

Hisense 海信家電

海信家電集團股份有限公司

Hisense Home Appliances Group Co., Ltd.

Stock Code: 000921 (A Shares)

00921 (H Shares)

2026 INTERIM
REPORT



2028欧洲杯™全球官方合作伙伴



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DEFINITIONS

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

"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"Board"	the board of directors of the Company
"Bosch Home Comfort"	Bosch Home Comfort UK Holding Limited
"CASBE"	China Accounting Standards for Business Enterprises
"Company", "Hisense Home Appliances", "We"	Hisense Home Appliances Group Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the Shenzhen Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"HASCO Sanden"	Sanden HASCO Automotive Air Conditioning Co., Ltd.
"Hisense Air Conditioning"	Qingdao Hisense Air Conditioning Company Limited* (青島海信空調有限公司), a company incorporated in the PRC with limited liability and indirectly controlled by Hisense Group Holdings, and holds approximately 37.31% of the issued shares of the Company as at the date of this report
"Hisense Bosch"	Qingdao Hisense Bosch Air Conditioning Systems Co., Ltd.* (青島海信博世空調系統有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
"Hisense Communications"	Qingdao Hisense Communications Company Limited* (青島海信通信有限公司), a company incorporated in the PRC with limited liability and indirectly controlled by Hisense Group Holdings, and holds approximately 2.00% of the issued shares of the Company as at the date of this report
"Hisense Finance Company"	Hisense Finance Co., Ltd.* (海信集團財務有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group Holdings
"Hisense Global Asia Holding"	Qingdao Hisense Global Asia Holding Co., Ltd.* (青島海信環亞控股有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
"Hisense Group Holdings"	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
"Hisense Hong Kong"	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Group, and holds approximately 8.99% of the issued shares of the Company as at the date of this report
"Hisense Intelligent Electronic"	Qingdao Hisense Intelligent Electronics Technology Co., Ltd.* (青島海信智能電子科技有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Visual
"Hisense International"	Hisense International Co., Ltd.* (青島海信國際營銷股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group Holdings

DEFINITIONS

"Hisense Investment Development"	Qingdao Hisense Investment Development Co., Ltd.* (青島海信投資發展股份有限公司), a company incorporated in the PRC with limited liability
"Hisense Jinlong Holding"	Qingdao Hisense Jinlong Holding Co., Ltd.* (青島海信金隆控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group Holdings
"Hisense Marketing Management"	Hisense Marketing Management Co., Ltd.* (海信營銷管理有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
"Hisense Xinhai Technology"	Hisense Xinhai Technology (Hangzhou) Co., Ltd.* (海信星海科技(杭州)有限公司), a company incorporated in the PRC with limited liability and 30% owned by the Company
"Hisense Visual"	Hisense Visual Technology Co., Ltd.* (海信視像科技股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group Holdings, and whose shares are listed on the Shanghai Stock Exchange
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"Share(s)"	share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares
"Shareholder(s)"	holder(s) of the Shares
"Sanden company"	Sanden Corporation, a Japanese listed company
"Yiyang Entrepreneurship Investment"	Qingdao Yiyang Entrepreneurship Investment Management Co., Ltd.* (青島億洋創業投資管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"%"	Percent

* For identification purposes only

CORPORATE INFORMATION

Hisense Home Appliances is principally engaged in R&D, manufacturing and marketing of electrical products such as refrigerators, household air conditioners, central air conditioners, freezers, washing machines and kitchen appliances, as well as moulds, automotive air conditioner compressors and integrated thermal management systems, and provides full scenario smart home solutions centred on the intelligent upgrade of home appliances.

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Company Secretary: Ms. Wong Tak Fong

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

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

(1) *Central Air-Conditioner Market*

In the first half of 2026, the central air-conditioner industry was under broad-based pressure. According to statistics from AICON, the market size declined by 10.8% year-on-year. Yet despite the headwinds, the industry forged ahead, with growth highlights emerging in several segments.

The commercial fit-out market remained broadly subdued, with demand for real estate-related projects continuing to weaken. However, supported by the "Two New" Initiative, backed by RMB200 billion of ultra-long-term special treasury bonds issued in 2026 to boost large-scale equipment renewal, retrofit segments achieved counter-cyclical growth. Specifically: in energy-efficient retrofitting of existing public buildings, central air-conditioning upgrade projects for hospitals, educational institutions and commercial buildings have been listed as key areas for policy support, with full-year growth projected at approximately 10%; in industrial energy-efficient retrofitting, robust demand exists for technical upgrades that replace high-energy-consuming boilers with industrial high-temperature heat pumps, driving a 14% growth rate for relevant products; in digital infrastructure retrofitting, IDC computing power precision temperature control and liquid-cooled data centre projects have recorded growth above 20% for two consecutive years, emerging as the fastest-growing market segment.

The home fit-out retail market, weighed down by a sluggish real estate sector, declined by nearly 14%, although signs of recovery are already emerging. Refurbishment of second-hand homes and unit replacement have become the core incremental drivers. Customer demand is shifting from the procurement of individual equipment toward integrated multi-constant system solutions that combine AI-enabled intelligence, health, comfort and energy efficiency. Industry competition is no longer confined to the equipment itself, but has escalated into a contest of comprehensive service capabilities covering customised whole-home comfort solutions, standardised concealed installation workmanship and local maintenance and servicing. Leading players capable of delivering end-to-end integrated solutions will gain greater leverage in the era of stock competition.

