables							3,719
Total assets							301,700
Segment liabilities	65,316	14,013	43,247	25,411	9,047	92,078	249,112
<i>Reconciliation:</i>							
Elimination of segment liabilities							(122,022)
Tax payables							2,207
Other payables and accruals							10,397
Derivative financial instruments							440
Interest-bearing borrowings							37,104
Deferred tax liabilities							1,624
Other non-current liabilities							259
Total liabilities							179,121

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

As at 31 December 2024 (Restated)

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	RMB'M	RMB'M	RMB'M	RMB'M
Segment assets	50,543	21,840	32,729	37,335	11,353	98,429	252,229
<i>Reconciliation:</i>							
Elimination of segment assets							(96,919)
Goodwill							27,384
Interests in associates							20,932
Equity investments designated at FVTOCI							6,074
Deferred tax assets							2,477
Financial assets measured at FVTPL							1,236
Financial assets measured at amortised cost							17,630
Derivative financial instruments							143
Pledged deposits							533
Other deposits with limited use							70
Cash and cash equivalents							54,995
Prepayments, deposits and other receivables							3,952
Total assets							290,736
Segment liabilities	71,520	14,943	29,805	27,393	4,228	79,175	227,064
<i>Reconciliation:</i>							
Elimination of segment liabilities							(96,780)
Tax payables							2,650
Other payables and accruals							3,304
Derivative financial instruments							71
Interest-bearing borrowings							33,793
Deferred tax liabilities							1,547
Other non-current liabilities							285
Total liabilities							171,934

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)**For the six months ended 30 June 2025**

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	Solutions	Solutions	Business	Total
	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other segment information:							
Product warranty provisions	959	286	715	775	315	—	3,050
Provision for obsolete and slow-moving inventories, net	113	39	86	75	49	103	465
(Reversal of)/allowance for expected credit losses in respect of trade and bills receivables, net	(1)	3	20	14	1	18	55
Allowance for/(reversal of) expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	169	12	36	41	39	(1)	296
Loss/(gain) on disposal of non-current assets, net	7	5	2	1	(1)	7	21
Depreciation and amortisation	1,131	771	391	909	258	727	4,187

For the six months ended 30 June 2024 (Restated)

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions	Solutions	Solutions	Business	Total
	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other segment information:							
Product warranty provisions	1,124	311	693	855	354	—	3,337
Provision/(reversal of provision) for obsolete and slow-moving inventories, net	155	27	28	136	88	(6)	428
Allowance for expected credit losses in respect of trade and bills receivables, net	43	22	5	27	—	39	136
Allowance for/(reversal of) expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	142	10	(3)	22	47	(4)	214
Loss/(gain) on disposal of non-current assets, net	2	3	2	2	2	(2)	9
Depreciation and amortisation	960	722	397	877	166	861	3,983

4. OPERATING SEGMENT INFORMATION (continued)**Geographical information****(a) Revenue from external customers**

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	77,390	71,157
North America	40,016	39,079
Europe	17,995	14,505
South Asia	8,666	6,542
Australia and New Zealand	3,258	3,225
Southeast Asia	4,130	3,492
Japan	1,958	1,827
Middle East and Africa	2,440	1,474
Other countries/regions	616	680
	156,469	141,981

The revenue information is based on the locations of the customers.

The revenue related to sales to overseas are subject to relevant tax at corresponding jurisdictions, if any.

(b) Non-current assets

	30 June	31 December
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Restated)
Mainland China	30,494	30,200
Other countries/regions	37,860	35,856
	68,354	66,056
Interests in associates	21,414	20,932
Goodwill	27,835	27,384
Equity investments designated at FVTOCI	5,650	6,074
Financial assets measured at amortised cost	14,730	15,699
Deferred tax assets	2,442	2,477
	140,425	138,622

The non-current asset information above is based on the locations of the assets and excludes interests in associates, goodwill, equity investments designated at FVTOCI, financial assets measured at amortised cost and deferred tax assets.

Information about major customers

No single customer of the Group contributed 10% or more to the total revenue of the Group during the periods ended 2025 and 2024.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE

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

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Sale of goods	150,143	135,622
Rendering of services	6,326	6,359
	156,469	141,981

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Sale of goods		
— Point in time	150,143	135,622
Rendering of services		
— Point in time	49	23
— Over time	6,277	6,336
	156,469	141,981

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.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

6. OTHER GAINS, NET

An analysis of other gains, net is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Treasury and investment income:		
Interest income from		
Bank	900	927
Wealth management products	45	30
Others	12	23
Purchase payment discounts	102	62
	1,059	1,042
Compensation received from suppliers	18	24
(Loss)/gain on disposal of		
— Non-current assets, net	(21)	(9)
— Financial assets measured at FVTPL, net	23	—
— Associates and subsidiaries	(4)	(15)
Government grants	775	585
Rental income from investment properties	25	1
Net fair value gain/(loss) on financial assets/liabilities measured at FVTPL	35	(30)
Net foreign exchange gain	881	263
Sundry income	98	54
	2,889	1,915

Note:

Various government grants have been received for investments in certain regions in Mainland China in which the Company's subsidiaries operate as well as for the Group's technology advancements. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	106,169	95,297
Provision for product warranty	3,050	3,337
Provision for obsolete and slow-moving inventories, net (Note (a))	465	428
Cost of services	5,545	5,635
	115,229	104,697
Depreciation of property, plant and equipment	2,664	2,520
Depreciation of right-of-use assets and investment properties	819	777
Amortisation of other intangible assets and other non-current assets	704	686
Allowance for expected credit losses in respect of trade and bills receivables, net (Note (b))	55	136
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net (Note (b))	296	214
Reversal of impairment loss of non-current assets and contract assets, net (Note (b))	—	(2)
Research and development costs	5,790	5,183

Notes:

- (a) The net provision for obsolete and slow-moving inventories for the period is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.
- (b) Included in "Administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Interest on borrowings	902	875
Interest on lease liabilities	177	96
Other finance costs	337	273
	1,416	1,244

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
Charge for the period	2,259	2,273
Deferred tax expense/(income)	253	(66)
Total tax charge for the period	2,512	2,207

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 2025 and 2024.

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

9. INCOME TAX EXPENSES (continued)

OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development (“OECD”) published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws (“**Pillar Two legislation**”) to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group fell into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure. As at 30 June 2025, the Group mainly operates in the Mainland of China, in which exposures to Pillar Two income taxes might exist in the future although the legislation is not yet substantively enacted or enacted. Besides, certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation had been enacted or substantively enacted, but not yet in effect and certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation has become effective. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

10. DIVIDENDS

At the annual general meeting on 28 May 2025, the shareholders of the Company approved the payment of a final dividend of RMB9.65 per 10 shares (further adjusted to RMB9.6504 per 10 shares as per announcement of the Company dated 20 June 2025) for the year ended 31 December 2024. The final dividend of approximately RMB8,997 million in total was paid on 25 July 2025 to shareholders whose names appeared on the register of members of the Company on 4 July 2025.

Subsequent to the end of the current interim period, the Directors of the Company recommend the payment of an interim dividend for the six months ended 30 June 2025 of RMB2.69 (for the six months ended 30 June 2024: nil) in cash for every 10 shares (inclusive of tax), totaling approximately RMB2,507 million.

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 ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period, as adjusted to exclude the repurchased share.

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

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

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited) (Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company		
used in calculating basic and diluted earnings per share	12,033	10,410

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the		
purpose of calculating basic earnings per share	9,226,833,196	9,218,228,718
Effect of dilutive potential ordinary shares:		
Share awards	68,210,943	61,431,976
Share options	2,237,780	4,998,590
Weighted average number of ordinary shares in issue		
during the period used in the diluted earnings		
per share calculation	9,297,281,919	9,284,659,284

12. RELATED PARTY TRANSACTIONS

- (a) During the period, in addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with the Group's related parties (and their affiliates):

Relationship	Nature of transactions	For the six months ended 30 June	
		2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
Associates	Sale of goods and services	1,550	1,185
	Purchase of goods and services	10,455	9,997
	Interest income	412	440
	Interest expenses	14	—
	Service fee	4	4
Haier	Sale of goods and services	515	761
Affiliates	Purchase of goods and services	5,444	5,762
(Note)	Other service fee expenses	30	57

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

As at 30 June 2025, included in the Group's cash and cash equivalents and financial assets measured at amortised cost, prepayment, deposits and other receivable, other payable and accruals and derivative financial instruments are balances of RMB20,194 million, RMB13,772 million, RMB1,487 million, RMB17 million and RMB1 million (liabilities) respectively (31 December 2024: RMB20,499 million (restated), RMB13,386 million (restated), RMB1,164 million, RMB2 million and RMB2 million (assets)) placed with Haier Group Finance Co., Ltd. which is an associate of the Group and is a financial institution approved by the People's Bank of China.

As at 30 June 2025, included in the Group's prepayments, deposits and other receivables are amounts due from Haier Affiliates approximately RMB309 million (31 December 2024: RMB561 million (restated)) and amounts due from associates approximately RMB17 million (31 December 2024: RMB557 million (restated)).

As at 30 June 2025, included in the Group's contract liabilities, other payables and accruals are amounts due to Haier Affiliates approximately RMB344 million (31 December 2024: RMB279 million (restated)), amounts due to associates approximately RMB6 million (31 December 2024: RMB1 million (restated)) and dividend payable to controlling shareholders approximately RMB2,545 million (31 December 2024: Nil).

Note: Haier Affiliates include Haier Group's subsidiaries.

12. RELATED PARTY TRANSACTIONS (continued)

- (b) Compensation of key management personnel (including the directors, chief executive and supervisors of the Company) of the Group:

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	9,947	13,648
Post-employment benefits	940	917
Share-based payment	37,349	31,682
Total compensation paid to key management personnel	48,236	46,247

13. PROPERTY, PLANT AND EQUIPMENT

During the six month ended 30 June 2025, the Group acquired RMB3,224 million (six months ended 30 June 2024: RMB3,055 million (restated)) of property, plant and equipment.

14. INVENTORIES

	30 June	31 December
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Restated)
Raw material	6,445	6,670
Work in progress	428	388
Finished goods	36,647	36,131
	43,520	43,189

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

15. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Trade receivables	32,243	27,564
Less: Allowance for expected credit losses ("ECL")	(1,118)	(1,069)
Trade receivables, net	31,125	26,495
Bills receivables	6,909	12,181
Less: Allowance for ECL	(1)	(1)
Bills receivables, net	6,908	12,180
Total	38,033	38,675

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.

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 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
1 to 3 months	28,502	24,434
3 months to 1 year	2,414	1,801
1 to 2 years	658	689
2 to 3 years	359	388
Over 3 years	310	252
	32,243	27,564

15. TRADE AND BILLS RECEIVABLES (continued)

As at 30 June 2025, included in the Group's trade and bills receivables are amounts due from Haier Affiliates approximately RMB411 million (31 December 2024: RMB324 million) and amounts due from associates approximately RMB678 million (31 December 2024: RMB555 million).

As at 30 June 2025, the Group's bills receivables of approximately RMB2,343 million (31 December 2024: RMB5,068 million) were pledged to secure the Group's bills payables. The Group's bills receivables of approximately RMB68 million (31 December 2024: RMB47 million) were pledged to secure the Group's loans.

16. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Trade payables	53,258	54,666
Bills payables	25,408	21,220
	78,666	75,886

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 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Within 1 year	77,857	74,993
1 to 2 years	354	523
2 to 3 years	170	135
Over 3 years	285	235
	78,666	75,886

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

As at 30 June 2025, included in the Group's trade and bills payables are amounts due to Haier Affiliates of approximately RMB1,405 million (31 December 2024: RMB1,121 million (restated)) and amounts due to an associate of approximately RMB1,589 million (31 December 2024: RMB1,200 million (restated)).

As at 30 June 2025, the Group's bills payables were secured by the pledge of the Group's bank deposits amounting to approximately RMB723 million (31 December 2024: RMB484 million) and the Group's bills receivables amounting to approximately RMB2,343 million (31 December 2024: RMB5,068 million).

17. INTEREST-BEARING BORROWINGS

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Audited)
Current		
Bank loans — unsecured	22,740	23,599
Bank loans — secured	268	528
	23,008	24,127
Non-Current		
Bank loans — unsecured	10,412	9,557
Bank loans — secured	184	109
Notes — unsecured (Note)	3,500	—
	14,096	9,666
Bank loans — unsecured	33,152	33,156
Bank loans — secured	452	637
Notes — unsecured (Note)	3,500	—
	37,104	33,793
Total current and non-current	37,104	33,793
Borrowing repayables		
Within one year or on demand	23,008	24,127
In the second year	5,515	2,274
In the third to fifth years, inclusive	8,141	6,832
Over five years	440	560
	37,104	33,793

Included in the Group's interest-bearing borrowings are borrowings of RMB2,294 million (31 December 2024: RMB196 million) from Haier Group Finance Co, Ltd. which is an associate of the Group and is a financial institution approved by the People's Bank of China.

The Group's loans are secured by:

- (i) the pledge of the Group's trade and bills receivables with carrying amount of approximately RMB68 million as at 30 June 2025 (31 December 2024: RMB47 million); and
- (ii) the pledge of the Group's other intangible assets with carrying amount of approximately RMB97 million as at 30 June 2025 (31 December 2024: RMB97 million); and
- (iii) the pledge of the Group's property, plant and equipment with carrying amount of approximately RMB32 million as at 30 June 2025 (31 December 2024: RMBNil).

The Group's loans are guaranteed by:

- (i) Haier Group, the controlling shareholder of the Company, to the extent of approximately RMBNil as at 30 June 2025 (31 December 2024: RMB320 million).

Note: In February 2025, the Group issued a RMB1,500 million notes with maturity of 3 years at annual coupon rate of 1.99%.

In June 2025, the Group issued a RMB2,000 million notes with maturity of 3 years at annual coupon rate of 1.66%.

18. SHARE CAPITAL

The movements of the Company's issued share capital during the period ended 30 June 2025 and 31 December 2024 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 2024 (Audited)	2,858	271	6,309	9,438	9,438
Share repurchased and cancelled (Note a)	(1)	—	—	(1)	(1)
Treasury share cancelled (Note b)	—	—	(54)	(54)	(54)
As at 31 December 2024 (Audited), 1 January 2025 and 30 June 2025 (Unaudited)	2,857	271	6,255	9,383	9,383

Notes:

- (a) During the year ended 31 December 2024, the Company repurchased a total of 1,150,000 H shares at a consideration of approximately HKD27 million which were subsequently cancelled.
- (b) During the year ended 31 December 2024, the Company cancelled a total of 54,051,559 treasury shares in A Shares.
- (c) All shares issued are at par value of RMB1.

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19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

Financial assets**As at 30 June 2025 (Unaudited)**

	Financial assets measured at FVTPL RMB'M	Financial assets measured at FVTOCI RMB'M	Derivative designated as hedges RMB'M	Financial assets measured at amortised cost RMB'M	Total RMB'M
Equity investments designated at FVTOCI	—	5,650	—	—	5,650
Trade and bills receivables	—	—	—	38,033	38,033
Receivables at FVTOCI	—	1,248	—	—	1,248
Financial assets included in deposits and other receivables	—	—	—	4,586	4,586
Financial assets measured at FVTPL	8,815	—	—	—	8,815
Financial assets measured at amortised cost	—	—	—	17,649	17,649
Derivative financial instruments	—	—	79	—	79
Pledged deposits	—	—	—	769	769
Other deposits with limited use	—	—	—	73	73
Cash and cash equivalents	—	—	—	54,514	54,514
	8,815	6,898	79	115,624	131,416

As at 31 December 2024 (Restated)

	Financial assets measured at FVTPL RMB'M	Financial assets measured at FVTOCI RMB'M	Derivative designated as hedges RMB'M	Financial assets measured at amortised cost RMB'M	Total RMB'M
Equity investments designated at FVTOCI	—	6,074	—	—	6,074
Trade and bills receivables	—	—	—	38,675	38,675
Receivables at FVTOCI	—	413	—	—	413
Financial assets included in deposits and other receivables	—	—	—	3,926	3,926
Financial assets measured at FVTPL	1,236	—	—	—	1,236
Financial assets measured at amortised cost	—	—	—	17,630	17,630
Derivative financial instruments	—	—	143	—	143
Pledged deposits	—	—	—	533	533
Other deposits with limited use	—	—	—	70	70
Cash and cash equivalents	—	—	—	54,995	54,995
	1,236	6,487	143	115,829	123,695

19. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**Financial liabilities****As at 30 June 2025 (Unaudited)**

	Derivative designated as hedges RMB'M	Financial liabilities measured at amortised cost RMB'M	Total RMB'M
Trade and bills payables	—	78,666	78,666
Financial liabilities included other payables and accruals	—	33,279	33,279
Derivative financial instruments	440	—	440
Interest-bearing borrowings	—	37,104	37,104
Other non-current liabilities	—	259	259
Lease liabilities	—	6,445	6,445
	440	155,753	156,193

As at 31 December 2024 (Restated)

	Derivative designated as hedges RMB'M	Financial liabilities measured at amortised cost RMB'M	Total RMB'M
Trade and bills payables	—	75,886	75,886
Financial liabilities included other payables and accruals	—	28,291	28,291
Derivative financial instruments	71	—	71
Interest-bearing borrowings	—	33,793	33,793
Other non-current liabilities	—	285	285
Lease liabilities	—	5,833	5,833
	71	144,088	144,159

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. As at each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the those charged with governance twice a year for interim and annual financial reporting.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management estimates the carrying amount financial instruments carried at amortised cost approximately its fair value.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, other deposits with limited use, certain other financial assets measured at amortised cost, trade and bills receivables, other receivables, trade and bills payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments in which was designated at FVTOCI, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires management to determine comparable public companies (peers) based on industry and place of business, and to calculate an appropriate price multiple, such as price to earnings multiple, and EV/Sales multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period. The fair values of the remaining unlisted equity investments designated at FVTOCI are determined with reference to their respective latest available transaction prices.

The Group invests in unlisted investments, which represent equity investments designated at FVTOCI and wealth management products included in financial assets measured at FVTPL issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of receivable at FVTOCI have been calculated by discounting the expected future cash flow using rate currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing borrowings was assessed to be insignificant. The carrying amount of the financial instrument reasonably approximate to fair value.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2025 (Unaudited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Equity investments designated at FVTOCI	26	—	5,624	5,650
Receivables at FVTOCI	—	1,248	—	1,248
Financial assets measured at FVTPL	390	8,317	108	8,815
Derivative financial instruments	—	79	—	79
	416	9,644	5,732	15,792

As at 31 December 2024 (Restated)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Equity investments designated at FVTOCI	26	—	6,048	6,074
Receivables at FVTOCI	—	413	—	413
Financial assets measured at FVTPL	382	746	108	1,236
Derivative financial instruments	—	143	—	143
	408	1,302	6,156	7,866

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For the six months ended 30 June 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)**Liabilities measured at fair value****As at 30 June 2025 (Unaudited)**

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Derivative financial instruments	—	440	—	440

As at 31 December 2024 (Audited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Derivative financial instruments	—	71	—	71

Financial assets	Fair value as at 30 June 2025 RMB'M (Unaudited)	Fair value as at 31 December 2024 RMB'M (Audited)	Fair value hierarchy	Valuation technique	Range	Significant unobservable input(s)	Sensitivity of fair value
Equity Investment designated at FVTOCI — Sinopec Marketing Co., Ltd. Limited	RMB1,329	RMB1,674	Level 3	Market approach	30 June 2025: 44.31-45.21 31 December 2024: 43.59-44.47	Average P/E multiple of peers	1% increase (decrease) in average P/E multiple of the comparable companies would result in increase (decrease) in fair value by 30 June 2025: RMB13.2 million (RMB13.2 million) 31 December 2024: RMB16.8 million (RMB16.8 million)
					30 June 2025: 25.97%-27.97% 31 December 2024: 24.55%-26.55%	Discount for lack of marketability	1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by 30 June 2025: RMB18.1 million (RMB18.1 million) 31 December 2024: RMB22.5 million (RMB22.5 million)
Equity investment designated at FVTOCI — Haier COSMO IOT Ecosystem Technology Co., Ltd.	RMB2,796	RMB2,786	Level 3	Market approach	30 June 2025: 3.51-3.59 31 December 2024: 3.51-3.59	EV/Sales multiple of peers	1% increase (decrease) in EV/Sales multiple of the comparable companies would result in increase (decrease) in fair value by 30 June 2025: RMB22.1 million (RMB22.1 million) 31 December 2024: RMB22.1 million (RMB22.1 million)
					30 June 2025: 32.47%-34.47% 31 December 2024: 32.47%-34.47%	Discount for lack of marketability	1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by 30 June 2025: RMB32.9 million (RMB32.9 million) 31 December 2024: RMB32.9 million (RMB32.9 million)

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value Financial assets/ Financial liabilities	Fair value as at 30 June 2025 RMB'M (Unaudited)	Fair value as at 31 December 2024 RMB'M (Restated)	Value hierarchy	Valuation technique
Receivables at FVTOCI	Assets — 1,248	Assets — 413	Level 2	Discounted cash flow
Financial assets measured at FVTPL — Wealth management products	Assets — 8,317	Assets — 746	Level 2	Discounted cash flow
Derivative financial Instruments				
— Foreign currency forward contracts	Assets — 77 Liabilities — 440	Assets — 139 Liabilities — 71	Level 2 Level 2	Discounted cash flow Discounted cash flow
— Forwards commodity contract	Assets — 2	—	Level 2	Discounted cash flow
— Cross currency interest rate swap contracts	—	Assets — 4	Level 2	Discounted cash flow

Reconciliation of Level 3 fair value measurements

	Equity investments designated at FVTOCI RMB'M	Financial assets measured at FVTPL RMB'M	Total RMB'M
At 1 January 2024 (Restated)	6,452	96	6,548
Total gains or losses:			
— in profit or loss	—	13	13
— in other comprehensive loss	(311)	—	(311)
Others	39	—	39
Additions	8	—	8
Disposal	(140)	(1)	(141)
At 31 December 2024 and 1 January 2025 (Restated)	6,048	108	6,156
Total losses:			
— in other comprehensive loss	(374)	—	(374)
Others	37	—	37
Disposal	(87)	—	(87)
At 30 June 2025 (Unaudited)	5,624	108	5,732

There were no transfers between Level 1 and 2 during the period ended 30 June 2025.

21. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Contracted, but not provided for:		
Property, plant and equipment	5,657	5,920

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm to the current periods presentation.

23. EVENT AFTER THE REPORTING PERIOD

According to the resolution of the 2nd meeting of the 12th session of the Board of Directors of the Company held on 28 August 2025, the profit for the period is proposed to be distributed on the basis of the total number of shares on the record date after deducting the repurchased shares from the repurchased account. The Company declared cash dividend of RMB2.69 (including taxes) for every 10 shares to all shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Industry Overview of the First Half of 2025

1. *China Market*

The nationwide rollout of the home appliance trade-in programs stimulated demand. According to AVC omni-channel data, China's home appliance market (excluding 3C products) recorded RMB453.7 billion in retail sales in H1 2025, up 9.2% year-on-year.

Air Conditioners

Market demand was boosted by hotter-than-usual summer temperatures and expanded household subsidies (from one unit in 2024 to three units in 2025). Retail sales volume rose 15.6% to 38.45 million units, with sales value up 12.4% to RMB126.3 billion (AVC). Upgrades were driven by health and comfort features such as multi-outlet airflow, fresh air, and sterilization, with fresh air penetration in offline channels nearing 10%. Specialized products such as "air-washing" ACs gained traction. High airflow and ultra-high APF efficiency became key selling points, with Level 1 energy-efficiency models accounting for 98% of online and 95% of offline sales.

Refrigerators

The trade-in program supported steady growth. In H1 2025, retail sales reached RMB67.28 billion, up 3.5%, with sales volume of 19.889 million units, up 2.7% (AVC). The product mix continued shifting toward French-door and cross-door models, which represented over 60% of online sales and nearly 80% of offline sales. Flush-mount refrigerators expanded rapidly, with the share rising to 52.1% in the first half.

Washing Machines

The segment grew steadily, supported by essential demand and rising adoption of dryers, mini washers, and garment care appliances. Zone-washing models and Leader's innovative triple-drum *Lazy Wash* (懒人洗) washing machines drove product mix upgrades and consumer demand. According to AVC, retail sales reached RMB47.6 billion, up 11.5%, with sales volume of 21.03 million units, up 10.1% year-on-year. Dryers recorded RMB7.6 billion in sales (+13.7%) on 1.39 million units (+16.3%).

Kitchen Appliances

Driven by continued subsidies, the segment maintained steady growth. According to AVC, retail sales of kitchen and bathroom products grew 3.9% and volumes rose 5.4% year-on-year. Lifestyle-driven categories such as dishwashers and built-in microwave-steam-oven combos performed well, with sales up 6.1% year-on-year, supported by policy expansion and product upgrades. In contrast, integrated stoves declined 27.6% due to weak demand and a sluggish property market.

Key trends included larger capacity (18-place dishwashers, 70L+ steam ovens), greater professional functionality (integration and specialization), higher efficiency in washing, cooking, disinfection, and ventilation, and more lifestyle-oriented designs.

Water Heater Industry

Both electric storage and gas water heaters remained under pressure. In H1 2025, electric storage heaters posted sales of RMB10.6 billion (−1.0%), with volume down 1.6% to 8.13 million units. Gas heaters reached RMB13.1 billion (+2.3%), with volume up 0.7% to 6.05 million units (AVC).

Demand for Level 1 energy efficiency and health-focused models — such as innovative inner tank designs and mineral-enriched water heaters — continued to rise. Large-capacity and premium models also grew in importance. Innovation in superconductivity and energy storage spurred breakthroughs in electric heaters, while gas heaters gained recognition for improved design, faster heating, and enhanced comfort.

Industry Trends

The home appliance industry is growing steadily with ongoing product upgrades, while consumer demand is increasingly polarized between premium and value-for-money segments, putting the mid-range under pressure. Diversified sales channels such as Douyin and Xiaohongshu, together with more transparent information, are accelerating the shift from channel-driven (B2B) to direct-to-consumer (D2C) models. Rising health awareness is driving specialized demand and the emergence of niche categories such as beauty refrigerators, sideboard refrigerators, zone-washing machines, and kitchen air conditioners. Content-driven e-commerce and professional reviews are shaping consumer decisions, while price convergence is making low-price strategies less effective and increasing the pressure on retail capabilities. Short videos and live streaming have become key touchpoints, with content marketing, social sharing, and cross-brand collaborations emerging as new growth drivers. As the younger generation emerges as the core consumer segment, demand for emotional value is rising, prompting companies to strengthen brand building, expand new media engagement, and launch trend-setting products to improve conversion and sustain growth.

2. Overseas Markets

In the first half of 2025, global home appliance markets showed a clear divergence. Developed markets were weighed down by high interest rates and persistent inflation, keeping demand subdued with only modest signs of stabilization, while parts of the emerging world continued to grow. U.S. tariff hikes further reshaped global supply chains and accelerated the trend toward nearshoring, pushing companies to add capacity closer to end markets.

North America: The market remained under pressure from high interest rates, inflation, and a weak housing sector. In H1 2025, large home appliance shipments fell 0.8% year-on-year, while retail sales value inched up 0.5%.

Europe: The market showed signs of gradual recovery. According to GfK, in Italy, the UK, France, and Spain, the sales volume of major appliances reached 17.4 million units, up 2.0% year-on-year, while retail sales value rose 0.4% to EUR7.7 billion. The average unit price was EUR443, down EUR7.1 year-on-year.

South Asia: India's market grew about 2.4% in retail sales value, though sales of air conditioners and refrigerators fell in April–May due to weather conditions. In Pakistan, sales volume rebounded strongly, rising 25% year-on-year, with high-efficiency products gaining significant traction — inverter refrigerators accounted for 75% of sales and inverter air conditioners for 94%.

Southeast Asia: Overall demand softened. In the Philippines, both sales volume and retail sales value posted slight growth, remaining stable. In contrast, Thailand, Indonesia, and Malaysia saw volume declines of 7.4%, 6.6%, and 6% respectively, while Vietnam's sales volume fell nearly 10%, pressured by weaker-than-expected summer temperatures and subdued consumer spending.

Middle East and Africa: Regional markets maintained growth. In Egypt, retail sales value reached USD2.3 billion, up 3% year-on-year. In the Gulf states, value rose 9% to USD1.8 billion. In Saudi Arabia, value stood at USD3.0 billion, down 3% year-on-year due to demand volatility.

Australia and New Zealand:

- **Australia:** Consumer spending remained cautious under high interest rates and rising inflation. Sales volume of major home appliances grew 0.8% year-on-year, while retail sales value fell 2.0%. Currency fluctuations and higher living costs led to price adjustments, with consumers increasingly focused on value for money.
- **New Zealand:** The economy grew slowly and inflation stayed elevated, weighing on discretionary spending. While sales of high-efficiency products increased, overall demand was mixed. Traditional retailers remained stable, while new retail entrants intensified competition, creating a more diversified market landscape.

Japan: The refrigerator, freezer, and washer markets contracted slightly. Overall sales volume declined 1.4% year-on-year, while sales value dropped 1.3%. Refrigerator sales volume fell 2.5%, washer sales volume fell 0.9%, while freezer sales volume grew 2.6%. Structural shifts driven by an aging population are supporting demand for high-value, user-friendly products, but declining real wages and rising prices are constraining overall consumption.

Industry Outlook for the Second Half of 2025

1. China Market

Home appliances have become indispensable to modern living, covering food, clothing care, housing, and bathing. High-quality products enhance daily life, and as AI and smart-home integration advance, appliances are becoming more embedded in everyday routines.

China is already one of the world's largest consumer markets for home appliances, with a substantial installed base. According to AVC, total demand (excluding 3C) reached 647.2 million units in 2024, of which major appliances accounted for 279.82 million units. On average, households purchase about 0.6 large appliances annually, equivalent to RMB1,827 in spending. As categories expand and premiumization and smart features accelerate, per-household spending is expected to continue rising, supporting steady growth for the industry.

2. Overseas Markets

Developed markets are likely to recover only gradually under the weight of higher rates and inflation, but demand will continue to gravitate toward energy-efficient, smart, and premium products, with online channels gaining further share. Cost headwinds, including U.S. tariffs, will remain a challenge. Emerging markets should continue to benefit from urbanization, favorable demographics, and consumption upgrades, with penetration still rising and strong growth in demand for smart and green appliances.

Discussion and Analysis on Overall Operations for the First Half of 2025

During the reporting period, amid increasing external volatilities, the Company strengthened business model, advanced organizational transformation while fully embracing digitalization and AI technologies. By applying AI tools across the entire value chain, we strengthened operational resilience and improved market responsiveness, user experience, operational efficiency, and cost competitiveness in order to enhance profitability.

In the first half of 2025, the Company achieved revenue of RMB156.469 billion, up 10.2% compared to the same period in 2024. The growth was driven by:

- (1) **Domestic market.** Domestic revenue grew 8.8% in the first half of the year. Despite intensifying market competition, we leveraged advantages in R&D, manufacturing, distribution, and services to create value for users. We launched industry leading products such as the Haier Mailang (麥浪) refrigerator and Leader triple-drum *Lazy Wash* (懶人洗) washing machine. We implemented initiatives including digital inventory and digital marketing to expand touchpoints, accelerate product turnover and improve user conversion. Leveraging multi-brand collaborations, Casarte revenue grew by over 20%, and Leader revenue grew by over 15%.
- (2) **Overseas markets.** Overseas revenue grew 11.7% in the first half of the year. During the reporting period, we advanced premium brand strategy to consolidate market leadership. Through enhanced collaboration between each product unit and marketing team, we accelerated product localization and improved retail capabilities. We strengthened marketing, logistics, service, and digital platforms to drive growth. In the first half of 2025, white goods and HVAC businesses continued to outperform the industry in the U.S. and Europe. Emerging markets grew rapidly with revenue up 32% in South Asia, 18% in Southeast Asia, and 66% in Middle East & Africa. The Company continued to implement the integration of CCR and Kwikot in product synergy, market expansion, and technology development, establishing a solid foundation for sustained future growth.

In the first half of 2025, net profit attributable to shareholders of the parent company reached RMB12.033 billion, representing a 15.6% increase compared to the same period in 2024.

- (1) In the first half of 2025, the Company's gross profit margin reached 26.4%, up 0.1 percentage points compared to the same period in 2024. In the domestic market, we focused on implementing 'low cost, high efficiency' strategy to enhance end-to-end cost competitiveness while committing to premium brand strategy overseas to improve user experience, strengthening global supply chain coordination to optimize manufacturing cost, and establishing digital procurement platform as well as cross-border logistics platform.
- (2) In the first half of 2025, the Company's selling and distribution expense ratio was 10.1%, an optimization of 0.1 percentage points compared to the same period in 2024. The Company accelerated digitalization to improve marketing, logistics and warehouse management in domestic market while focusing on building retail capabilities and coordinating global resources to improve operational efficiency overseas.
- (3) In the first half of 2025, the Company's administrative expense ratio was 8.1%, representing an increase of 0.1 percentage points compared to the same period.

In the first half of 2025, the Company's net cash flow from operating activities amounted to RMB11.139 billion, an increase of RMB2.715 billion compared to the same period in 2024, attributable to increased operating profits and improved operational efficiency.

I. Household Food Storage and Cooking Solutions

(I) Refrigeration Business

The refrigeration segment reported global revenue of RMB42.853 billion in H1 2025, up 4.2% year-on-year. Overseas emerging markets remained strong, with revenues in Southeast Asia and South Asia up over 25% year-on-year. According to GfK, the Company's retail market share in China reached 46.4% offline, up 2.3 percentage points year-on-year, and 39.4% online, up 0.4 percentage points.