(2) *Household Air-Conditioner Market*

According to omni-channel monitoring data from AVC (All View Cloud), the domestic air-conditioner market came under significant pressure in the first half of 2026, with retail volume and retail value declining by 19.5% and 23.3% year-on-year, respectively. The market downturn arises from the combined impact of multiple headwinds: continued weakness in real estate-linked supporting demand, the tightening of national subsidy policies and the pull-forward of demand brought by earlier stimulus policies, which have weakened momentum for both new installations and stock replacement. Meanwhile, high channel inventory placed pressure on industry growth. The "trading price for volume" dynamic became especially pronounced during major promotional campaigns, driving average industry selling prices further downward, and end-consumer purchasing decisions grew increasingly conservative and rational.

Despite the broad-based market downturn, the direction of product upgrades remains clear. Energy efficiency, comfortable airflow, healthy air and smart interaction have become core levers for enterprises to break free from fierce price competition and build differentiated competitive advantages.

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

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

(1) ***Domestic Refrigerator and Freezer Market***

According to omni-channel aggregate data from AVC (All View Cloud), China's domestic refrigeration market in the first half of 2026 exhibited a divergent pattern, with refrigerators coming under pressure while freezers posted growth. Refrigerator retail volume fell by 5.6% year-on-year and retail value by 7.7% year-on-year, yet structural upgrades were pronounced, with large freezer compartments, ice-making functions and smart features emerging as the three core directions. On large freezer compartments: driven by growing consumer demand for frozen storage, the freezer-compartment share within mainstream large-capacity products continued to rise. On ice-making: younger consumers' demand for iced drinks has pushed ice-making into a core product highlight and a standard feature of premium models, with ongoing upgrades toward rapid ice-making, detachable designs and antibacterial functions. On smart features: refrigerators are evolving from a single "cold storage space" into an "intelligent lifestyle steward"; future designs may adopt a "pluggable functional cabin" architecture with an AI steward to meet rising personalised demand, delivering more timely, efficient and convenient food inventory management. The freezer market, by contrast, performed strongly. AVC omni-channel aggregate data showed freezer retail volume grew by 13.8% year-on-year, and retail value grew by 10.1% year-on-year. Market trends are shifting from a single-minded pursuit of "larger capacity" toward "larger capacity coupled with refined storage". Consumers are seeking not only bigger freezing capacity but also better categorisation and more refined storage of ingredients.

(2) ***Domestic Washing Machine Market***

According to omni-channel aggregate data from AVC (All View Cloud), the domestic washing machine market came under pressure in the first half of 2026, with retail volume and retail value declining by 5.2% and 4.6% year-on-year, respectively. Despite the broad-based weakness, opportunities for structural growth remain pronounced. On the one hand, large-capacity products and demand for segmented usage scenarios have become the twin engines driving value growth in the stock market. On the other hand, multi-drum washing machines featuring partitioned washing closely match differentiated household laundry requirements, continuing to lead the market and acting as the focal point for best-selling models. At the same time, mid-to-high-end categories such as premium washer-dryer sets and heat-pump laundry-care products achieved counter-trend growth. With sustained policy support and manufacturers deepening their premium positioning, the value potential of the stock market is set to expand further, and the industry is expected to move towards higher-quality development through structural upgrading.

(3) ***Domestic Kitchen Appliance Market***

In the first half of 2026, weighed down by the dual pressures of a real estate downturn and waning national subsidies, China's kitchen and bathroom major-appliance market came under broad-based pressure. AVC (All View Cloud) omni-channel aggregate data showed retail value in the segment falling by 10.1% year-on-year.

Despite the broad-based weakness, structural divergence across categories was pronounced. Range hood and stove categories accelerated their move toward premiumisation. Range hoods focused on selling points such as concealed designs, large air volume with high pressure, self-cleaning and AI-powered hood-stove linkage; gas stoves upgraded around high heat output and high thermal efficiency, with fully concealed dry-burn prevention emerging as a premium differentiator, while product designs were also better suited to cleaning needs and small-pot cooking scenarios. Disinfection cabinets, featuring all-stainless steel inner liners, drip-free structures and AI auto-disinfection, aim to boost daily usage frequency and shake off the stereotype of being an "underused appliance". The water heater category as a whole saw relatively modest volatility: gas water heaters continued to weaken, while electric water heaters held steady supported by stock-replacement demand, with product innovation centred on constant-temperature experiences and whole-home healthy water treatment. Overall, the kitchen and bathroom market has formed a competitive landscape featuring three co-existing brand groups: specialist brands, integrated brands and long-tail brands. Structural upgrading and scenario segmentation will be the main drivers of future growth.

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

3. Overseas Home Appliance Market

The global home appliance market in the first half of 2026 showed a complex pattern featuring both “divergence” and “recovery” amid multiple pressures. Geopolitical risks, raw material price volatility and shipping capacity constraints posed notable challenges, while climate trends, inventory cycles and the pace of regional economic recovery further amplified market uncertainty. The divergence was especially pronounced in export data. According to data from Industry Online, export volumes in the first half of 2026 grew by 14.4% year-on-year for both refrigerators and washing machines, demonstrating strong resilience, while air conditioner exports fell by 6.8% year-on-year, coming under pressure. Despite differentiated challenges across regional markets, the growth drivers remain clear: in Europe and the US, consumer preference for energy-efficient and smart appliances continues to drive product iteration and premium upgrades; in emerging markets, the steady rise in home appliance penetration points to sizeable potential for further scale growth.

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

According to IHS statistics, cumulative compressor production in the global automotive industry reached approximately 43.99 million units in the first half of 2026, marking a slight year-on-year decline of 2.6%. While overall production remained largely stable, the underlying structure was undergoing profound divergence. The split between ICE-vehicle compressors and NEV compressors widened: internal combustion engine (ICE) vehicle compressor output continued to contract, with global output of about 28.58 million units in the first half, representing a year-on-year drop of 8%; meanwhile, global new energy vehicle (NEV) compressor production reached approximately 10.94 million units, up by 8.4% year-on-year, emerging as the core engine driving steady industry growth. Within that, the Greater China region produced around 7.29 million units, up roughly by 7.6% year-on-year.

As the global automotive market accelerates its transition to electrification, it is also facing an increasingly complex external environment. Geopolitical risks: continued volatility in the Middle East is disrupting logistics and supply chains. Trade policy shifts: US tariff policy is reshaping the cost structure and supply-chain footprint of the global automotive industry. Environmental regulatory changes: divergent emission and energy-efficiency standards across countries are adding to corporate compliance pressures. Overall, the electrification transition is injecting growth momentum into the industry, but geopolitical and trade-policy uncertainty has become a new variable the global automotive value chain must squarely confront.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, Hisense Home Appliances recorded revenue of RMB46.765 billion, down 5.22% year-on-year, and net profit attributable to shareholders of RMB1.658 billion, down 20.16% year-on-year. Faced with profound adjustments across the industry, the Company has maintained unwavering strategic resolve, adhered to a user-centric philosophy and based its development on the principle of "building the enterprise through technology". Amid industry headwinds, the Company has proactively pursued transformation and risen to challenges. That said, we are acutely aware that as we navigate the business cycle, there remains scope for improvement in structural upgrading and operational efficiency.

Against external pressures such as geopolitical disruptions and rising raw material prices, the Company's ability to respond still requires further improvement. Going forward, the Company will continue to deepen its localised overseas operations to hedge against trade risks: optimising the regional footprint of overseas production bases and supply chains to mitigate the impact of tariffs and shipping costs, while developing differentiated product and brand strategies tailored to different regional markets to enhance overseas profitability. In terms of premiumisation and catering to differentiated segment demand, the Company's competitiveness needs further enhancement. The Company will continue to monitor changes in segmented market demand, especially the preferences of younger consumer groups, scale up technology reserves as well as product iteration and innovation to strengthen product competitiveness. It will also further develop its differentiated product matrix: focusing on high-growth tracks including fresh-air systems, heat pumps and industrial central air-conditioning, developing flagship products with solid technological moats to enable rapid market response. With regard to channel and inventory management, operational efficiency remains to be improved. The Company will continuously optimise global channel and inventory management frameworks, promote online-offline integration, establish a more agile supply-chain response system and boost management capacity over the end retail market. To drive refined management, the Company will adopt digital solutions to optimise cost structures throughout manufacturing, logistics and marketing, maintaining relatively stable profit margins.

1. HVAC Business

(1) Central Air-Conditioner Business

The Company has actively responded to the national strategy for green and low-carbon transformation, making sustained efforts across four priority areas: energy-efficiency upgrades of central air-conditioning systems, refrigerant management and green compliance, the renewal of existing equipment stock, and the promotion of heat pumps, to help the HVAC industry transition towards sustainable, high-quality development. According to Industry Online statistics, the Company recorded a market share of 26.6% in the domestic multi-connected machine market during the Reporting Period, continuing to lead the industry forward.

- i. In terms of the home fit-out business segment, the Company focuses on premium intelligence, health and energy efficiency, driving product upgrades and channel expansion through technological innovation, thereby achieving high-quality growth and market leadership in the home fit-out business.***

Hitachi launched the upgraded Whole-house All-Sense 3.0 Five-Constants+ Smart Air Customisation System. Leveraging three core strengths including integrated innovation, intelligent upgrades and refined customisation, the system creates a "one person, one environment" air experience, supporting upgrades to premium residential living. The Zunrui Total-Effect II outdoor unit has also been renewed, supporting temperature-and-humidity dual control coordinated with floor-heating systems. Within six months of launch, shipment volume and order intake grew 170% and 215% year-on-year, respectively. In addition, the Hitachi AI Smart Screen and the new Linear Human-Sense 3D Air Outlet blend minimalist design aesthetics into home environments, redefining the premium living comfort experience through AI-powered human sensing. The two products have won the Silver Award and the Winner Award at the SHOP! International Design Awards respectively.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

1. HVAC Business — *Continued*

(1) *Central Air-Conditioner Business — Continued*

- i. In terms of the home fit-out business segment, the Company focuses on premium intelligence, health and energy efficiency, driving product upgrades and channel expansion through technological innovation, thereby achieving high-quality growth and market leadership in the home fit-out business. — Continued*

Hisense officially launched the ThinkAir 2.0 Whole-house Healthy Smart Ecosystem. Its core product, the Ai Home II PRO, pioneered the 6-in-1 four-pipe energy-saving and comfort system, integrating air-conditioning, floor heating, hot water, fresh air, temperature-and-humidity dual control and whole-house intelligent control into a single solution and achieving a revolutionary “one for six” breakthrough. The product successively won three prestigious international awards: the 2026 Red Dot Award, the AWE 2026 Appliance Platinum Award and the US SHOP! Design Award. In terms of business expansion, Hisense actively diversified into light commercial unitary systems, heat pumps and other emerging tracks, where the relevant businesses achieved rapid growth of over 80%, driving a 10.51% year-on-year increase in Hisense’s home fit-out business revenue.