China Market

In China, the Company enhanced consumer experience in healthy food preservation, integrated flush-mount design, smart scenarios, and energy efficiency, with several products emerging as market bestsellers. In the premium segment, Casarte's *Zhiling* series, equipped with proprietary flush-mount design, MSA nitrogen — oxygen preservation, and bottom-mounted air curtain cooling, achieved sales of 320,000 units, doubling year-on-year. This drove Casarte's offline market share in the RMB20,000+ segment to exceed 70%, while its online market share in the high-end segment expanded rapidly, rising by 1.7 percentage points. In the mid-to-high-end segment, Haier's *Heyue* and *Mailang* series — featuring full-space preservation and ultra-thin zero-clearance design — delivered over 350,000 units in H1, tripling year-on-year, and cumulative sales of 1.5 million units. The *Heyue 625* remained the industry's top-selling single model. In the entry segment, Leader gained share with large-capacity, energy-efficient, and low-noise products. Its *Yueji* series, with a unique corner design and 594mm zero-clearance installation, lifted its share in the RMB2,999–4,999 range by 3 percentage points.

Overseas Markets

The Company advanced localized product designs tailored to climate, power conditions, and space constraints. In South Asia, the *T-door LUMIÈRE* series met demand for large capacity and categorized storage, while improving cooling stability and efficiency under hot and humid conditions with unstable power. Regional retail volume share rose 0.9 percentage points, with revenue up 27% year-on-year. The Company remained No.1 in Pakistan and achieved double-digit growth in other major markets. In Southeast Asia, smart ice-making and *SPACE FIT* series refrigerators captured rising mid-to-high-end demand, taking the Company to No.1 in the region. Market share reached 17%, up 3 percentage points, with Vietnam and Thailand posting the fastest growth.

In terms of technological and product reserves, the Company introduced the *AI Vision* food recognition system (trained on 5 million+ images, backed by 100+ patents, identifying 200+ ingredients with mobile tracking), premium flush-mount installation technology (custom panels, six-way adjustment, hydraulic levelling, 30-minute installation), and upgraded *AI nitrogen — oxygen preservation*. These technologies will be applied in new premium models to be launched in H2 and are expected to expand share in the RMB10,000+ segment while improving margins.

(II) Kitchen Appliance Business

In H1 2025, kitchen appliances delivered global revenue of RMB20.672 billion, up 2.0% year-on-year, with sales exceeding 8 million units. According to GfK, the Company's market share in China reached 9.2% offline (+1.8ppts) and 6.7% online (+0.5ppts).

China Market

Amid a weak housing market, the Company focused on trade-in demand and consumption upgrades, launching the constant-airflow silent hood (for low-noise open kitchens), adaptive cooktops (adjusting heat to cookware and cooking method), space-saving steam-oven combos, along with AI Vision recognition and smart lift hood functions. By partnering with leading renovation companies to bundle full-suite built-in kitchens into renovation packages and carrying out community renovation campaigns in key cities, the Company accelerated penetration in the stock housing market. Casarte kitchen appliances grew revenue over 40% year-on-year, retaining leadership in the RMB10,000+ segment.

Overseas Markets

The Company executed localized strategies adapted to space, cooking habits, and efficiency standards. In North America, despite slower housing starts and increased promotional activity in the first half of 2025, the Company leveraged local manufacturing to ensure a stable supply. The launch of the *Profile* built-in steam-oven combo and the *AJEX* freestanding induction range secured 4,000 prime displays in key retailers, including The Home Depot, boosting product visibility and consumer reach. In Southeast Asia, compact and efficient kitchen suites for small homes drove the Philippines into the top three market positions. In South Asia, sales in Pakistan rose 23% year-on-year, consolidating leadership in premium built-ins. In Middle East & Africa, sales of premium built-in suites nearly doubled as a share of the business.

II. Household Laundry Solutions

In the first half of 2025, the washing machine business achieved global revenue of RMB32.005 billion, up 7.6% year-on-year, by deepening three core strategies: technological innovation, omni-channel marketing, and comprehensive cost optimization. According to GfK, the Company continued to lead the domestic industry with an offline retail share of 46.4%, up 1.5 percentage points year-on-year, and an online retail share of 38.8%, up 0.9 percentage points year-on-year. Euromonitor ranked the Company number one in market shares in Australia, New Zealand, Italy, Spain, Pakistan, and Vietnam.

China Market

Washing machine business is committed to providing users with outstanding laundry experience and leading the industry upgrade by leveraging product innovation and technological advancement. In response to user demands for integrated washing and drying, efficient drying, and large capacity, the Company launched the Casarte Languang (攬光) Pro washer-dryer suite. This product features a variable frequency motor with full-time 1:1 forward and reverse rotation, preventing tangling and ensuring thorough drying. It includes gentle care functions for washing precious fabrics like wool. The wash-dry feature automatically starts preheating 15 minutes before the wash cycle ends, enhancing wash-dry efficiency. The 580mm ultra-thin design can be fitted seamlessly with cabinet. 12kg Casarte washing machines and washer-dryer combo contributed to over 30% revenue growth, driving market share in price segment above RMB15,000 to over 90%.

The Company launched the Casarte Zhongzi Ronglang (中子•融朗) wash-dry-care all-in-one machine equipped with AI Vision, which manages water levels and detergent ratios, enhancing washing effectiveness. The AI Smart Eye effectively prevents laundry from getting caught and small items from being missing, while detecting residual washing foam and automatically commanding second-round rinsing. This product helped achieve over 95% market share in the price segment above RMB20,000 only two months since its launch.

Addressing consumer demand for separate laundry, Leader brand launched the “*Lazy Wash* Washing Machine (懒人洗)” featuring triple-drum design with independent water circulation that enables simultaneous washing, while addressing vibration challenges and ensuring stability using an integrated steel frame and three coordinated direct-drive motors. This washing machine has become a phenomenal hit as it precisely meets young consumer needs.

As online shopping penetration continued to rise, our washing machine business increased investments in mainstream platforms to enhance page design and create immersive shopping experiences. To capture opportunities from the rise of social commerce, we established official accounts on Douyin, Kuaishou, and Xiaohongshu, creating engaging short videos showcasing product features to promote user interaction. In the first half of 2025, sales through e-commerce channels accounted for over 40% of total domestic laundry sales.

Overseas Markets

We increased market share through highly differentiated and competitive products with retail-oriented go-to market strategies. In Europe, we launched ultra-slim built-in front-load washing machines with 0.8-meter depth to fit premium kitchen designs. In emerging markets, we maintained our commitment to high-end brand development by transitioning product mix from twin-tub to front-load washing machines while pursuing growth opportunities through differentiated products like the X Series and L+ models. During the reporting period, revenue grew by over 40% in South Asian and the Middle East & African markets, while Southeast Asian revenue increased by more than 30%.

III. Air Solutions

During the reporting period, the Company’s air solution business realized revenue of RMB32.978 billion, up 12.8% year-on-year.

(I) Home Air Conditioner Business

Driven by continuous improvement in product competitiveness, further expansion of POP channel touchpoints, and enhanced e-commerce platform capabilities in the domestic market, along with strengthened end-to-end competitiveness in overseas markets, the home air conditioner business achieved revenue growth of over 10% in the first half of 2025. Market share performance: (1) In the domestic market, according to GfK, our offline and online retail market share for air conditioners reached 19.7% and 11.3% in the first half of 2025, up 1.17 and 0.9 percentage points year-on-year, respectively. (2) In overseas markets, according to GfK data, the Company ranked first in both the ITS channel share in Italy and the retail market share in Spain; in Egypt, the Company broke into the top three; in Pakistan, the Company maintained its leading industry position with 45% market share.

We strengthened innovation leadership with a focus on leading industry trends for high energy efficiency, healthy, and comfort features. We leveraged in-house manufacturing of core components such as compressors and PCBs, along with supply chain efficiency improvements, to enhance cost competitiveness and strengthen retail competitive advantages. (1) Our newly launched Haier Energy-Saving series air conditioners feature an APF value of 6.12, utilizing AI smart energy-saving technology to reduce daily power consumption to just 2 kWh in cooling mode, and equipped with bipolar ion sterilization and self-cleansing technology to ensure clean airflow. Sales reached 1 million units in the first half of the year, ranking among the top 10 for sales volume on e-commerce platforms during the 618-shopping festival. (2) The Haier Smart-Wind series air conditioners feature innovative Reuleaux triangular wind deflection technology, using mechanical arms to precisely control deflector angles, completely solving the direct airflow pain point for users. Sales exceeded 410,000 units within six months of launch, driving year-on-year volume growth of over 140% in high-end air conditioner sales priced above RMB3,000 per unit.

China Market

The Company effectively enhanced our competitiveness in POP and e-commerce channels through digital inventory and marketing transformation, driving rapid business development. (1) POP channels: we helped distributors establish an asset-light operating model where inventory is shared across all channels and online bestsellers are also sold in physical stores, thereby accelerating touchpoint expansion and improving retail efficiency. In the first half of 2025, our POP channel retail sales grew by over 100% and distributor inventory turnover efficiency improved by more than 30%. (2) E-commerce channels: by establishing an end-to-end conversion system from “brand awareness to user traffic to product sales”, and developing an industry-leading portfolio of energy efficiency products, we improved operational efficiency and achieved nearly 50% revenue growth among e-commerce channels during the first half of the year. Our share in emerging e-commerce channels such as Douyin and Kuaishou rose rapidly, with over 5-percentage-point year-on-year increases respectively.

Overseas Markets

The Company strengthened multi-brand synergies, expanded solution-based products, and further localized supply chain, achieving revenue growth of over 15% year-on-year.

In the European market, leveraging the “Haier+Candy+HEC” multi-brand portfolio strategy, we continuously improved channel penetration and user coverage. According to GfK data, Haier air conditioner sales volume share in Italy’s ITS channel reached 20.8%, ranking first in the industry; retail channel share in Spain reached 8.7%, also ranking first. We accelerated solution-based product deployment, and launched Haier SENSE product series which have won the German Red Dot Design Award.

In emerging markets, we focused on building end-to-end capabilities for the Haier brand, creating optimal user experiences and building market reputation. ① In Egypt, we launched the industry's first R32 cooling-only inverter air conditioner to address local pain points of high temperatures and expensive electricity. By leveraging our local factory's agile supply advantage and strengthening brand store development, we increased our market share to 16%, breaking into the top three. ② In Pakistan, we launched solar-powered air conditioners that provide cooling in high-temperature conditions with zero grid power consumption, allowing users to recoup purchase costs within two years, helping us increase market share by 2 percentage points to reach 45%.

(II) *Smart Building Business*

In the first half of 2025, we deepened our core technology deployment in magnetic and air bearing, accelerated the implementation of innovative products and solutions in the domestic market, and continued to enhance our localized operations and professional capabilities in overseas markets, achieving sustained and healthy development. Our market share expanded both domestically and internationally: according to China IOL data, from January to June 2025, our domestic central air conditioning market share increased by 0.4 percentage points year-on-year to 10.5%, ranking among the top three in the industry; our export market share rose by 0.7 percentage points year-on-year to 16.2%, ranking second in the industry.

We continued to focus on core technology R&D in magnetic and air bearing, AI, and high-efficiency energy conservation, using breakthrough innovations to enhance product performance and user experience, establishing industry standards, and consolidating our market leadership position. (1) Building on our deep technical expertise accumulated over 20 years in magnetic and air bearing technologies, we led the development of China's first national standard for magnetic and air bearing central air conditioning — the "Oil-free Bearing Centrifugal Chiller (Heat Pump) Units" national standard. This filled a technical standards gap and promoted green transformation across the industry through high energy efficiency thresholds. (2) During the reporting period, our proprietary static pressure air bearing technology filled the gap in large-capacity magnetic and air bearing technology in the domestic market. Our 600RT air bearing centrifugal chiller equipped with this technology achieves oil-free operation and ultra-long service life design, with energy efficiency improved by 50%, providing green and efficient solutions for high-capacity, high-reliability scenario application such as data centers and large hospitals. We enhanced the innovative integration of AI technology with hardware, which enabled our multi-split systems to reach 192HP by combining single 48HP modules. This resulted in the industry's largest single-unit capacity, with 30% energy savings and 10% reduction in equipment usage, and this product won the "Innovation Product Award" at China Refrigeration Expo.

In the Yancheng Xifu River Green and Low-Carbon Science and Technology Innovation Park project, Haier Smart Building provided solutions for centralized management and smart operations of 12 buildings in the park through IoT multi-split systems and HCM03 local control systems, saving nearly 1 million kWh of electricity annually.

China Market

The Company strengthened our foundation for long-term development through deepening our networks, enhancing professional capabilities, and diversifying our brand portfolio. (1) **Deepening local networks and improving response efficiency:** We expanded operations in regional markets to precisely cover key touchpoints and strengthen localized service capabilities and market responsiveness. Our regional network coverage rate increased to 78%, and average service response time has been reduced to 24 hours. (2) **Strengthening professional capabilities to ensure user experience:** We focused on building professional capabilities of our frontline teams through systematic training and standardized processes, improving professional standards across sales consultation, installation, and after-sales services. In the first half of 2025, we offered specialized training to over 12,000 participants, only 0.97% of work orders remained unresolved over one day. (3) **Introducing the PROFROID brand to target high-end market:** During the reporting period, we strategically introduced PROFROID, a global leading brand in CO₂ refrigerant applications and HVAC refrigeration from CCR, to the Chinese market. PROFROID will integrate CCR's leading patents and technology in CO₂ application with Haier HVAC's core technological advantages. In alignment with China's "carbon peaking and carbon neutrality" strategic policies, we will progressively introduce low-GWP, highly efficient, reliable, and technologically advanced HVAC refrigeration solutions using R410a/R32/R290/R740 (CO₂) refrigerants to turbocharge our development in the high-end market.

Overseas Markets

The Company focused on enhancing localized competitiveness in product solutions, professional channels, and supply chains to drive rapid business growth. (1) Building differentiated competitive product solutions: We deeply integrated domestic and international product platforms to systematically optimize cost structures. Through in-depth insights into local demands, we created comprehensive product solutions tailored for local markets that combine cost competitiveness with high compatibility. For example, in Middle East and Africa, our cabinet units dedicated to living rooms were integrated with our domestic platform, increasing parts commonality by over 15% and reducing overall costs by 6%. (2) Implementing in-depth country-specific development: We adopted a market segmentation strategy. In mature markets, we built on our professional expertise to solidify our leading market position. Our goal was to achieve number one in market share by making progress across dimensions of product lines, regions, and sales channels. In less penetrated markets, we accelerated channel coverage, achieving breakthrough improvements in both coverage rate and market share. During the reporting period, we expedited development in Europe by acquiring KLIMA KFT, Hungary's leading HVAC channel, which helped us establish a strong distribution network and professional solution capabilities that extend throughout Central and Eastern Europe.

IV. Household Water Solutions

During the reporting period, the water solution business achieved global revenue of RMB9.793 billion through product innovation, deepened market segmentation, and cost initiatives, up 20.8% year-on-year. In China market, according to GfK data, our market share continued to lead the industry, with offline and online retail share reaching 31.4% and 43.0% respectively, up 2.4 and 0.8 percentage points year-on-year. Overseas water heater doubled sales revenue, benefiting from differentiated product innovation and accelerated expansion of sales channels.

China Market

In response to users' upgraded demand for water quality, electric water heaters launched magnesium rod-free solutions to address water quality issues caused by magnesium rod heating. Gas water heaters introduced the new Casarte Boundless (無界) series to solve the challenge of condensed water drainage, utilizing aerospace-grade atomization technology to achieve 100% discharge. This product achieved sales of over 10,000 units within one month of launch. The water solution business also focused on upgrading its offerings from single products to comprehensive solutions, driving product mix enhancement. Specifically, Casarte water heaters and water purifiers both maintained revenue growth above 20%, while heating boiler revenue achieved year-on-year growth of 32%.

Overseas Markets

We strengthened regional product differentiation and innovation. In North America, we launched an industry-leading mixed-water valve heat pump product featuring 1234YF eco-friendly refrigerant with high energy efficiency, superior performance, low noise, and reduced carbon emissions, contributing to overall 40% water heater revenue growth. In Australia, we introduced 330L heat pump water heater with rapid heating, large capacity, energy efficiency, and low noise level, driving overall water heater business revenue growth of over 50%. To improve responsiveness in emerging regions, we established dedicated overseas teams in Southeast Asia, Middle East and Africa, resulting in water heater revenue growth of over 80% in Southeast Asian markets. Driven by the acquisition of South Africa's Kwikot water heater business and development in the UAE, our water heater business achieved breakthroughs in Middle East and African markets.

V. China Operation

During the reporting period, we deepened digital transformation in both inventory and marketing, while strengthening our multi-brand strategy. Through building a digital operating system across channels, we improved efficiency and enhanced customer and consumer experience.

Digital Inventory: Streamlined Operations and Faster Fulfillment

By introducing shared digital inventory in POP channels and a One-inventory TC model in franchised stores, the Company eased distributors' capital and warehousing pressure, enabling them to focus more on retail execution. In the first half of the year, the POP channel added over 100 new distributors, while the sales contribution of bestselling models increased by 6 percentage points. In franchised stores, the share of orders delivered directly through the One-inventory system rose from 29% to 55%, driving a 22% increase in retail sales for participating distributors.

Logistics and service capabilities were upgraded in parallel. Coverage for 24/48-hour delivery expanded to 298 additional counties, while 12-hour delivery was extended to 30 counties. Integrated delivery-and-installation services now reach 99.9% of the network. Meanwhile, by sharing inventory across online and offline channels and applying AI-based demand forecasting for warehouse allocation, product turnover improved significantly. In the air-conditioning category, for instance, inventory turnover days were reduced by 17%.

Digital Marketing: Enhancing User Reach and Conversion Efficiency, and Brand Presence

Leveraging our self-developed digital marketing model, the Company achieved more efficient user targeting, conversion, and retention. From January to June, we generated 526,400 leads, translating into RMB1.49 billion in retail sales. By building CTC (Content-to-Consumer), OTO (Online-to-Offline), and OMO (Online-Merge-Offline) capabilities, the Company strengthened traffic acquisition and conversion, creating an end-to-end monetization pipeline. On Douyin, high-engagement A3-tier users grew 52% year-on-year, while user-initiated searches on Xiaohongshu increased 26%, gradually establishing a competitive moat in brand influence.

At the same time, the Company developed a three-tier communication matrix of KOL–KOE–KOS, and introduced an AI-powered influencer selection tool on Xiaohongshu. These initiatives improved account operation efficiency by 15% and increased quality content exposure by 16% year-on-year.

Strengthening Multi-Brand Synergy to Broaden Consumer Reach and Consolidate High-End Leadership

Casarte focused on blockbuster products in core price bands and integrated suite solutions, while advancing new media operations and upgrading its digital store system. In the first half of 2025, revenue grew by more than 20% year-on-year, with market share reaching 12.3%, up 0.9 percentage points (GfK). By expanding new media presence and enhancing online offerings, the brand improved traffic acquisition and conversion efficiency, driving a higher share of online sales.

Haier, under the theme of *AI for Home*, accelerated its transformation toward youthfulness, globalization, and technology leadership. Retail sales rose 18% in the first half, with membership surpassing 130 million. For young consumers, the “Little Red Flower” suite exceeded 1.2 million units in retail sales, while the “Mailang” suite targeted middle-class households with AI-powered health-focused and smart home experiences. Meanwhile, 166 new experience centers and flagship stores were opened across tier-1 and tier-2 cities, enhancing product showcases and shopping experiences.

Leader continued to target young consumers with innovative offerings designed around personalization, aesthetics, and efficiency needs, such as the triple-tub washing machines, shaping a differentiated brand identity. Revenue grew more than 15% in the first half of 2025.

Fisher & Paykel, positioned as a super-premium brand under the theme *Luxury Living*, launched the new Series 11 lineup featuring top-tier aesthetics with 3mm seamless built-in and fully concealed designs, which were well received by consumers. Seventeen new experience centers were added, further reinforcing brand presence.

Sanyiniao focused on its smart-home strategy, introducing integrated solutions for HVAC, kitchen, and balcony spaces. HVAC leveraged an AI-driven air model for self-sensing, self-judgment, and self-adjustment, enhancing all-season smart operations. In partnership with Boloni, it rolled out suite-based kitchen solutions — including the Zhijing Max, Conductor PRO, and Connoisseur series — strengthening customization and bundled sales. On the AI front, the Company launched the “Xiaoyou” intelligent agent powered by the Uhome foundation model, enabling vertical AI applications such as AI freshness and AI air in refrigerators and air conditioners — making products more responsive to user needs. Monthly active users of the Smart Home App surpassed 11 million, up 35% year-on-year.

VI. Overseas Markets

In the first half of 2025, the Company delivered revenue of RMB79.079 billion, up 11.66% year-on-year. We strengthened our technology edge through global R&D collaboration, accelerating innovation and enhancing product competitiveness. We optimized our market presence by expanding into HVAC and small appliances, enriching the mid- to entry-level portfolio, and improving channel efficiency in both emerging and developed markets. We advanced our global footprint with deeper local engagement, faster organizational response, and supply chain expansion in Belt and Road countries, capturing new growth opportunities.

North America

During the reporting period, GE Appliances delivered positive year-over-year sales growth, while premium and mass premium brand sales achieved double-digit increases.

The Company continued to expand its portfolio of industry-leading appliance solutions with innovations rooted in technology to help users streamline everyday tasks. CAFÉ Smart Counter-Depth 4-Door French-Door Refrigerator with Dual-Dispense AutoFill Pitcher combines a seamless built-in look that fits with cabinets and counters for a clean design offering unmatched style and functionality. GE Profile made its innovative induction cooking technology more accessible with the launch of an induction range model. This GE Profile™ ENERGY STAR® 30" Smart Slide-In Induction and Convection Range gives consumers access to the speed, precision, responsiveness, easy-to-clean surface and efficiency of induction at price points accessible to a broader range of households. The Company also expanded our portfolio of room air conditioners to include new, powerful solutions across its GE Profile™ and GE® brands just in time for summer months. Air and Water Solutions continued to revolutionize residential water heater solutions with the all-new GE Profile™ GEOSPRING™ Smart Hybrid Heat Pump Water Heater, which utilizes advanced heat pump technology to provide up to 4.7 times more energy efficiency than standard electric water heaters and is up to 20% more energy efficient compared to other heat pump water heaters, it is also selected by Green Builder Media as Sustainable Product of the Year.

Europe

In the first half of 2025, the Company recorded sales revenue of RMB17.995 billion, up 24.06% compared with the same period in 2024.

During the reporting period, Candy brand celebrated 80 years of history with a forward-looking spirit. The top innovations include a brand-new washing machine with a groundbreaking design, created to offer maximum flexibility in garment care and the Active Scent System of the Pro Dry 700 tumble dryer, which releases a delicate fragrance through tablets integrated in the filter. In the kitchen, the most innovative techs take centre stage. Candy ovens stand out for their No Preheat and FullMenu features. In the cooling segment, Panorama Light and Circle Fresh have been extended to the built-in range. Fresco fridges now come in modern colours. I-Master Series 7 Kettle, Toaster and Blender received iF Design Award. In May, the Candy Bake 800 oven and the Candy Fresco 500 refrigerator, to the Hoover HF2 vacuum cleaner, and the Haier I-Master Series 7 small kitchen appliances line received our prestigious Red Dot Awards. All of these award-winning products were created at Milan Experience Design Center, the creative hub opened in late 2020 to merge the concepts of design, connectivity, and user experience in the development of appliance solutions.

The deal between Haier, ATP Tour, and the French Tennis Federation (FFT), which began in 2023, includes some of the world's biggest tournaments such as the Roland Garros, Mutua Madrid Open, Hamburg Open, HSBC Championships, European Open Antwerp, Rolex Paris Masters. The Company received over 3 billion mentions during Roland Garros tournament this year.

During the reporting period, we actively advanced the post-acquisition integration of CCR and implemented headquarters synergy initiatives, while maintaining steady business growth. (1) Initial integration benefits emerged as our headquarters and CCR completed collaborative projects across R&D, technology, procurement, and brand expansion, such as the launch of our fourth-generation CDU in the second half of the year, while organizational optimization and integration of our micro-enterprise mechanisms further ignited team initiative. (2) Our core European business returned to growth. While we maintained stability with high-end core clients and expanded our customer base in food retail, we doubled down on regional customer development efforts. (3) Our Asia-Pacific business sustained rapid growth with further expansion into industrial applications, particularly in biopharmaceuticals, food processing, and specialized cold storage. (4) In North America, we focused on accelerating expansion into the industrial equipment market of leading local supermarket chains.

South Asia

During the period, revenue from South Asia grew 32.47% year-on-year to RMB8.666 billion.

India

During the period, the Indian market maintained strong growth, with revenue increasing by over 20% year-on-year. This performance was driven by deep consumer insights and enhanced product differentiation. In response to Indian households' growing focus on energy consumption and vegetarian food refrigeration needs, we launched variable-temperature side-by-side refrigerators with up to 83% of their capacity configurable as refrigeration space. The variable-temperature feature enables flexible food storage and more efficient space utilization. We also launched the Gravity series inverter ACs — India's first fabric-clad AI self-learning air conditioners. Available in seven premium colors such as Morning Mist, Moonstone Gray, and Midnight Dream, the series combines smart cooling technology with fabric aesthetics, enhancing both comfort and the premium look of modern homes. We also strengthened our retail network and improved store performance: while online channels maintained rapid growth, we expanded coverage in national retail chains and traditional offline channels, reaching 65% coverage.

Pakistan

In Pakistan, we drove growth through localized product innovation, upgraded touchpoints, and improved store efficiency. By accelerating in-house supply chain development to enhance cost competitiveness, we increased our high-end market share and price index, achieving over 40% revenue growth and further strengthening our market leadership.

Australia & New Zealand

During the reporting period, sales revenue grew 1.01% to RMB3.258 billion.

The growth was achieved leveraging upgrading product strategy and solution packages such as Haier W790 refrigerator featuring industry leading 5.5/5-star energy efficiency, 7:3 fridge — freezer split with Humidity Zone™ drawer and separate storage bins for more fresh food flexibility; Haier H500–H600 oven with steam-assist function and AI assistant; X11 washer, the industry's first "breathable" product, with Air Cruise technology to address bacterial growth and X11 dryer with dual-engine heat pump technology and 3D perspective drying technology to prevent clothes from tangling. FPA upgraded built-in products including Columns series refrigerators and 90cm Oven while invested in design interactions and strengthened social media presence. The Company also completed 119 cost initiatives, enhanced the efficiency of freight transportation and warehouse operations, increased the prediction accuracy to 60%, and reduced the inventory turnover from 71 days to 63 days.

Southeast Asia

During the period, the Southeast Asian market generated revenue of RMB4.130 billion, representing a year-on-year increase of 18.27%. Market share expanded across the regions. In Thailand, our white goods retail volume share increased by 4.1 percentage points to 14.5%, securing the No.1 position. In Vietnam, volume share increased by 2.2 percentage points to 14.9%. In Malaysia, we entered the top three in the white goods market share.

In terms of products, each market drove growth through differentiated innovations. In Thailand, we launched our first smart voice-controlled air conditioner, enabling voice commands for power, temperature, and airflow adjustment; sales exceeded 1,000 units within three months. In Vietnam, Haier brand washing machines were officially launched, including three premium, highly differentiated products — the L+ high-efficiency heat pump washer-dryer, the Zhongzi (中子) all-in-one washer-dryer-care machine, and the X Series equipped with Air Cruise technology — driving the washing machine share to 21%, up 1.7 percentage points year-on-year. In Indonesia, we launched large-capacity two-door refrigerators with dual independent variable-temperature compartments, dual storage boxes, and a built-in water dispenser, further strengthening our competitiveness.

In terms of the supply chain, we further developed our local capability to reinforce our market position. In Thailand, construction of a new air conditioner plant progressed, optimizing lead times and reducing costs. In Indonesia, we focused on boosting manufacturing efficiency and shortening production cycles. We also implemented direct-from-factory delivery, reducing logistics costs and improving distribution efficiency.

Middle East & Africa

During the reporting period, the Middle East and African market generated revenue of RMB2.440 billion, representing a year-on-year increase of 65.54%.

During the period, we further enhanced our localized manufacturing base layout and drove rapid business growth through key regional partnerships and channel system reforms. (1) Phase I of our Egypt eco-park has achieved localized manufacturing of air conditioners, washing machines, and televisions, while Phase II production lines for refrigerators and other categories are under construction. Our industry-leading localization rate ensured cost advantages in the Egyptian market, with plans to export to neighboring markets in the Middle East and North Africa. (2) Following our acquisition and integration of Electrolux's water heater business in the South African market, we leveraged our global network to enhance Kwikot water heater products across procurement, R&D, and manufacturing, while actively utilizing Kwikot's local channel advantages and logistics network to expand sales of Haier brand water purifiers, refrigerators, washing machines, and other white goods in South Africa and surrounding markets. (3) We further optimized channel incentive mechanisms in Saudi Arabia and the Gulf region while advancing digital transformation to stimulate sales team motivation and overall operation efficiency. (4) Additionally, we continued promoting brand and product mix upgrades in key regions, increasing the proportion of mid to high-end product sales to uplift our premium brand positioning and unify brand image.

Japan

During the reporting period, the Company recorded sales revenue of RMB1.958 billion, up 7.17% year-on-year, ranking 2nd with 14.8% volume market share in refrigerator, 1st in freezer with 40.4% and 2nd in washing machine with 18.0%.

The Company introduced a collection of innovative products including AQUA NewDelie and Freezia refrigerator series; new heat pump washing machine that ranked 1st in 10kg range and helped grow total market share by 1.2 percentage points, Haier MX high-end air conditioners with self-cleansing, WIFI control and AI energy saving functions. The Company continued to work with Yuzuru Hanyu as the brand Ambassador to launch several campaigns across multiple platforms to capture maximum attention.

VII. Digital Transformation

During the reporting period, the Company accelerated the deployment of AI across all processes and established a data-driven, intelligent decision-making, and closed-loop optimization system, strengthening its advantages in product innovation, cost efficiency, and operational excellence.

In product innovation, the Company introduced an AI-driven demand insight system and standardized data platform, enabling precise identification of user needs and faster discovery of new opportunities. Supported by intelligent decision-making models, product portfolio efficiency improved by 13% in the first half.

In cost management, the Company advanced full-chain digital restructuring. In R&D, the digital BOM system and intelligent costing models reduced design costs by 5.98% and streamlined material codes by 18%. In procurement, a transparent digital platform enhanced supplier onboarding efficiency by 28%, while new technology solutions unlocked potential savings exceeding RMB1 billion. In overseas operations, a pilot program in Thailand achieved end-to-end digital management of suppliers, materials, orders, and operations, driving a 20% improvement in efficiency and generating over USD40 million in collaborative value.

In supply chain and logistics, the Company established an integrated digital system covering forecasting, production planning, inventory, and order management. Daily output at domestic manufacturing bases rose by 14%, planning accuracy improved by 9.7 percentage points, and production scheduling time was reduced from 2 hours to 0.5 hours. Order response cycles shortened to 8.9 days. In logistics, AI-enabled warehousing, intelligent dispatch, and upgraded service assistants reduced logistics costs by 0.5%, enhanced labor productivity by 11%, and improved raw material VMI unit cost by 14%, with retail logistics success rates up by 5.35%.

Development Plan for the Second Half of the Year

Looking ahead to the second half of 2025, faced with changing user demand and competitive landscape, we will drive steady growth through systematic innovation to accelerate market share expansion and consolidate global leadership.

In the domestic market, we will continue to deepen digital inventory and marketing transformation to stay ahead. We will strengthen multi-brand synergies, with Casarte brand focusing on innovation and experience to create value for users, so as to strengthen high-end market leadership.

In overseas markets, we will focus on strategic upgrade and efficiency improvement to drive breakthroughs. We will continue upgrading global brand portfolio while strengthening localization capabilities and refining operations across all business processes. We will prioritize retail transition to expand market capacity through optimizing distributor and user experiences. At the operational level, we will integrate global platforms in quality control, logistics, services and digitalization to optimize resource allocation, improve market responsiveness, reduce cost and enhance efficiency, thus driving steady growth.

Potential Risks of the Company

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibit inherent cyclicity tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic downturn will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances negatively.
2. Risk of price war caused by intensified industry competition. As the industry concentration level has continued to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory levels in specific verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talent in the industry, shortened product life cycles, and the relative ease of copycatting increase the difficulty of maintaining margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain our brand awareness.

3. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminium, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressure on production and operations. In addition, the Company relies on third-party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in the supply chain or significant price increases will hurt the Company's business. As a leader in the industry, the Company will take actions and have contingency plans, including volume and price adjustments mechanisms and hedging to reduce the volatility of raw material prices.
4. Operational risks in overseas markets. As evidenced by the growing share of revenue from overseas markets, the Company has expanded its global business to a certain extent and established production bases, R&D centres, and marketing centres in key international regions. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose particular risks to the Company's local operations. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the selling expenses, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect our employees and assets.
5. Risk of tariff increases. Potential tariff policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage our localised supply chain resources in respective markets, further optimise supply chain management, enhance production flexibilities, and strengthen regional manufacturing and collaboration capabilities.
6. Risk of exchange rate fluctuations. In conjunction with the Company's ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies, including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these currencies fluctuate to a certain extent, it will impact the Company's financial performance and potentially increase the economic costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while subsidiaries' financial statements are measured and reported in the local currencies where they operate. To mitigate these exposures, the Company maintains a structured currency risk management program utilising authorised hedging instruments.

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and the property market. Changes in macroeconomic policies, consumption and investment policies, property policies, and relevant laws and regulations will affect demand, and in turn, the sales of the Company. The Company will closely monitor changes in applicable policies, rules, and regulations, and make forecasts of market changes to ensure the Company's further development.
8. Credit risk. There are possibilities that either the Company may be unable to collect all trade receivables from its distributors, or the distributors are unable to settle the Company's trade receivables promptly. If that is the case, the Company's business, financial status, and operational performance may be affected negatively. To mitigate this risk, the Company will maintain flexibility by offering a credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.
9. Inventory risk. Excess inventory may occur because the Company cannot always accurately predict trends and events, which can lead to suboptimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, an inventory shortage may lead to a loss of revenue. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.
10. Capital expenditure risk. In the current macroeconomic environment characterised by a slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme cases. This could lead to a low utilisation rate across the industry, which in turn would lower profitability and ROEs. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimising capacity footprint, and improving existing utilisation rate, to minimise capital expenditure risks.