York launched the YES-comfort IV Series multi-connected systems together with the industry’s first fluorine-water heat-exchange tank, building a premium integrated suite solution centred on a three-pipe, three-supply architecture for air-conditioning, floor heating and domestic hot water. Every model in the series is equipped with vapour-injection enhanced compressors, enabling stable heating at -30° C and powerful cooling at 46° C. When paired with the Sky fresh-air unit, the system delivers intelligent Six-Constants air management. When matched with the fluorine-water heat-exchange tank, it forms a fluorine-water dual supply solution to satisfy high-end customers’ dual requirements for air conditioning and domestic hot water, consolidating the brand’s competitive edge in the premium market. During the Reporting Period, shipment value for fluorine-water hybrid systems and multi-connected systems rose by 15% year-on-year.

Kelon integrated its product, policy and channel resources to drive high-quality growth in its home fit-out business. On the product side, the brand focused on two priority areas, namely “healthy air” and “high cost-effectiveness”. It prioritised the E+ II household multi-connected systems equipped with the Hi-nano Ultra ion sterilisation module, alongside the launch of a portfolio of competitive offerings such as the new Nuanyi Series dedicated heating units. These moves effectively eased dealer inventory pressure and lifted end-market sell-through. On the channel side, Kelon brought in more than 100 additional high-quality merchants at the million-yuan level. Efforts centred on three high-potential tracks: integrated distributors of leading brands, TOP customers and home fit-out designers, significantly strengthening network coverage. During the Reporting Period, shipment value from Kelon’s home fit-out segment grew by 25% year-on-year, and its household water products were included in the Catalogue of Key Energy-Saving and Carbon-Reduction Technologies and Products issued by the China Energy Conservation Association.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

1. HVAC Business — *Continued*

(1) *Central Air-Conditioner Business — Continued*

- ii. ***In terms of the engineering business segment, the Company has cultivated in-depth expertise in segmented scenarios and driven low-carbon transformation via technological innovation and intelligent manufacturing upgrades, achieving the rollout of benchmark projects across multiple fields alongside high-quality business growth.***

Hitachi has focused on the high-value engineering market, securing continuous breakthroughs in medical purification, retrofit and renovation, and real estate supporting facilities. Targeting high-end real estate supporting projects, medical facility retrofits and small-to-medium-sized projects, the Company launched the SET-FREE Zhijie Temperature-and-Humidity Dual-control Product, the Medical Purification DX AHU and the SET-FREE All Large Side-discharge Outdoor Unit. Among them, the industry-first four-pipe SET-FREE Zhijie Temperature-and-Humidity Dual-control Product boasts leading technologies covering temperature-and-humidity dual control, low-temperature heating, high-temperature cooling and fault early warning. Five invention patents and eight utility model patents have already been filed for the product. During the Reporting Period, contract value from the medical sector rose by 5% year-on-year.

Hisense Engineering closely seized the policy window for carbon emission reduction in the construction sector, anchoring two core tracks: HVAC energy-saving retrofits for public buildings and carbon reduction in high-energy-consumption industrial scenarios, thereby achieving steady growth against the market trend. Its business covers a wide range of scenarios including real estate, healthcare, education, rail transit, and industrial and mining plants. The division has delivered dozens of benchmark low-carbon retrofit projects worth over RMB10 million each, accomplishing a strategic upgrade from a “single equipment supplier” to a “full-scenario, full-lifecycle air solution provider”. Leveraging the north-south dual intelligent manufacturing layout established by the Hisense-Bosch Lighthouse Factory and the Changsha water chiller factory, delivery efficiency for commercial engineering projects improved by 22% in the first half of 2026, customised demand response cycles were shortened by 30%, and penetration in the national commercial engineering market rose by 6% year-on-year.

York Engineering launched three new products to further enrich its public-building product portfolio: the YES-ECO III top-discharge multi-connected system (expandable to 120HP through modular combinations), the YES-data series computer-room air-conditioners designed for data centres, and the YZM series purified and corrosion-resistant DX units targeting premium purification scenarios. Centring on four priority directions, namely industrial applications, retrofit and renovation, premium purification and data centres, the Company’s data centre business grew by 130% year-on-year. Leveraging its “water-fluorine synergy, leading public building solutions” product strategy and the intelligent manufacturing and delivery capabilities of the Hisense-Bosch Lighthouse Factory, York Engineering continued to strengthen its competitiveness in the public-building market.

The Kelon brand seized two major market opportunities, namely domestic substitution and infrastructure renewal, focusing on technological upgrades of engineering multi-connected systems and breakthroughs in engineering projects. On the product side, it advanced the development of the Large Multi-connected K3 Series, achieving coverage of the full capacity range from 8HP to 42HP per module, while simultaneously expanding reach for flagship products such as unitary systems into lower-tier channels and enhancing supporting capabilities for public-building projects. Backed by standardised quality control under joint Hisense-Bosch manufacturing, large-scale deliveries are guaranteed. On the channel side, it targeted three high-potential segments: general contractors, private enterprises and government platforms. The brand signed more than 50 million-yuan-level platform distributors and secured eight benchmark projects, achieving staged breakthroughs in mainstream engineering channels. A combined policy package of “inventory stocking incentives and benchmark project rewards” boosted activity among platform distributors, bringing simultaneous improvements to revenue quality and profitability within the engineering segment.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — Continued