FINANCIAL REVIEW

In the first half of 2025, the Group's revenue amounted to approximately RMB156,469 million, representing an increase of 10.2% from RMB141,981 million (restated) in the first half of 2024.

Profit attributable to owners of the Company amounted to RMB12,033 million, representing an increase of 15.6% from approximately RMB10,410 million (restated) in the first half of 2024.

1. Analysis of Revenue and Profit

	For the six months ended		
	30 June		
Items	2025	2024	Change
	RMB'M	RMB'M	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Revenue			
Household Food Storage and Cooking			
Solutions	138,301	128,481	7.6
— Refrigerators/ Freezers	42,853	41,128	4.2
— Kitchen Appliances	20,672	20,275	2.0
Air Solutions	32,978	29,235	12.8
Household Laundry Management			
Solutions	32,005	29,737	7.6
Household Water Solutions	9,793	8,106	20.8
Other Business	67,687	59,842	13.1
Inter-segment elimination	(49,519)	(46,342)	6.9
Consolidated revenue	156,469	141,981	10.2
Adjusted operating profit*	13,200	11,689	12.9
Profit attributable to owners of the			
Company	12,033	10,410	15.6
Earnings per share attributable to			
ordinary equity holders of the			
Company			
Basic			
— For profit for the period	RMB1.30	RMB1.13	15.0
Diluted			
— For profit for the period	RMB1.29	RMB1.12	15.2

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

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

	For the six months ended 30 June		
	2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)	Change %
China	77,390	71,157	8.8
Other countries/ regions	79,079	70,824	11.7
Total	156,469	141,981	10.2

As at 30 June 2025, the Group's foreign assets amounted to RMB148,128 million, representing 49.1% of the total assets. In the first half of 2025, the Group's revenue and operating profit from foreign assets amounted to RMB79,079 million and RMB4,721 million respectively.

In the first half of 2025, the Group's revenue amounted to RMB156,469 million, representing an increase of 10.2% from approximately RMB141,981 million (restated) in the first half of 2024. (1) In the domestic market, the Group's revenue grew 8.8% in the first half of the year. ① Facing intensifying market competition, we leveraged our advantages across the entire chain of R&D, manufacturing, distribution, and services, focusing on creating value for users. We launched standout products that lead industry trends, such as the Haier Mialang (麥浪) refrigerator and Leader triple-drum effortless (懶人洗) washing machine. ② We implemented transformation initiatives including digital inventory and digital marketing, continuously expanding touchpoints and accelerating product turnover while strengthening user reach and conversion. ③ Through more strategic multi-brand collaborations and leveraging brand synergies, the Casarte brand revenue grew by over 20%, and the Leader brand revenue grew by over 15%. (2) In overseas markets, the Group's revenue grew 11.7% in the first half of the year. ① We advanced our overseas premium brand-building strategy, focusing on achieving market leadership on a country-by-country basis. Through enhanced collaboration between our businesses and micro-enterprises in the market, we accelerated the development of localized products and improved our retail models. We strengthened our capabilities in marketing, logistics, service delivery, and digital platforms to empower country-level micro-enterprises to drive retail success. In the first half of 2025, the Company's white goods and HVAC businesses in the U.S. and Europe continued to outperform the industry. Emerging markets achieved rapid growth: South Asia grew by 32%, Southeast Asia grew by 18%, and Middle East & Africa grew by 66%. ② The integration of the CCR and Kwikot businesses is progressing steadily, with healthy operating performance. Positive progress has been made in areas such as product synergy, market expansion, and technological development, laying a solid foundation for continued growth in the future.

(1) Household Food Storage and Cooking Solutions

Revenue from refrigerators/freezers increased by 4.2% from approximately RMB41,128 million in the first half of 2024 to approximately RMB42,853 million in the first half of 2025. The growth in refrigerator/freezer revenue was driven by: ① product portfolio upgrade in the domestic market which addressed core demands for large capacity, flush built-in design, freshness preservation, energy efficiency, and quiet operation; ② the design of localized products in overseas markets targeting different regions' climate conditions, power stability, and space constraints.

Revenue from kitchen appliances increased by 2.0% from approximately RMB20,275 million in the first half of 2024 to approximately RMB20,672 million in the first half of 2025. Revenue growth in kitchen appliances was driven by ① trade-in and upgrade demand in the Chinese market, and ② the implementation of localization strategies in overseas markets.

(2) Air Solutions

Revenue from air-conditioners increased by 12.8% from approximately RMB29,235 million in the first half of 2024 to approximately RMB32,978 million in the first half of 2025. The home air conditioner business continued to enhance product competitiveness, expand domestic market channels, and strengthen end-to-end competitiveness in overseas markets, achieving steady global revenue growth. The smart building business deepened its core technology deployment in magnetic and air levitation, accelerated the implementation of innovative products and solutions in the domestic market, and continuously improved localized operations and professional capabilities in overseas markets, delivering sustainable and healthy development.

(3) Household Laundry Management Solutions

Revenue from washing machines increased by 7.6% from approximately RMB29,737 million in the first half of 2024 to approximately RMB32,005 million in the first half of 2025. The washing machine business achieved revenue growth by deepening three core strategies: full-stack technological innovation, omni-channel marketing, and comprehensive cost optimization.

(4) Household Water Solutions

Revenue from water appliances increased by 20.8% from approximately RMB8,106 million in the first half of 2024 to approximately RMB9,793 million in the first half of 2025. The water solution business increased market share through the core strategies of product technology innovation, deepened market segmentation, and cost leadership.

Profit Attributable to Owners of the Company

In the first half of 2025, the profit attributable to owners of the Company was approximately RMB12,033 million, representing an increase of 15.6% from approximately RMB10,410 million (restated) in the first half of 2024.

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 2025, the adjusted operating profit of the Group amounted to RMB13,200 million, representing an increase of 12.9% as compared to RMB11,689 million (restated) in the first half of 2024. 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 2025 and 2024:

	For the six months ended 30 June	
	2025	2024
	RMB'M	RMB'M
	(Unaudited)	(Unaudited) (Restated)
Profit before tax	14,997	12,981
Adjustment:		
Bank interest income	(900)	(927)
Foreign exchange gains	(881)	(263)
Government grants	(511)	(404)
Return on investments in other financial assets	(71)	(33)
Loss on disposal of subsidiaries	—	4
Finance costs	1,416	1,244
Share of profits and losses of associates	(850)	(913)
Adjusted operating profit	13,200	11,689

Gross Profit Margins

The Group's gross profit margin was 26.4% in the first half of 2025, representing an increase of 0.1 percentage points compared to the same period of 2024. In the domestic market, we focused on cost efficiency by implementing a comprehensive "low cost, high efficiency" system throughout our operations, resulting in year-on-year gross margin improvement. In overseas markets, we continued our premium brand positioning by accelerating the rollout of high-end product displays and enhancing customer experiences. Through building a digitalized procurement platform to improve cost competitiveness, strengthening global supply chain collaboration, and optimizing manufacturing efficiency, we continued to establish a cross-border logistics platform covering all business scenarios, achieving year-on-year gross margin growth.

Selling and Distribution Expenses

The Group's selling and distribution expenses accounted for 10.1% of the revenue, representing an improvement of 0.1 percentage points compared to the same period of 2024. In the domestic market, we advanced digital transformation, improving efficiency in marketing resource allocation, logistics and distribution, and warehouse operations, resulting in an optimized selling and distribution expense ratio year-on-year. In overseas markets, we promoted retail innovation and integrated global resources to enhance operational efficiency, achieving an optimized selling and distribution expense ratio year-on-year.

Administrative Expenses

The Group's administrative expenses accounted for 8.1% of the revenue, representing an increase of 0.1 percentage points compared to the same period of 2024.

2. Financial Position

Items	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Non-current assets	140,425	138,622
Current assets	161,275	152,114
Current liabilities	151,996	149,926
Non-current liabilities	27,125	22,008
Net assets	122,579	118,802

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

As at 30 June 2025, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets increased by 12.7% from RMB55,741 million (restated) as at 31 December 2024 to RMB62,831 million as at 30 June 2025.

Items	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Cash and cash equivalents	54,514	54,995
Wealth management products from other financial assets — Current portion	8,317	746
Total	62,831	55,741

Net Assets

The Group's net assets increased by 3.2% from RMB118,802 million (restated) as at 31 December 2024 to RMB122,579 million as at 30 June 2025.

Working Capital*Trade and Bills Receivables Turnover Days*

The trade and bills receivables turnover days of the Group was 47 days in the first half of 2025, representing an increase of 2 days as compared to that as of the end of 2024, which was due to increased income from sales.

Inventory Turnover Days

The Group's inventory turnover days in the first half of 2025 was 72 days, which remained basically the same as compared to that as of the end of 2024.

Trade and Bills Payable Turnover Days

The Group's trade and bills payables turnover days in the first half of 2025 was 129 days, representing a decrease of 0.7 day as compared to that as of the end of 2024.

3. Cash Flow Analysis

Items	Notes	For the six months ended 30 June	
		2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the period		54,995	56,715
Net cash flow from operating activities	(a)	11,139	8,424
Net cash flow from investing activities	(b)	(10,021)	(9,192)
Net cash flow from financing activities	(c)	(2,065)	(503)
Effect of foreign exchange rate changes, net		466	(42)
Cash and cash equivalents as stated in the statement of cash flows at the end of the period		54,514	55,402

- (a) In the first half of 2025, the Group's net cash inflow from operating activities was RMB11,139 million, representing an increase of RMB2,715 million compared to the same period of 2024, which was mainly due to the increase in operating profit and the improvement in operating efficiency during the reporting period.

- (b) Net cash outflow from investing activities in the first half of 2025 amounted to RMB10,021 million, with the details as follows:

Items	For the six months ended 30 June	
	2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
Payment for purchases of non-current assets	(3,763)	(4,204)
Purchase of wealth management products	(6,956)	(5,536)
Payment for acquisition and proceed from disposal of subsidiaries	131	—
Cash from disposal of fixed assets and leasehold land	17	9
Dividend received from associates	398	394
Interest received from wealth management products	48	84
Net cash inflow from other investing activities	104	61
Net cash flow from investing activities	(10,021)	(9,192)

- (c) Net cash outflow from financing activities in the first half of 2025 amounted to RMB2,065 million, as compared to the net cash outflow of RMB503 million for the same period of last year, with details as follows:

Items	For the six months ended 30 June	
	2025 RMB'M (Unaudited)	2024 RMB'M (Unaudited) (Restated)
Proceeds from borrowings	13,818	6,238
Repayment of borrowings	(14,320)	(4,633)
Repurchase of shares	(856)	(467)
Interest paid	(1,244)	(1,177)
Lease payment	(813)	(815)
Payment of put option liabilities	(2,155)	—
Proceeds from issue of medium-term notes	3,500	—
Net cash inflow from other financing activities	5	351
Net cash flow from financing activities	(2,065)	(503)

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 2025, the Group had a current ratio of 1.1 (31 December 2024: 1.0).

Items	30 June 2025 RMB'M (Unaudited)	31 December 2024 RMB'M (Restated)
Cash and cash equivalents	54,514	54,995
Wealth management products from other financial assets	8,317	746
	62,831	55,741
Less:		
Interest-bearing borrowings	(37,104)	(33,793)
Net balance of cash and cash equivalents and wealth management products from other financial assets	25,727	21,948

As at 30 June 2025, wealth management products from other financial assets amounted to RMB8,317 million (31 December 2024: RMB746 million), representing an increase of 1,015% as compared to that as of the end of 2024.

As at 30 June 2025, approximately 67% of the cash and cash equivalents and the wealth management products from other financial assets balance was denominated in Renminbi, while the remaining 33% was denominated in Euro, Hong Kong dollars, U.S. dollars, New Zealand Dollars, Indian ruble and other currencies.

As at 30 June 2025, approximately 41% and 9% of the interest-bearing borrowings balance was denominated in U.S. dollars and Euro respectively, and the remaining 50% was denominated in Renminbi and other currencies. The variable rate and fixed rate interest-bearing borrowings were RMB27,346 million and RMB9,758 million respectively.

As at 30 June 2025, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB25,727 million (31 December 2024: RMB21,948 million (restated)), representing an increase of 17.2% as compared to that as of the end of 2024.

In the first half of 2025, the financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB945 million, representing a decrease of 1.3% as compared to RMB957 million (restated) in the first half of 2024.

The Group will continue to maintain stable liquidity in its operations in 2025 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 report, 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES DURING THE REPORTING PERIOD

As of 30 June 2025, the Group did not hold any significant investments. The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

USE OF PROCEEDS FROM PLACEMENT OF SHARES

On 11 January 2022, the Company entered into a placing agreement with a placing agent for a placing of new H Shares of the Company under the general mandate. The Company intends to further strengthen its financial position through placing and utilising the net proceeds, mainly to support overseas business expansion and investment in ESG related areas. On 21 January 2022, the placing of shares had been completed. A total of 41,413,600 H Shares with a nominal value of RMB1.00 each have been placed to five placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons. The placing price is HK\$28.00 per H Share (whilst the closing price per H Share was HK\$32.70 on 11 January 2022). The net price, based on estimated expense, is HK\$27.77 per H Share.

The gross proceeds and net proceeds from the placing amounted to approximately HK\$1,159.58 million and approximately HK\$1,149.98 million respectively. The net proceeds of the placing will be used as to (i) 70% for production capacity expansion of overseas industrial parks; (ii) 15% for investment in ESG (Environmental, Social, Governance) related areas; (iii) 10% for digitalization and upgrade of overseas industrial parks; and (iv) 5% for overseas channel expansion and promotion. The above use was consistent with the intended use of proceeds previously disclosed by the Company.

Reference is made to the announcement of the Company dated 27 August 2024. 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 on its 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 expected timeline of the unutilized net proceeds was extended to 31 December 2026, and the actual use of funds will depend on the specific implementation progress of the projects.

Detailed breakdown and description of the net proceeds utilized during the six months ended 30 June 2025 are set out below:

	Unutilized net proceeds as at 1 January 2025 HK\$'M	Amount of net proceeds utilized during the six months ended 30 June 2025 HK\$'M	Unutilized net proceeds as at 30 June 2025 HK\$'M
Investments in ESG (Environmental, Social and Governance) related areas	172.5	1.7	170.8
	172.5	1.7	170.8

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 RMB3,763 million (the first half of 2024: RMB4,204 million (restated)), in which RMB1,755 million and RMB2,008 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 2025, the Group's gearing ratio (defined as total borrowings (including interest bearing borrowings and lease liabilities) divided by net assets of the Group) was 35.5% (31 December 2024: 33.4%), representing an increase of 2.1 percentage points mainly due to the issuance of medium-term notes 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 RMB5,657 million as at 30 June 2025 (31 December 2024: RMB5,920 million (restated)), which were mainly related to the Group's domestic and overseas factory construction projects.

CHARGE OF ASSETS

As at 30 June 2025, certain of the Group's trade and bills receivables with a net carrying value of RMB68 million were pledged to secure certain bank loans granted to the Group. (31 December 2024: RMB47 million).

As at 30 June 2025, certain of the Group's property, plant, and equipment, with a net carrying value of RMB32 million (31 December 2024: RMB nil), and other intangible assets, with a net carrying value of RMB97 million (31 December 2024: RMB97 million), were pledged to secure certain bank loans granted to the Group.

In addition, as at 30 June 2025, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB723 million (31 December 2024: RMB484 million) and the Group's bills receivable amounting to RMB2,343 million (31 December 2024: RMB5,068 million).

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

RELATIONSHIP WITH EMPLOYEES AND REMUNERATION POLICY

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

The total number of employees of the Group decreased by 2.9% to 119,133 as at 30 June 2025 from 122,733 as at 31 December 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchase of A-Shares

During the six months ended 30 June 2025, 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		Total price paid RMB'M
		Highest RMB	Lowest RMB	
April 2025	6,071,800	25.29	23.60	148.79
May 2025	6,364,200	26.30	25.07	163.59
June 2025	19,394,800	25.28	24.30	481.97
	31,830,800			794.35

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

During June 2025, 31,481,400 A-share treasury shares had been transferred to the 2025 A-Share Core Employee Stock Ownership Plan of the Company. As of 30 June 2025, the Company held a total of 60,269,270 A-share treasury shares and 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 2025.

Saved as disclosed above, there were no treasury shares held by the Company as at 30 June 2025.

DIVIDENDS

The Directors of the Company recommend the payment of an interim dividend for the six months ended 30 June 2025 of RMB2.69 in cash for every 10 shares (inclusive of tax) (for the six months ended 30 June 2024: nil), totaling approximately RMB2,507 million based on the current total issued capital, net of repurchased shares but not yet cancelled. This interim dividend represented approximately 20.83% of the profit attributable to the owners of the Company. Where the total share capital of the Company changes before the registration date for the implementation of the equity distribution, it is expected to maintain the total distribution unchanged and adjust the distribution ratio per share accordingly.

This interim dividend distribution proposal shall be subject to the consideration and approval at the Company's 2025 first extraordinary general meeting, and the interim dividend is expected to be distributed to shareholders in two months after the 2025 first extraordinary general meeting.

Dividends for D-Shares and H-Shares shall be paid in foreign currencies. According to the Articles of Association of the Company, the applicable rate of exchange shall be average exchange rate (medium rates) for converting Renminbi into foreign currencies as quoted by The People's Bank of China for a week immediately prior to the announcement of dividend.

Notice of the 2025 first extraordinary general meeting, which will be issued in due course, will announce the date of the 2025 first extraordinary meeting of the Company and details of relevant book closure of H Shares, as well as the arrangement of book closure of H Shares for the interim dividend.

CORPORATE GOVERNANCE PRACTICES

COMPLIANCE WITH CODE ON 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 2025 to 30 June 2025, 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, had served 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 2025.

CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND CEO UNDER RULE 13.51B(1) OF THE LISTING RULES

Reference is made to the Company's circular dated 7 May 2025 and the Company's announcement dated 28 May 2025 regarding the proposed election of the directors of the Company. With effect from the conclusion of the 2024 annual general meeting of the Company held on 28 May 2025, the 12th session of board of directors has been elected:

Mr. Gong Wei has retired as an Executive Director and was appointed as a Non-executive director and Vice Chairman of the Company;

Mr. Kevin Nolan was appointed as an Executive director of the Company;

Mr. CHIEN Da-chun has retired as an Independent Non-executive Director and was appointed as a Non-executive director of the Company;

Mr. LI Shaohua was appointed as a Non-executive director of the Company;

Ms. SHAO Xinzhi has retired as a Non-executive Director and Vice Chairman of the Company;

Ms. Eva LI Kam Fun has retired as a Non-executive Director of the Company;

Mr. WANG Hua was appointed as an Independent Non-executive Director of the Company;

Ms. SUN Danfeng was appointed as an Employee Representative Director of the Company.

The above changes have been detailed in the Company's announcement dated 28 May 2025.

The board of supervisors is no longer required in accordance with the revised articles of association of the Company adopted on 28 May 2025.

Saved as disclosed in this interim report, there was no change of information of Directors, Supervisors and CEO required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the reporting period and up to the date of this report.

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 2025, and discussed with internal audit department on internal audit and controls, and risk management.

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
28 August 2025

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CEO IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of the Directors and CEO in the share capital and underlying shares (“**Share(s)**”) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in shares of the Company:

Names	Positions	Class of Shares held	Number of Shares held	Nature of interest	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	1,050,444	Beneficial owner	0.0168%	0.0112%
		H Share	951,545	Beneficial owner	0.0333%	0.0101%
Mr. Kevin Nolan	Executive Director, Vice President	H Share	315,546	Beneficial owner	0.0110%	0.0034%
Mr. GONG Wei	Vice Chairman of the Board, Non-executive Director	A Share	2,072,527	Beneficial owner	0.0331%	0.0221%
		H Share	140,600	Beneficial owner	0.0049%	0.0015%
Mr. YU Hon To, David	Non-executive Director	H Share	810,000	Beneficial owner	0.0283%	0.0086%
Mr. LI Shaohua	Non-executive Director	A Share	71,904	Beneficial owner	0.0011%	0.0008%
		H Share	401,577	Beneficial owner	0.0141%	0.0043%
Ms. SUN Danfeng	Employee Representative Director	H Share	154,921	Beneficial owner	0.0054%	0.0017%

* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2025 totalling 9,382,913,334 comprise 6,254,501,095 A Shares, 271,013,973 D Shares and 2,857,398,266 H Shares, representing approximately 66.66%, 2.89% and 30.45% of the total share capital of the Company, respectively.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

Long positions in shares of the Company: (continued)

Apart from above, the following Directors and CEO are also the grantees of the A Share ESOP, H Share ESOP and H Share RSU Scheme of the Company:

Names	Positions	Class of Shares	Number of outstanding shares of ESOP/RSU Scheme (Year of granted)	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	158,899 (2023 ESOP)	0.0025%	0.0017%
			282,743 (2024 ESOP)	0.0045%	0.0030%
			282,744 (2025 ESOP)	0.0045%	0.0030%
	H Share	H Share	163,921 (2023 ESOP)	0.0057%	0.0017%
			285,268 (2024 ESOP)	0.0100%	0.0030%
			322,886 (vested ESOP)	0.0113%	0.0034%
Mr. Kevin Nolan	Executive Director, Vice President	H Share	580,224 (2023 RSU Scheme)	0.0203%	0.0062%
			956,512 (2025 RSU Scheme)	0.0335%	0.0102%
Ms. GONG Wei	Vice Chairman of the Board, Non-executive Director	A Share	78,331 (2023 ESOP)	0.0013%	0.0008%
			111,504 (2024 ESOP)	0.0018%	0.0012%
			98,233 (2025 ESOP)	0.0016%	0.0010%
	H Share	H Share	80,807 (2023 ESOP)	0.0038%	0.0009%
			112,500 (2024 ESOP)	0.0039%	0.0012%
			180,360 (vested ESOP)	0.0063%	0.0019%
Mr. LI Shaohua	Non-executive Director	A Share	45,080 (2023 ESOP)	0.0007%	0.0005%
			59,735 (2024 ESOP)	0.0010%	0.0006%
			56,133 (2025 ESOP)	0.0009%	0.0006%
	H Share	H Share	46,505 (2023 ESOP)	0.0016%	0.0005%
			60,268 (2024 ESOP)	0.0021%	0.0006%
Ms. SUN Danfeng	Employee Representative Director	A Share	59,680 (2023 ESOP)	0.0010%	0.0006%
			92,920 (2024 ESOP)	0.0015%	0.0010%
			99,792 (2025 ESOP)	0.0016%	0.0011%

* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2025 totalling 9,382,913,334 comprise 6,254,501,095 A Shares, 271,013,973 D Shares and 2,857,398,266 H Shares, representing approximately 66.66%, 2.89% and 30.45% of the total share capital of the Company, respectively.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

Long positions in shares of the Company: (continued)

On 11 January 2022, the Company entered into a placing agreement with a placing agent for a placing of new H Shares of the Company under general mandate. A total of 41,413,600 H Shares have been placed to five placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons. The placing price is HK\$28.00 per H Share. The following directors of the Company have invested indirectly in the structured notes issued by Golden Sunflower, one of the placees, through the trusts and asset management schemes. The details of their capital contribution remaining as at 30 June 2025 are as follows:

Name	Positions	Amount contributed (In HK\$ million)	Relevant number of placing H shares	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	7.34	262,122	0.0092%	0.0028%
Mr. GONG Wei	Vice Chairman of the Board, Non-executive Director	3.67	131,061	0.0046%	0.0014%

* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2025 totalling 9,382,913,334 comprise 6,254,501,095 A Shares, 271,013,973 D Shares and 2,857,398,266 H Shares, representing approximately 66.66%, 2.89% and 30.45% of the total share capital of the Company, respectively.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

Long positions in underlying shares of the Company pursuant to share options:

Names	Positions	Class of Shares	Number of share options granted and not yet exercised	Approximate percentage* of shareholding interest in the relevant class of Shares upon exercise of share options	Approximate percentage* of shareholding interest in the total share capital of the Company upon exercise of share options
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	182,788	0.0029%	0.0019%
Mr. GONG Wei	Vice Chairman of the Board, Non-executive Director	A Share	91,394	0.0015%	0.0010%
Mr. LI Shaohua	Non-executive Director	A Share	31,214	0.0005%	0.0003%
Ms. SUN Danfeng	Employee Representative Director	A Share	18,728	0.0003%	0.0002%

Note: The exercise price of each of the above A Share options is RMB25.63 for subscription of one share. The exercisable period is from 15 September 2022 to 15 September 2027.

* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2025 totalling 9,382,913,334 comprise 6,254,501,095 A Shares, 271,013,973 D Shares and 2,857,398,266 H Shares, representing approximately 66.66%, 2.89% and 30.45% of the total share capital of the Company, respectively.

Save as disclosed above, as at 30 June 2025, none of the Directors and CEO had any interests or short positions in the shares or underlying shares of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the following shareholders who have interest in 5% or more of the issued share capital of the Company were recorded in the register of substantial shareholders as required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

Name of Shareholder	Class of Shares held	Number of Shares held	Nature of interest	Approximate percentage* of shareholding in the relevant class of Shares	Approximate percentage* of shareholding in the total share capital of the Company
Haier Group Corporation ^{Notes 1 to 4}	A Share	2,637,339,206	Beneficial owner Interest in controlled corporation Interest through voting rights entrustment arrangement	42.17%	28.11%
	H Share	538,560,000	Interest in controlled corporation	18.85%	5.74%
	D Share	58,135,194	Interest in controlled corporation	21.45%	0.62%
Haier COSMO Co., Ltd. ^{Notes 1 and 2}	A Share	1,258,684,824	Beneficial owner	20.12%	13.41%
HCH (HK) Investment Management Co., Limited ^{Note 3}	H Share	538,560,000	Beneficial owner	18.85%	5.74%
Haier International Co., Limited ^{Note 4}	D Share	58,135,194	Beneficial owner	21.45%	0.62%
Other H Class Shareholders ^{Note 5}					
Other D Class Shareholders ^{Note 6}					

* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2025 totalling 9,382,913,334 comprise 6,254,501,095 A Shares, 271,013,973 D Shares and 2,857,398,266 H Shares, representing approximately 66.66%, 2.89% and 30.45% of the total share capital of the Company, respectively.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Long positions: (continued)

Notes:

1. Haier Group Corporation holds directly 1,072,610,764 A Shares. In addition, Haier Group Corporation indirectly owns or controls (i) 1,258,684,824 A Shares through Haier COSMO Co., Ltd. (海爾卡奧斯股份有限公司) (formerly Haier Electric Appliances International Co., Ltd.), one of its subsidiaries, (ii) 172,252,560 A Shares through Qingdao Haier Venture & Investment Information Co., Ltd., one of its subsidiaries and (iii) 133,791,058 A Shares through Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership), a party acting in concert with Haier Group Corporation.
2. Haier Group Corporation holds 51.20% of the issued shares in Haier COSMO Co. Ltd. (海爾卡奧斯股份有限公司) (formerly Haier Electric Appliances International Co., Ltd.), and is also entitled to exercise the remaining 48.80% voting rights in Haier COSMO Co., Ltd. through an irrevocable voting rights entrustment arrangement.
3. HCH (HK) Investment Management Co., Limited ("HCH (HK)") holds 538,560,000 H Shares. Haier Group Corporation controls 100% voting rights in HCH (HK), thus is deemed to be interested in the 538,560,000 H Shares held by HCH (HK).
4. Haier International Co., Limited is a wholly-owned subsidiary of Haier Group Corporation. Therefore, Haier Group Corporation is deemed to be interested in the 58,135,194 D Shares held by Haier International Co., Limited.
5. JPMorgan Chase & Co. holds 147,846,958 H Shares, representing approximately 5.17% of the total number of H Shares. BlackRock, Inc. holds 197,701,016 H Shares, representing approximately 6.92% of the total number of H Shares.
6. Silk Road Fund Co., Ltd. holds 54,007,663 D Shares, representing approximately 19.93% of the total number of D Shares.

Short positions and Lending pools:

JPMorgan Chase & Co. has a short position of 19,335,157 H Shares, representing approximately 0.67% of the total number of H Shares; and has a lending pool of 51,016,478 H Shares, representing approximately 1.78% of the total number of H Shares.

Save as disclosed above, as at 30 June 2025, no person, other than the Directors and CEO of the Company, whose interests are set out in the section "Interests and short positions of Directors and CEO in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE SCHEMES

SHARE AWARD SCHEMES

Introduction of the new phase of A-Share and H-Share ESOPs, and H-Share restricted shares award scheme

The Company adopted the A Share Core Employee Stock Ownership Plan (ESOP) (2021–2025), the H Share Core Employee Stock Ownership Plan (ESOP) (2021–2025) and the H Share Restricted Share Unit Scheme (RSU) at the 2020 annual general meeting held on 25 June 2021 (“**2020 AGM**”).

It is expected that relevant employees of the Group ordinarily reside within Mainland China will mainly be covered by the A Share ESOP and H Share ESOP, while relevant employees of the Group ordinarily reside outside Mainland China will mainly be covered by the RSU Scheme. The scheme shares for A Share and H Share ESOPs and RSU Scheme are funded by existing shares of the Company.

The A Share and H Share ESOP and RSU Scheme are designed to provide incentive to middle and senior management and core employees with the Company’s two to three-year profit target, and business unit and individual performance target as the main appraisal benchmarks. There is no consideration to be paid by the participants for the shares awarded under the A Share and H Share ESOPs and RSU Scheme, which aligns with the purpose of the share award scheme to attract and retain the services of directors and employees.

Pursuant to the authorisation sought at the 2020 AGM, the Board has the sole discretion of determining the list of employees entitled to participate in the A Share ESOP and H Share ESOP and the allocation for subsequent phases. The decision would be based on the rules of the A Share ESOP and H Share ESOP, changes in the workforce and performance assessment results, and the Board was authorized to make adjustments. Also, the Board or its delegatee may, from time to time, select any eligible person to be a selected participant in accordance with the RSU Scheme Rules.

A Share ESOP and H Share ESOP

The purposes of the ESOP are to drive employees’ entrepreneurship and innovation with “Rendanheyi”; to enhance corporate governance mechanism and create shareholders’ value; and to attract talents and innovate the remuneration management system of the Company.

Participants of the ESOP shall be the directors (except for independent directors), supervisors and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries.

With the authorization of the shareholders' meeting, the board of directors shall have the right to decide on the establishment of an independent ESOP for each year from 2021 to 2025 based on the actual needs. The duration of each ESOP shall not exceed five years, calculated from the time when the Company announces that the underlying shares obtained in the last time for each year are recorded to the ESOP for that year. After the expiration of the duration, the ESOP shall be terminated, or may be extended after being approved by the board of directors with the authorization of the shareholders' general meeting.

The ESOP for each year shall be independent from each other, but the total number of shares held by each established and existing ESOP (including A Share ESOP and H Share ESOP) shall not exceed 10% of the total share capital of the Company, and the total number of shares corresponding to a single employee's share in the existing ESOPs shall not exceed 1% of the total amount of the Company's share capital.

During the period, in order to improve the corporate governance mechanism, create value for shareholders and promote the full implementation of the Company's IoT smart home brand strategy, the Company introduced the A Share Core Employee Stock Ownership Plan (2024) and the H Share Core Employee Stock Ownership Plan (2024) upon the approval at the 10th Meeting of the 11th session of the Board of Directors of the Company convened on 29 April 2024, with the subsequent authorization at the 2023 AGM of the Company.

A Share ESOP (2023)

There were no more than 2,400 employees participating in the 2023 ESOP. The total amount of funds used to participate in the 2023 ESOP was RMB565.50 million. There are 14 directors, supervisors and senior officers with a total holding of RMB31.42 million, accounting for 5.6% of the ESOP. There are 2,386 core technical (business) personnel of the Company and its subsidiaries, with a total holding of RMB534.08 million, accounting for 94.4% of the ESOP.

The source of shares for the ESOP was the repurchased shares of the Company in the repurchase special account. The 2023 ESOP established a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

On 17 July 2023, 25,117,000 Shares (average purchase cost was RMB22.49 per share) held in the "repurchase special account of Haier Smart Home Co., Ltd." were transferred to the designated account of "Haier Smart Home Co., Ltd. — A Share Core Employee Stock Ownership Plan (2023)" through non-trading transfer. The lock-up period is from 19 July 2023 to 18 July 2024.

After the end of the lock-up period of the 2023 ESOP, the corresponding underlying shares shall be vested to the participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the lock-up period.

A Share ESOP (2024)

There were no more than 2,366 employees participating in the 2024 ESOP. The total amount of funds used to participate in the 2024 ESOP was RMB706.5 million. There are 13 directors, supervisors and senior officers with a total holding of RMB34.59 million, accounting for 4.9% of the ESOP. There are 2,353 core technical (business) personnel of the Company and its subsidiaries, with a total holding of RMB671.91 million, accounting for 95.1% of the ESOP.

The source of shares for the ESOP was the repurchased shares of the Company in the repurchase special account. The 2024 ESOP established a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

On 12 July 2024, 31,266,608 Shares (average purchase cost was RMB22.58 per share) held in the “repurchase special account of Haier Smart Home Co., Ltd.” were transferred to the designated account of “Haier Smart Home Co., Ltd. — A Share Core Employee Stock Ownership Plan (2024)” through non-trading transfer. The lock-up period is from 13 July 2024 to 12 July 2025.

After the end of the lock-up period of the 2024 ESOP, the corresponding underlying shares shall be vested to the participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the lock-up period.