1. HVAC Business — Continued

(1) Central Air-Conditioner Business — Continued

- iii. In terms of the new business segment, the Company has pursued two parallel tracks in smart HVAC and water chiller businesses, leveraging ECO-B technology iterations to expand market coverage and new water chiller products to consolidate technological moats, while continuing to position itself in the AI-powered HVAC upgrade track.**

The Hisense Smart HVAC ECO-B system has completed key technology iterations and scaled implementation. The self-developed universal HVAC control system has been put into stable operation at the Changsha factory, marking an important breakthrough in core self-sufficiency. Alongside the iteration and upgrade of the ECO-B system architecture, cloud-edge-terminal coordinated energy-saving control capabilities have been enhanced in parallel, strengthening system flexibility and scalability and enabling adaptation to a wider range of application scenarios. During the Reporting Period, relevant solutions were deployed for the first time in segmented sectors including small-scale commercial chains and clean-energy station retrofits, with HVAC intelligent control contracts growing 41.6% year-on-year on strong momentum.

The water chiller segment seized opportunities arising from dual-carbon policies and technological transformation, building differentiated competitive barriers through core technologies spanning self-developed compressors, pressure vessels and automatic controls. During the Reporting Period, three new products were launched: a 1200RT large-capacity permanent-magnet direct-drive centrifugal chiller targeting high-end large-scale industrial and commercial projects, featuring dual Grade 1 energy efficiency and a maximum full-load COP of 6.92, 8% above the national Grade 1 standard; a modular oil-free centrifugal chiller purpose-built for retrofit projects, with a footprint of just 2.4 square metres and convenient transportation and installation; and a large screw air-cooled heat pump capable of stable operation across a wide operating range, with the full series meeting energy-saving efficiency standards. These products jointly deliver comprehensive low-carbon smart air solutions for diverse scenarios.

(2) Household Air-Conditioner Business

Taking “reshaping the value of air through leading technology and providing reliable full-scenario air solutions for global users” as its mission, the household air-conditioner business focuses on technological and product upgrades for the Hisense and Kelon brands.

- i. Hisense Air Conditioner continues to boost product innovation and brand marketing capabilities. It upgrades and refines its new product portfolio and secures multiple authoritative awards. Leveraging the FIFA World Cup IP and brand strategic campaigns, it further expands communication influence, maintaining a leading position within the fresh-air air-conditioner segment.**

Hisense Air Conditioner centres on the three core directions of “intelligence, fresh air and energy efficiency”, with AI as the core thread. It rolled out three series: Smart Fresh Air, Smart Airflow and Smart Energy-Saving, together with the premium TRÉSOR suite product matrix. The brand launched the Yufengdun Smart Airflow A6, a human-sensing air conditioner with 340° comprehensive airflow control, and the Smart Airflow E5, the first sliding-cover air conditioner launched in China. Hercules U6 obtained the AWE Appliance Innovation Award and the German Red Dot Design Award, while the Smart Airflow E5 Pro received the Technology Innovation Award at the China HVAC Industry Innovation Summit. Meanwhile, taking the opportunity of serving as an official sponsor of the 2026 FIFA World Cup, the Company unveiled a portfolio of World Cup-customised air-conditioning products, hosted the “Good Air” Strategy Action Launch Conference, and reinforced brand communication alongside its 30th anniversary celebrations. Integrated online and offline marketing activities themed on the World Cup covered major physical retail outlets and mainstream e-commerce platforms nationwide. These initiatives stimulated robust terminal sales, lifted brand recognition and successfully converted event popularity into tangible sales performance. The brand retained the top position in China’s fresh-air air-conditioner sales ranking in 2025 and was honoured as a “Leading Fresh-Air Air-Conditioner Brand”. During the Reporting Period, Hisense maintained the leading market share across all channels in the fresh-air air-conditioner segment.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

1. HVAC Business — *Continued*

(2) Household Air-Conditioner Business — *Continued*

- ii. ***Kelon Air Conditioner builds differentiated competitive advantages relying on core magnetic levitation technology and takes the lead in realising the industrial application of magnetic levitation technology for household air conditioners. A range of innovative new products have been launched, driving incremental market growth and winning industry awards.***

Kelon Air Conditioner has completed its layout of new products featuring magnetic levitation technology and is the first brand in China to apply magnetic levitation technology to household air conditioners, forming differentiated competitive advantages in low noise and energy efficiency. This technology is adopted in the Jingshengdian LT, QS-lite, LH and Cloud Cat Max Second Generation series. Benefiting from its friction-free suspended operating structure, operating noise is reduced to 14 decibels, placing its mute performance at the forefront of the industry. Sales of Jingshengdian LT, the key offline promoted model, rose by 43.5% year-on-year in the first half of 2026. The mid-to-high-end new Cloud Cat Ultra floor-standing unit launched in the same period is equipped with smart technologies including Star Flash Human Sensing 2.0 and dual-core intelligent voice control. It received the “Annual Innovative Product Award” at the 20th Shanghai Home Appliance Carnival.

2. Refrigerator, Washing Machine and Kitchen Appliance Business

(1) Refrigerator Business

- i. ***Ronshen refrigerator: intelligent freshness preservation drives high-end transformation, with tangible results from product mix optimisation***

During the Reporting Period, drawing on 43 years of brand heritage, Ronshen has continued to advance innovation in cutting-edge freshness preservation technologies. While guaranteeing excellent energy efficiency of its products, the brand has steadily enhanced food freshness retention capacity, providing healthy and sustainable smart kitchen solutions for consumers. According to AVC's omni-channel monitoring data, the market share of Ronshen's mid-to-high-end and high-end refrigerator products rose by 3.12 percentage points year-on-year in the first half of 2026, demonstrating tangible progress in product mix optimisation and high-end transformation.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

2. Refrigerator, Washing Machine and Kitchen Appliance Business — *Continued*

(1) Refrigerator Business — *Continued*

i. **Ronshen refrigerator: intelligent freshness preservation drives high-end transformation, with tangible results from product mix optimisation** — *Continued*

To meet consumer demand for refined ingredient storage and healthy management of the internal refrigerator environment, the Company adopts advanced WILL Ecological Compartment Technology and Hydrolight Ion Freshness Preservation Technology to recreate the native growing environment of ingredients. Combined with the Micro-Freezing Fresh-Locking Compartment and Freezer Fresh-Locking Compartment, the products support partition management of storage zones and build dedicated layered fresh-keeping environments for fruits, vegetables, fresh meat and frozen goods. Meanwhile, the Cube Pro series benefits from core technologies and hardware advantages including independent dual-system refrigeration, AI-enabled full-space dual purification and ultra-clean rapid ice-making, realising iterative improvements in refrigeration efficiency and storage conditions. Fitted with the AI Dual Active Deodorisation and Sterilisation System, the series can dynamically detect refrigerator usage frequency and fluctuations in storage conditions and launch proactive deodorisation and sterilisation interventions. It achieves a sterilisation rate of up to 99.9999%, establishing an industry benchmark for deodorisation and sterilisation technology and further consolidating the Company's competitive advantages in the high-end market.

ii. **Hisense refrigerator: deepening expertise in vacuum freshness preservation and ushering in an AI molecular-level freshness preservation revolution**

Hisense Refrigerator continues to focus on the R&D and application of vacuum magnetic field freshness preservation technology, combined with AI intelligent control modes. Leveraging the self-developed Xinghai large model, the brand delivers dedicated freshness preservation environments for special ingredients, fully meeting personalised freshness preservation needs across diverse scenarios. According to omni-channel monitoring data from AVC, retail sales of Hisense refrigerators rose by 3.82% year-on-year in the first half of 2026, while the market share of mid-to-high-end and higher-end products increased by 1.20 percentage points year-on-year, demonstrating steady progress in its high-end transformation.

To tackle prevailing industry pain points including persistent odours inside refrigerators and flavour deterioration of premium ingredients such as deep-sea fish and meat following long-term freezing, the Company adopts AI cruise deodorisation technology together with core technologies covering vacuum cold extraction and deep-cold quick-freezing. It has launched innovative offerings including the AI Electronic Nose Cruise Deodorisation System, the Big Pear Series and the TRÉSOR Vacuum Premium Refrigerator. The AI Electronic Nose Cruise Deodorisation System can respond within 30 seconds and alert users to remove spoiled ingredients, achieve efficient sterilisation in 2 minutes, realise rapid deodorisation within 6 minutes, and maintain active cleanliness protection inside the refrigerator around the clock. As an industry pioneer of large-freezer refrigerators, the Big Pear Series adopts a 980 mm high-waistline design paired with -36° C deep-cold technology, allowing salmon to retain sashimi-grade freshness even after re-freezing for 30 days. The TRÉSOR Vacuum Premium Refrigerator is equipped with the industry's first 10-minute vacuum cold extraction function and a clean ice-making system. It not only actively maintains internal cleanliness but also elevates refrigerators from mere food storage appliances to premium products that enhance kitchen living quality. In terms of after-sales services, the Company maintains its rigorous after-sales policy offering a three-year full-unit warranty and a ten-year compressor warranty. It actively supports the rollout of trade-in subsidies, accelerating industrial structural upgrading and fostering brand reputation.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

2. Refrigerator, Washing Machine and Kitchen Appliance Business — *Continued*

(1) Refrigerator Business — *Continued*

iii. Freezers: innovating air-cooling technology and setting a benchmark for premium freezer quality

In the first half of 2026, the Company's freezer business seized the industry opportunity of simultaneous growth in freezer retail volume and value. Taking air-cooling technology innovation as the core driving force, the business continued to optimise its product portfolio. According to omni-channel monitoring data from AVC, the market share of Ronshen Freezer's offline mid-to-high-end and high-end products reached 12.17% in the first half of 2026, representing a year-on-year increase of 0.19 percentage points.

Hisense Freezer tackled common drawbacks of traditional chest freezers, such as frost accumulation, inadequate deep-freezing performance and low space utilisation. Drawing on the fifth-generation air circulation system and -40°C deep-freezing fresh-preservation technology, the Company rolled out a range of products including the air-cooled chest freezer series, as well as the Big Pear Series Air-cooled Upright Freezer 288 and Chest Freezer 181. These products enable food ingredients to rapidly pass through the ice crystal formation zone, while the full-space purification function delivers antibacterial and deodorisation effects. Among them, backed by its antibacterial and deodorisation performance, the Hisense air-cooled chest freezer repeatedly claimed the leading weekly market share in the 200L air-cooled chest freezer segment in the first half of 2026 (AVC data). Adopting permanent frost-free air cooling and full-space purification technology, the Hisense Big Pear Series offers a generous 288L capacity on a footprint of merely 0.36 square metres, effectively reconciling the trade-off between space utilisation and food preservation. The Chest Freezer 181 integrates premium configurations including frost-free air cooling, -40°C deep freezing and full-space purification, accurately catering to the diverse demands of quality-conscious households and commercial users.