A Share ESOP (2025)

There should be no more than 2,570 employees participating in the 2025 ESOP. The total amount of funds to be used to participate in the ESOP shall be RMB757.0 million, with “shares” as the subscription unit, and each share is RMB1. There are 10 directors and senior officers with a total share of RMB31.34 million, accounting for 4.1% of the ESOP. There are 2,560 core technical (business) personnel of the Company and its subsidiaries, with a total share of RMB725.66 million, accounting for 95.9% of the ESOP.

The source of shares for the ESOP shall be the repurchased shares of the Company in the repurchase special account. The ESOP shall establish a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

On 19 June 2025, 31,481,400 Shares (average purchase cost was RMB24.03 per share) held in the “repurchase special account of Haier Smart Home Co., Ltd.” were transferred to the designated account of “Haier Smart Home Co., Ltd. — A Share Core Employee Stock Ownership Plan (2025)” through non-trading transfer. The lock-up period is from 21 June 2025 to 20 June 2026.

After the end of the lock-up period, the Management Committee shall appraise the Participants according to the performance appraisal system of the Company. The appraisal period is two years. During the duration of the ESOP, the Management Committee shall have the right to extend or shorten the appraisal period and adjust the corresponding proportion of vesting. The underlying shares of the ESOP will be vested to the participants in two phases. After the end of the lock-up period of the ESOP, the corresponding underlying shares shall be vested to the participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the lock-up period.

Share Schemes

The following table discloses movements in the A Share ESOPs during the period:

Name or category of Participants	On 1 January 2025	Granted during the period	Vested during the period (Note)	Cancelled during the period	Lapsed during the period	On 30 June 2025	Date of grant of A Share ESOP	Vesting period for A Share ESOP
Directors								
Mr. LI Huagang	48,282	—	—	48,282	—	—	10/08/2022	10/08/2022–30/07/2024
	158,899	—	—	—	—	158,899	28/07/2023	28/07/2023–30/07/2025
	282,743	—	—	—	—	282,743	12/07/2024	12/07/2024–30/07/2026
	—	282,744	—	—	—	282,744	20/06/2025	20/06/2025–30/06/2027
	489,924	282,744	—	48,282	—	724,386		
Mr. GONG Wei	25,966	—	—	25,966	—	—	10/08/2022	10/08/2022–30/07/2024
	78,331	—	—	—	—	78,331	28/07/2023	28/07/2023–30/07/2025
	111,504	—	—	—	—	111,504	12/07/2024	12/07/2024–30/07/2026
	—	98,233	—	—	—	98,233	20/06/2025	20/06/2025–30/06/2027
	215,801	98,233	—	25,966	—	288,068		
Ms. SHAO Xinzhi [#]	79,450	—	—	—	—	79,450	28/07/2023	28/07/2023–30/07/2025
	104,535	—	—	—	—	104,535	12/07/2024	12/07/2024–30/07/2026
	183,985	—	—	—	—	183,985		
Mr. LI Shaohua	45,080	—	—	—	—	45,080	28/07/2023	28/07/2023–30/07/2025
	59,735	—	—	—	—	59,735	12/07/2024	12/07/2024–30/07/2026
	—	56,133	—	—	—	56,133	20/06/2025	20/06/2025–30/06/2027
	104,815	56,133	—	—	—	160,948		
Ms. SUN Danfeng	59,680	—	—	—	—	59,680	28/07/2023	28/07/2023–30/07/2025
	92,920	—	—	—	—	92,920	12/07/2024	12/07/2024–30/07/2026
	—	99,792	—	—	—	99,792	20/06/2025	20/06/2025–30/06/2027
	152,600	99,792	—	—	—	252,392		
Subtotal	1,147,125	536,902	—	74,248	—	1,609,779		
Supervisors								
Mr. LIU Dalin [#]	10,042	—	—	10,042	—	—	10/08/2022	10/08/2022–30/07/2024
	37,833	—	—	—	—	37,833	28/07/2023	28/07/2023–30/07/2025
	49,779	—	—	—	—	49,779	12/07/2024	12/07/2024–30/07/2026
	97,654	—	—	10,042	—	87,612		
Mr. YU Miao [#]	1,838	—	—	1,838	—	—	10/08/2022	10/08/2022–30/07/2024
	12,634	—	—	—	—	12,634	28/07/2023	28/07/2023–30/07/2025
	16,593	—	—	—	—	16,593	12/07/2024	12/07/2024–30/07/2026
	31,065	—	—	1,838	—	29,227		
Subtotal	128,719	—	—	11,880	—	116,839		
Other employees								
In aggregate	16,717,510	—	—	—	—	16,717,510	28/07/2023	28/07/2023–30/07/2025
	30,548,799	—	—	—	—	30,548,799	12/07/2024	12/07/2024–30/07/2026
	—	30,944,498	—	—	—	30,944,498	20/06/2025	20/06/2025–30/06/2027
	47,266,309	30,944,498	—	—	—	78,210,807		
Total	48,542,153	31,481,400	—	86,128	—	79,937,425		

[#] Ms. SHAO Xinzhi retired as director on 28 May 2025. Mr. LIU Dalin and Mr. YU Miao retired as supervisors on 28 May 2025. This table shows the movement of their A Share ESOPs up to 28 May 2025.

The purchase price of the above cancelled shares is RMB25.33 per share.

The closing price of the Company's A Share immediately before the grant date of the A Share ESOP was RMB24.7 per share. The fair value of the A Share ESOP granted on 20 June 2025 is RMB776 million.

The fair value of the A Share ESOP was calculated based on the market closing price of the Company's shares at the grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The granting mandate of each of the A Share ESOPs is only valid and effective for that particular year, and therefore there is no remaining life for such A Share ESOPs as at the date of this interim report. As at 1 January 2025 and 30 June 2025, the number of share awards available for grant under the A Share ESOPs was nil.

The particulars regarding dilution effect of the A Share ESOP are set out in note 11 to the financial statements.

Notes:

1. The assessment indicators under the A Share and H Share ESOP (2023) ("**2023 ESOP**") are as follows:
 - a. Where the participants under the 2023 ESOP are the directors, president, supervisors and platform personnel of the Company, the appraisal rules for 2023 and 2024 are based on a weighted average of the completion rate of the compound growth rate of net profit attributable to the parent company after non-recurring items and the completion rate of return on equity (hereinafter "**Comprehensive Completion Rate**"). The specific appraisal objectives and rules are as follows:

	Net profit attributable to the parent company after non-recurring items	Return on equity (Note)
Performance appraisal indicators for 2023	Growth rate of audited net profit attributable to the parent company after non-recurring items for 2023 over net profit attributable to the parent company after non-recurring items for 2022 not less than 15% (inclusive)	Audited return on equity (ROE) for 2023 not less than 16.8% (inclusive)
Performance appraisal indicators for 2024	Compound growth rate of audited net profit attributable to the parent company after non-recurring items for 2024 over net profit attributable to the parent company after non-recurring items for 2022 not less than 15% (inclusive)	Audited return on equity (ROE) for 2024 not less than 16.8% (inclusive)
Appraisal weighting	50%	50%

Note: Return on equity (ROE) refers to the weighted average return on equity. If the Company raises fund through capital market such as a public offering or issuance of shares to specific targets during the term of the 2023 ESOP that may have an impact on the Company's net assets and ROE, the impact of such actions shall be excluded from the calculation of ROE attributable to shareholders of the listed company for each appraisal year, and the appraisal indicators in relation to ROE in each year's appraisal criteria shall be adjusted accordingly. The details of the adjustment plan will be considered by the Remuneration and Appraisal Committee and submitted to the board of directors for approval before implementation.

Comprehensive Completion Rate = 50%*completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items + 50%*completion rate of return on equity

Of which:

Completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items = compound growth rate of audited net profit attributable to the parent company after non-recurring items for the year over net profit attributable to the parent company after non-recurring items for 2022/15%

Completion rate of return on equity = audited return on equity for the year/16.8%

(1) Appraisal indicators and vesting for 2023

If the results of the Management Committee's appraisal of such Participants in 2023 are up to the standard, and the Comprehensive Completion Rate in 2023 is more than 1 (inclusive), 40% of the interests of the underlying shares under the ESOP shall be vested to the participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 40% of the underlying shares under the ESOP will not be vested.

(2) Appraisal indicators and vesting for 2024

If the results of the Management Committee's appraisal of such Participants in 2024 are up to the standard, and the Comprehensive Completion Rate in 2024 is more than 1 (inclusive), 60% of the interests of the underlying shares under the ESOP shall be vested to the participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 60% of the underlying shares under the ESOP will not be vested.

- b. Where the participants under the 2023 ESOP are the persons other than those mentioned in item a above, 40% and 60% of the interests of the underlying shares under the 2023 ESOP shall be vested respectively if the results of the Management Committee's assessment in 2023 and 2024 are up to the standard.

2. The assessment indicators under the A Share and H Share ESOP (2024) ("**2024 ESOP**") are as follows:

1. Where the participants under the ESOP are the directors, president, supervisors and platform personnel of the Company, the appraisal rules for 2024 and 2025 are based on a weighted average of the completion rate of the compound growth rate of net profit attributable to the parent company after non-recurring items and the completion rate of return on equity (hereinafter "**Comprehensive Completion Rate**"). The specific appraisal objectives and rules are as follows:

	Net profit attributable to the parent company after non-recurring items	Return on equity (Note)
Performance appraisal indicators for 2024	Growth rate of audited net profit attributable to the parent company after non-recurring items for 2024 over net profit attributable to the parent company after non-recurring items for 2023 not less than 15% (inclusive)	Audited return on equity (ROE) for 2024 not less than 16.8% (inclusive)
Performance appraisal indicators for 2025	Compound growth rate of audited net profit attributable to the parent company after non-recurring items for 2025 over net profit attributable to the parent company after non-recurring items for 2023 not less than 15% (inclusive)	Audited return on equity (ROE) for 2025 not less than 16.8% (inclusive)
Appraisal weighting	50%	50%

Note: Return on equity (ROE) refers to the weighted average return on equity. If the Company raises fund through capital market such as a public offering or issuance of shares to specific targets during the term of the ESOP that may have an impact on the Company's net assets and ROE, the impact of such actions shall be excluded from the calculation of ROE attributable to shareholders of the listed company for each appraisal year, and the appraisal indicators in relation to ROE in each year's appraisal criteria shall be adjusted accordingly. The details of the adjustment plan will be considered by the Remuneration and Appraisal Committee and submitted to the board of directors for approval before implementation.

Comprehensive Completion Rate = 50%*completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items + 50%*completion rate of return on equity

Of which:

Completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items = compound growth rate of audited net profit attributable to the parent company after non-recurring items for the year over net profit attributable to the parent company after non-recurring items for 2023/15%

Completion rate of return on equity = audited return on equity for the year/16.8%

(1) Appraisal indicators and vesting for 2024

If the results of the Management Committee's appraisal of such Participants in 2024 are up to the standard, and the Comprehensive Completion Rate in 2024 is more than 1 (inclusive), 40% of the interests of the underlying shares under the ESOP shall be vested to the participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 40% of the underlying shares under the ESOP will not be vested.

(2) Appraisal indicators and vesting for 2025

If the results of the Management Committee's appraisal of such Participants in 2025 are up to the standard, and the Comprehensive Completion Rate in 2025 is more than 1 (inclusive), 60% of the interests of the underlying shares under the ESOP shall be vested to the participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 60% of the underlying shares under the ESOP will not be vested.

2. Where the participants under the ESOP are the persons other than the Company's directors, president, supervisors and personnel of the Company's platform mentioned in item 1 above, 40% and 60% of the interests of the underlying shares under the ESOP shall be vested respectively if the results of the Management Committee's appraisal conducted according to their performance in 2024 and 2025 are up to the standard.

3. The assessment indicators under the A Share and H Share ESOP ("2025 ESOP") are as follows:

1. Where the participants under the ESOP are the directors, president and platform personnel of the Company, the appraisal rules for 2025 and 2026 are based on the completion rate of return on equity (ROE). The specific appraisal objectives and rules are as follows:

Return on equity (Note)

Performance appraisal indicators for 2025

- If ROE exceeds 17.7% (inclusive), 40% of the interest of the underlying shares under the ESOP shall be vested to the participants.

Return on equity (Note)

Performance appraisal indicators for 2026

- If ROE is between 16.8% (inclusive) to 17.7%, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval.
- If ROE is below 16.8%, 40% of the underlying shares under the ESOP will not be vested.

Note: (1) Excluding the impact of refinancing on ROE: If the Company raises fund through capital market by offering to specific or nonspecific targets that may have an impact on the Company's net assets and ROE, the impact of such actions shall be excluded from the calculation of ROE attributable to shareholders of the listed company for each appraisal year, and the appraisal indicators in relation to ROE in each year's appraisal criteria shall be adjusted accordingly. The details of the adjustment plan will be considered and approved by the board of directors before implementation; (2) Excluding the impact of mergers and acquisitions on ROE: The impact of mergers and acquisitions occurring in the appraisal year on the appraisal indicators shall be excluded in the appraisal year; (3) Exclusion of the impact of asset sales on ROE: The impact of asset sales (including equity asset sales) occurring in the appraisal year on the appraisal indicators shall be excluded in the appraisal year.

2. Where the participants under the ESOP are the persons other than the Company's directors, president and personnel of the Company's platform mentioned in item 1 above, 40% and 60% of the interests of the underlying shares under the ESOP shall be vested respectively if the results of the Management Committee's appraisal conducted according to their performance in 2025 and 2026 are up to the standard.

H Share ESOP (2023)

Participants of the 2023 ESOP include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 34 persons. There are 11 directors and senior officers, with a total holding of RMB33.19 million, accounting for 47.1% of the 2023 ESOP. There are 23 other core management personnel of the Company, with a total holding of RMB37.31 million, accounting for 52.9% of the 2023 ESOP.

The source of funds of the 2023 ESOP was the incentive funds withdrawn by the Company in the amount of RMB70.50 million. The source of shares of the 2023 ESOP was H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect.

The lock-up period is 12 months, calculated from the date when the Company announces that the last of underlying shares purchased are recorded in the 2023 ESOP.

The Company entrusted an asset management company to purchase a total of 3,230,400 H Shares of the Company in the secondary market through the Hong Kong Stock Connect, with an average transaction price of HKD23.62 per share and a transaction amount of approximately HK\$76.3 million. The lock-up period is from 26 July 2023 to 25 July 2024.

The assessment period is for two years, and upon the expiration of the lock-up period of the 2023 ESOP, 40% and 60% of the corresponding underlying shares shall be vested to the participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

Upon the vesting of the H Shares, the participants entrust the Management Committee to sell the underlying shares of the 2023 ESOP during the duration of the ESOP for cash settlement.

H Share ESOP (2024)

Participants of the 2024 ESOP include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 29 persons. There are 11 directors and senior officers, with a total holding of RMB36.57 million, accounting for 53.8% of the 2024 ESOP. There are 18 other core management personnel of the Company, with a total holding of RMB31.43 million, accounting for 46.2% of the 2024 ESOP.

The source of funds of the 2024 ESOP was the incentive funds withdrawn by the Company in the amount of RMB68 million. The source of shares of the 2024 ESOP was H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect.

The lock-up period is 12 months, calculated from the date when the Company announces that the last of underlying shares purchased are recorded in the 2024 ESOP.

The Company entrusted an asset management company to purchase a total of 3,035,400 H Shares of the Company in the secondary market through the Hong Kong Stock Connect, with an average transaction price of HKD23.9203 per share and a transaction amount of approximately HK\$72.6 million. The lock-up period is from 27 July 2024 to 26 July 2025.

The assessment period is for two years, and upon the expiration of the lock-up period of the 2024 ESOP, 40% and 60% of the corresponding underlying shares shall be vested to the participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

Upon the vesting of the H Shares, the participants entrust the Management Committee to sell the underlying shares of the 2024 ESOP during the duration of the ESOP for cash settlement.

H Share ESOP (2025)

Participants of the 2025 ESOP shall include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 27 persons. The total amount of funds to be used to participate in the ESOP shall be RMB63.0 million (inclusive), with “shares” as the subscription unit, and each share is RMB1. There are 10 directors and senior officers with a total share of RMB34.56 million, accounting for 54.9% of the ESOP. There are 17 other core management personnel of the Company, with a total share of RMB28.44 million, accounting for 45.1% of the ESOP.

Considering the continuity of the Company’s remuneration assessment mechanism, the source of funds of the ESOP shall be the incentive fund withdrawn by the Company in the amount of RMB63.0 million. The source of shares of the ESOP shall be H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect.

The lock-up period of the underlying shares under the ESOP shall be 12 months, calculated from the date when the Company announces that the underlying shares purchased in the last time are recorded in the ESOP.

The Company entrusted an asset management company to complete the purchase a total of 3,018,400 H Shares of the Company in the secondary market through the Hong Kong Stock Connect, with an average transaction price of HKD22.8188 per share and a transaction amount of approximately HK\$68.9 million. The lock-up period is from 3 July 2025 to 2 July 2026.

After the end of the lock-up period, the Management Committee shall appraise the Participants according to the performance assessment system of the Company. The assessment period is for two years. During the duration of the ESOP, the Management Committee shall have the right to extend or shorten the assessment period and adjust the corresponding proportion of vesting. The underlying shares of the ESOP will be vested to the participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the lock-up period.