Ronshen Freezer targeted pain points of weak performance and low space utilisation prevalent among small-capacity freezers. It adopted variable-frequency compressors and high-insulation thin foam layer technology to carry out comprehensive upgrades to the Fresh Cube and Fresh Cube Pro series. Equipped with lateral three-dimensional air outlets and multi-channel three-dimensional air supply design alongside an unobstructed bottom return air channel, the air-cooled Model 181 achieves a more than 17% improvement in space efficiency. It fills the performance gap in the small-capacity segment and provides the convenience of frost-free air cooling, consistently ranking first in the industry's upright freezer segment. Meanwhile, the 145L variable-temperature freezer secured a position within the industry Top 10 for multiple weeks over six months. The 202 air-cooled freezer, Model 203 and Model 205 variable-temperature freezers have steadily stayed within the upper bracket of the industry Top 20, continuously reinforcing the Company's competitive edge in the premium freezer market.

(2) Washing Machine Business

During the Reporting Period, Hisense Washing Machines focused on core demands for refined laundry care among modern households and continued to advance technological R&D and product matrix upgrading. Leveraging its mid-to-high-end product portfolio including integrated heat-pump laundry systems and Family Drum products, the business effectively tapped into segmented markets and delivered dual improvements in business scale and brand influence. Hisense Family Drum was officially awarded the title of "Industry Pioneer of Integrated Washing Machines with Built-in Shoe Washing Function" by the China Household Electrical Appliances Research Institute. According to omni-channel monitoring data from AVC, retail sales of Hisense washing machines increased by 22.7% year-on-year in the first half of 2026, and the market share of mid-to-high-end and premium products rose by 2.2 percentage points year-on-year. During the 618 shopping festival, Hisense washing machines achieved a 59.3% year-on-year increase in e-commerce sales volume; its market share climbed 2.81 percentage points year-on-year, and the average selling price registered a year-on-year rise of 186%.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

2. Refrigerator, Washing Machine and Kitchen Appliance Business — *Continued*

(2) **Washing Machine Business** — *Continued*

At the product level, the new-generation Hisense Family Drum series targets core pain points: cluttered household laundry equipment, time-consuming manual shoe washing, and high costs for professional shoe cleaning services. In the first half of 2026, the Company launched Hisense Family Drum Cotton Candy U7S and the online-exclusive Hisense Family Drum Big Mint 2.0 E5S, extending laundry care coverage from garments to footwear. Adopting a four-drum partitioned design and an independent water circuit system, the product suite consists of one 12kg large-capacity washing machine, one 8kg heat-pump dryer, two 1kg washer-dryers for maternity wear and undergarments, one 3kg shoe washer and one 3kg shoe care machine, fully catering to all types of household laundry care demands. Occupying merely 0.5 m², the unit forms an integrated household laundry care station. The Cotton Candy U7S achieved sales exceeding 10,000 units within the first month after launch. Meanwhile, the Big Mint 2.0 E5S continuously led the rankings of heat-pump laundry care products during the 618 shopping festival, ranking No.1 on the bestseller list for heat-pump laundry care appliances.

At the technology level, three core technologies fuel improvements to the laundry care experience. First, the shoe washing drum is equipped with Living Water Whitening Technology to efficiently remove stains on shoes. Its Fresh Oxygen Care function enables water-free deodorisation and fungus elimination. The two independent small drums hold dual certifications of Mother & Baby Grade and Premium Care Grade. Second, the main drum features the industry-leading AI Zeus Heat Pump 3.0 technology. It is the industry's only full-size flush-mounted heat-pump washer-dryer that completes washing, care and drying in one drum without transferring laundry, lifting drying efficiency by 32%. Third, the whole unit is fitted with Living Water Washing Technology. Its Healthy Water achieves a fungus removal rate of 99.99%, and softened water delivers a scale inhibition rate of over 93%. The product leads the industry with a high wash index of 1.35. While retaining the original overall capacity and core performance, the Big Mint 2.0 E5S features an ultra-slim main drum body, which fits perfectly with the minimalist home interior style of modern households. Supported by technological innovation and enhanced product competitiveness, Hisense Washing Machines has received a series of prestigious awards, namely the AWE 2026 Appliance Innovation Award, the 2026 CES Best Innovation Award and the 2026 China Home Appliance Innovative Retail Outstanding Case Award, further consolidating its industry influence and brand premium capacity.

(3) **Kitchen Appliance Business**

Hisense Kitchen Appliances has built industry-leading advantages in three dimensions: aesthetics, quality and intelligent technology, by leveraging its global resource integration capabilities. On the product side, it draws on the design DNA of ASKO and gorenje, benchmarking top-tier standards in CMF craftsmanship and quality control, and builds first-mover advantages in intelligent technology supported by its global smart laboratories. In the first half of 2026, the Hisense Silent Range Hood obtained the "Industry Pioneer of Silent Range Hoods" certification issued by the China National Household Electric Appliance Industry Information Centre.