Upon the vesting of the H Shares, the participants entrust the Management Committee to sell the underlying shares of the 2023 ESOP during the duration of the ESOP for cash settlement.

The following table discloses movements in the H Share ESOPs during the period:

Name or category of Participants	On 1 January 2025	Granted during the period	Vested during the period (Note)	Cancelled during the period	Lapsed during the period	On 30 June 2025	Date of grant of H Share ESOP	Vesting period for H Share ESOP
Directors								
Mr. Li Huagang	54,143	—	—	54,143	—	—	10/08/2022	10/08/2022–30/07/2024
	163,921	—	—	—	—	163,921	28/07/2023	28/07/2023–30/07/2025
	285,268	—	—	—	—	285,268	26/07/2024	26/07/2024–30/07/2026
	503,332	—	—	54,143	—	449,189		
Mr. GONG Wei	29,119	—	—	29,119	—	—	10/08/2022	10/08/2022–30/07/2024
	80,807	—	—	—	—	80,807	28/07/2023	28/07/2023–30/07/2025
	112,500	—	—	—	—	112,500	26/07/2024	26/07/2024–30/07/2026
	222,426	—	—	29,119	—	193,307		
Ms. SHAO Xinzhi [#]	81,961	—	—	—	—	81,961	28/07/2023	28/07/2023–30/07/2025
	105,469	—	—	—	—	105,469	26/07/2024	26/07/2024–30/07/2026
	187,430	—	—	—	—	187,430		
Mr. Li Shaohua	46,505	—	—	—	—	46,505	28/07/2023	28/07/2023–30/07/2025
	60,268	—	—	—	—	60,268	26/07/2024	26/07/2024–30/07/2026
	106,773	—	—	—	—	106,773		
Subtotal	1,019,961	—	—	83,262	—	936,699		
Other employees								
In aggregate	1,966,813	—	—	—	—	1,966,813	28/07/2023	28/07/2023–30/07/2025
	2,471,895	—	—	—	—	2,471,895	26/07/2024	26/07/2024–30/07/2026
	4,438,708	—	—	—	—	4,438,708		
Total	5,458,669	—	—	83,262	—	5,375,407		

[#] Ms. SHAO Xinzhi retired as director on 28 May 2025. This table shows the movement of her H Share ESOPs up to 28 May 2025.

The purchase price of the above cancelled shares is HK\$25.663 per share.

The granting mandate of each of the H Share ESOPs is only valid and effective for that particular year, and therefore there is no remaining life for such H Share ESOPs as at the date of this interim report. As at 1 January 2025 and 30 June 2025, the number of share awards available for grant under the H Share ESOPs was nil.

The particulars regarding dilution effect of the H Share ESOP are set out in note 11 to the financial statements.

Note:

The assessment criteria for H Share ESOPs are the same as for A Share ESOPs. Refer to the note to the table disclosing movements in the A Share ESOPs above.

H Share Restricted Share Unit Scheme (2021, 2022, 2023 and 2024)

The purposes of the RSU Scheme are to stimulate the pro-activeness of the eligible persons, encourage their innovation to create value, enhance profit, achieve competitive goals, and ultimately maximise return for the shareholders; to promote the strategic development and realize the goals of the Company; to optimise the remuneration structure of the Group's employees; to attract, motivate and retain core capable talents of the Group for the future business development and expansion of the Group.

Eligible person who may participate in the RSU Scheme include any individual, being an employee, director, supervisor, senior management, key operating team member of any member of the Group who the Board or its delegatee considers, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group.

Subject to the RSU Scheme Rules, the Company and/or the delegatee may from time to time instruct the trustee in writing to subscribe or acquire H Shares on the Stock Exchange and to hold them on trust for the benefit of the selected participants on and subject to the terms and conditions of the RSU Scheme Rules and the trust deed.

The Board or the delegatee may grant awards to selected participants during the award period conditional upon fulfilment of terms and conditions of the awards and performance targets as the Board or the delegatee determines from time to time.

The Board shall not make any further grant which will result in the aggregate number of H Shares granted to exceed one percent (1%) of the total number of issued H Shares as at the relevant grant date. The total number of RSU granted but remain unvested to a selected participant under the RSU Scheme shall not exceed zero point one percent (0.1%) of the total number of issued H Shares as at the relevant grant date.

The vesting of the award granted under the RSU Scheme is subject to the conditions of the relevant business unit(s) and personal performance targets of the relevant selected participant and any other applicable vesting conditions as set out in the award letter.

The appraisal period is generally two years (40% and 60% of the corresponding underlying shares to be vested to the participants in two phases) or three years (100% of corresponding underlying shares to be vested to the participants in one phase) upon the expiration of the vesting period of the RSU Scheme. The specific vesting time shall be determined by the Management Committee upon the expiration of the vesting period.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2021), the Company entrusted an independent trust agency to purchase a total of 4,538,400 H Shares of the Company in the secondary market, with an average price of HK\$27.32 and a total transaction amount of approximately HK\$124 million.

In 2021, a total of 4,438,027 H Shares under RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive or supervisors of the Company) who play an important role in the overall performance and development of the Company.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2022), the Company entrusted an independent trust agency to purchase a total of 5,783,600 H Shares of the Company in the secondary market, with an average price of HK\$26.63 and a total transaction amount of approximately HK\$154 million.

During the year 2022, a total of 5,636,959 H Shares under RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive or supervisors of the Company) who play an important role in the overall performance and development of the Company.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2023), the Company entrusted an independent trust agency to purchase a total of 5,456,000 H Shares of the Company in the secondary market, with an average price of HK\$23.70 and a total transaction amount of approximately HK\$129 million.

During the year 2023, a total of 6,158,959 H Shares under RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive or supervisors of the Company) who play an important role in the overall performance and development of the Company.

During the year 2024, a total of 4,689,425 H Share RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive or supervisors of the Company) who play an important role in the overall performance and development of the Company.

During the reporting period, a total of 4,258,615 H Shares under RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive or supervisors of the Company) who play an important role in the overall performance and development of the Company.

The following table discloses movements in the Company's H Share RSU during the period:

Name or category of Participants	On 1 January 2025	Number of H Share RSU				On 30 June 2025	Date of grant of RSU	Vesting period for RSU
		Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period			
Directors								
Mr. Kevin Nolan	1,057,309	956,512	171,547	305,538	—	1,536,736	23/6/2022, 23/6/2023, 20/6/2025	23/6/2022–15/3/2025, 23/6/2023–15/3/2026, 20/6/2025–15/3/2027
Non-director employees								
In aggregate	3,474,571	—	777,372	1,384,572	117,868	1,194,759	25/5/2022, 23/6/2022, 9/9/2022	25/5/2022–15/3/2024, 23/6/2022–1/7/2025, 9/9/2022–1/7/2025
In aggregate	4,596,151	—	—	—	152,971	4,443,180	23/6/2023, 1/11/2023	23/6/2023–1/7/2026, 1/11/2023–1/7/2026
In aggregate	4,505,920	—	—	—	182,984	4,322,936	24/6/2024, 22/11/2024	24/6/2024–1/7/2027, 22/11/2024–1/7/2027
In aggregate	—	6,370,513	—	—	—	6,370,513	20/6/2025	20/6/2025–1/7/2028
	13,633,951	7,327,025	948,919	1,690,110	453,823	17,868,124		

The closing price of the Company's H Share immediately before the grant date of the RSU (20 June 2025) was HK\$22.5 per share. The fair value of the RSU granted on 20 June 2025 was HK\$167 million.

Share Schemes

The fair value of the H Share RSU was calculated based on the market closing price of the Company's shares at the grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average closing price of the shares immediately before the vesting dates of the H Share RSU was HK\$26.45 per share.

The purchase price of the above cancelled shares was HK\$26.63 per share.

The granting mandate of each of the H Share RSU schemes is only valid and effective for that particular year, and therefore there is no remaining life for H Share RSU schemes as at the date of this interim report. As at 1 January 2025 and 30 June 2025, the number of share awards available for grant under the H Share RSU schemes was nil.

The particulars regarding dilution effect of the H Share RSU are set out in note 11 to the financial statements.

A-SHARE OPTION SCHEME

The participants under the A Share Option Incentive Schemes exclude the Company's independent directors, supervisors, the shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

The total number shares of the Company to be granted under the A Share Option Incentive schemes within the validity period to any participants will not exceed 1% of the total number of shares of the Company. The total underlying shares of the Company involved under fully effective share option incentive schemes shall not exceed 10% of the total number of shares of the Company as at the date of the proposal of the incentive scheme at the shareholders' general meetings for approval. The source of the shares for A Share Option Incentive Scheme is from the issuance of new shares.

2021 A Share Option Incentive Scheme

The Company adopted a 2021 A Share Option Incentive Scheme (the "**2021 A Share Option Incentive Scheme**") at the extraordinary general meeting held on 15 September 2021. This scheme is an additional measure that builds on the Company's A Share and H Share Employee Stock Ownership Schemes and Restricted Share Unit Scheme to further enhance employee incentives.

To drive the achievement of the Company's longer term target, further enhance the development of high-end scenario-based brand and smart household business, the Company introduced the A Share Option Incentive Scheme to provide incentive to the core management members with five or six-year appraisal period and higher profit targets than those under the A Share and H Share ESOP.

The participants of the A Share Option Incentive Scheme are core management staff that have made significant contribution to the Company's overall performance and long-term development, specifically including directors and senior management of the Company, the general manager and department manager of business divisions of the Company.

For the 2021 A Share Option Incentive Scheme, the Company had resolved to grant 51,000,000 share options to the participants. Among which, first 46,000,000 to be granted and 5,000,000 to be reserved.

In 2021, on 15 September 2021, the Company firstly granted 46,000,000 A Share options to 400 participants (including directors of the Company). On 15 December 2021, the Company granted 4,525,214 reserved share options to 18 participants under the 2021 A Share Option Incentive Scheme. The remaining reserved share options under the A Share Option Incentive Scheme will not be further granted.

2022 A Share Option Incentive Scheme

The Company adopted a 2022 A Share Option Incentive Scheme (the “**2022 A Share Option Incentive Scheme**”) at the annual general meeting held on 28 June 2022.

As the Company is leading the effort to upgrade its Internet of Things from “high-end brands” to “scenario brands”, and to “ecological brands”, the Company needs to have long-term planning to ensure the achievement of its strategic results and also improve its long-term incentive scheme in line with the above objectives. As such, the incentive scheme encourages core technology talents and business team to venture and innovate continuously, as well as significantly boosts and promotes participants’ initiative through the formulation of long-term performance growth indicators and inspires them to provide users with the best experience and achieve business development across the industry cycle.

The incentive model serves as a benchmark for the development in the coming 4 years as a cycle, which expedites participant’s alignment with the Company’s strategic objectives of long-term development, and further promotes the synergistic consolidation of businesses, boosts operation efficiency and achieves industry leading.

The participants are core staff that include business director, core technical staff and business backbone staff of the Company (excluding current directors and senior management of the Company) and have made significant contributions to the Company’s overall performance and long-term development.

For the 2022 A Share Option Incentive Scheme, the Company had resolved to grant 104,756,896 A Share options to the participants. On 28 June 2022, the Company had granted 104,756,896 A Share options to 1,834 participants.

The following table discloses movements in the Company’s A Share options outstanding during the period:

Name or category of Participants	Number of A-Share options					On 30 June 2025	Date of grant of share options (note 1)	Exercise period of share options	Exercise price of share options per share (note 2) RMB
	On 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period (note 3)	Lapsed during the period				
Directors									
Mr. Li Huagang	365,576	—	—	182,788	—	182,788	15/09/2021	15/09/2022 to 15/09/2027	25.63
Mr. GONG Wei	182,788	—	—	91,394	—	91,394	15/09/2021	15/09/2022 to 15/09/2027	25.63
Mr. Li Shaohua	31,214	—	—	—	—	31,214	15/09/2021	15/09/2022 to 15/09/2027	25.63
Ms. SUN Danfeng	18,728	—	—	—	—	18,728	15/09/2021	15/09/2022 to 15/09/2027	25.63
Other employees									
In aggregate	16,273,214	—	—	7,721,460	880,236	7,671,518	15/09/2021	15/09/2022 to 15/09/2027	25.63
In aggregate	1,189,970	—	—	413,713	362,544	413,713	15/12/2021	15/12/2022 to 15/12/2027	25.63
In aggregate	48,810,366	—	—	23,547,639	1,715,088	23,547,639	28/06/2022	28/06/2023 to 28/06/2027	23.86
	66,871,856	—	—	31,956,994	2,957,868	31,956,994			

Share Schemes

There is no consideration payable on application or acceptance of the share options by the participants under the A Share option scheme. The granting mandate of each of the A Share option schemes is only valid and effective for that particular year, and therefore there is no remaining life for such A Share option schemes as at the date of this interim report. As at 1 January 2025 and 30 June 2025, the number of share options available for grant under the A Share option schemes was nil.

Exercise arrangement for the share options granted in 2021:

Exercise arrangement	Vesting periods	Proportion of exercisable share options to granted share options	Exercise periods	Performance appraisal target
1st exercise	From the date of grant to the expiry of 12 months from the date of grant	20%	From the first trading day upon the expiry of 12 months from the date of grant to the last trading day upon the expiry of 24 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2021 over adjusted net profit attributable to the parent company in 2020 reaches or exceeds 30%
2nd exercise	From the date of grant to the expiry of 24 months from the date of grant	20%	From the first trading day upon the expiry of 24 months from the date of grant to the last trading day upon the expiry of 36 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
3rd exercise	From the date of grant to the expiry of 36 months from the date of grant	20%	From the first trading day upon the expiry of 36 months from the date of grant to the last trading day upon the expiry of 48 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2023 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
4th exercise	From the date of grant to the expiry of 48 months from the date of grant	20%	From the first trading day upon the expiry of 48 months from the date of grant to the last trading day upon the expiry of 60 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2024 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
5th exercise	From the date of grant to the expiry of 60 months from the date of grant	20%	From the first trading day upon the expiry of 60 months from the date of grant to the last trading day upon the expiry of 72 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2025 over net profit attributable to the parent company in 2021 reaches or exceeds 15%

Exercise arrangement for the share options granted in 2022:

Exercise arrangement	Vesting periods	Proportion of exercisable share options to granted share options	Exercise periods	Performance appraisal target
1st exercise	From the date of grant to the expiry of 12 months from the date of grant	25%	From the first trading day upon the expiry of 12 months from the date of grant to the last trading day upon the expiry of 24 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
2nd exercise	From the date of grant to the expiry of 24 months from the date of grant	25%	From the first trading day upon the expiry of 24 months from the date of grant to the last trading day upon the expiry of 36 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2023 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
3rd exercise	From the date of grant to the expiry of 36 months from the date of grant	25%	From the first trading day upon the expiry of 36 months from the date of grant to the last trading day upon the expiry of 48 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2024 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
4th exercise	From the date of grant to the expiry of 48 months from the date of grant	25%	From the first trading day upon the expiry of 48 months from the date of grant to the last trading day upon the expiry of 60 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2025 over net profit attributable to the parent company in 2021 reaches or exceeds 15%

Notes:

1. The share options granted in 2021 will be valid for a maximum period of 72 months commencing from the grant date to the date of full exercise or cancellation of all share options granted to the participants. Upon the expiry of the 12-month period from the grant date of share options granted under the Incentive Scheme, and subject to the satisfaction of the exercise conditions, the participants may exercise the options in five yearly phases of 20% of the granted options each. The vesting period of the share options is from the date of grant until the respective vesting dates.

The share options granted in 2022 will be valid for a maximum period of 60 months commencing from the grant date to the date of full exercise or cancellation of all share options granted to the participants. Upon the expiry of the 12-month period from the grant date of share options granted under the Incentive Scheme, and subject to the satisfaction of the exercise conditions, the participants may exercise the options in four yearly phases of 25% of the granted options each. The vesting period of the share options is from the date of grant until the respective vesting dates.

2. The exercise price of the share options granted is not lower than the carrying amount of the shares, nor lower than the higher of the followings: (1) the average trading price of the A Shares on the trading day preceding the announcement of the A Share Option Incentive Scheme, and (2) the average trading price of the A Shares for the last 20 trading days preceding the announcement of the A Share Option Incentive Scheme. The number and exercise price of the share options is subject to adjustment(s) in the event of any distribution of dividends, capitalisation issue, bonus issue, sub-division or consolidation of shares and rights issue in accordance with the provisions of the A Share Option Incentive Scheme.
3. All the options forfeited before expiry of the relevant schemes will be treated as lapsed options which will not be added back to the number of shares available to be issued under the relevant schemes. The exercise prices of the cancelled share options granted in 2021 and 2022 are RMB25.63 and RMB23.86, respectively.

Share Schemes

The number of A shares that may be issued in respect of A Share options and awards granted under all schemes of the Company during the six months ended 30 June 2025 represented 0.52% of the weighted average number of shares of the A Shares in issue (excluding treasury shares) during the period.

The particulars regarding dilution effect of the share options are set out in note 11 to the financial statements.