On the channel side, Hisense Kitchen Appliances has established a multi-platform livestreaming matrix online and opened up front-end channels including home decoration, housing renovation and fine-fit housing. By adopting suite-based sales covering the complete home appliance portfolio, it has forged differentiated competitive strengths. Innovative SKUs including the Silent Range Hood and Zero-Bacteria Dishwasher have boosted channel premiums. During the Reporting Period, online retail revenue of the kitchen appliance business rose 35.71% year-on-year, serving as the core engine driving volume growth. Offline operations delivered steady incremental growth backed by premium appliance suites, alongside continuous optimisation of the product mix.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

3. Domestic Channel Development

(1) *Seizing the Dual Opportunities of the "Two New" Policies and World Cup IP to Spearhead Industrial Consumption Upgrading*

The Company actively rolled out the national trade-in initiative and continued to forge ahead in the core sectors of low-carbon, green and intelligent development, launching a range of premium products aligned with policy guidelines and market consumption demands. Capitalising on the traffic dividends brought by the World Cup IP, the Company further strengthened multi-dimensional partnerships with governments, enterprises and channel partners, and established a regular joint marketing system to effectively boost end-user consumption. The Company stayed firmly committed to its premiumisation drive: it leveraged products' core strengths in high-end positioning, intelligence and eco-friendliness, greatly lifting the market competitiveness of core product categories. Notably, the Cotton Candy Ultra Family Drum Washing Machine claimed the 2026 CES Best Innovation Award for its groundbreaking innovation, making it the only washing machine brand to secure this prestigious honour in nearly 15 years. The Big Mint Suite achieved strong results during the 618 shopping campaign, propelling its flagship refrigerators and washing machines into the industry's Top 15 tier. The high-end TRÉSOR Suite maintained steady development and launched the Hercules Suite tied to the World Cup IP. Supported by integrated online and offline operations, revenue generated by the TRÉSOR Suite rose 27.7% year-on-year in the first half of the year, emerging as a key growth driver for the Company's business performance.

(2) *Maintaining Strategic Focus on Channel Development, with AI-Powered Digital Intelligence Driving High-Quality Expansion*

The Company continues to consolidate the foundation of its self-operated channels, focusing on high-quality expansion and improved store efficiency. In the first half of 2026, 1,272 specialty stores were newly opened. Through optimisations in dealer recruitment, site selection and store operations, newly opened stores achieved a 15% year-on-year increase in store efficiency. The proprietary online mall completed functional upgrades and UI experience optimisation to boost private-domain traffic acquisition and conversion and accelerate online-offline integration. Sales registered continuous month-on-month improvement, with retail sales in June rising more than 50% year-on-year.

The Company seizes opportunities arising from diversified channel development and steadily built an omni-channel matrix underpinned by content e-commerce, online distribution and self-operated platforms. It rapidly rolled out a Douyin livestream matrix, which has delivered initial results and shown a sound momentum of "stabilising existing business and securing incremental breakthroughs", driving double-digit year-on-year revenue growth of the Douyin channel in the first half of the year. The online distribution ecosystem saw accelerated expansion. The Company established the VPOP Benchmark Customer Club and further refined store strategies, fuelling a 113% year-on-year increase in online distribution revenue.

The Company remains firmly committed to AI-driven digital transformation and accelerated the deployment of AI technologies. Six marketing-oriented intelligent agents were launched, including Product Selling Point Packaging, AI Sales Champion Assistant and AI Intelligent Data Analytics. The Company also launched an integrated online-offline World Cup marketing campaign and optimised the marketing chain of "online content seeding for traffic attraction + offline scenario experience support + livestream-led conversion", lifting lead acquisition and conversion efficiency. Consequently, marketing ROI rose 18% year-on-year in the first half of the year.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

3. Domestic Channel Development — *Continued*

(3) *User-Centric Approach to Deepen User Operations and Reshape Service Standards, Enhancing User Satisfaction*

Adhering to a user-centric philosophy, the Company further advances user operation reforms and terminal service upgrades. It launched the User Profiling Insight Agent and upgraded the User Voice Insight Agent, building a full-link mechanism covering “real user voice collection”, “demand mining” and “closed-loop experience improvement”. Taking Hisense AiHome as the core interaction hub, the Company leveraged top-tier sports IPs including the FIFA World Cup to conduct in-depth interactions with members. Its membership base surpassed 100 million, with monthly active members rising 36% year-on-year. The Company set up a User Delivery Centre, reshaping service standards centring on the tenets of “speed, quality and care”. Oriented around the user journey, it strengthened end-to-end service guarantee and digitally empowered the user delivery experience. The HACC Customer Service Workbench and AI Service Consultant were launched; the AI intelligent customer service agent was iterated, and the work order dispatching model was optimised from merchant-assigned to technician-direct allocation, reaching a coverage rate of 95.3% in the first half of the year and greatly boosting terminal service efficiency and user experience. The Company also expanded over 300 core service network outlets. The first-time resolution rate of service problems rose by 4.15 percentage points in the first half of the year.

4. Overseas Markets for Home Appliances Business

During the Reporting Period, Hisense pressed ahead with the development of its global “7+1” regional centre ecosystem, fully capitalised on its FIFA World Cup 2026 rights and deeply integrated marketing resources. In the online market, the Company pushed high-end products and optimised the product mix. In the offline market, driven by retail business, it expanded its store network and improved operational efficiency. Overseas businesses maintained high-quality and efficient growth.

(1) *Europe Region*

During the Reporting Period, Hisense Europe Region fully leveraged the World Cup IP rights, took advantage of channel sharing under its multi-brand layout, and steadily promoted high-end and bundled product sets to optimise its product mix. In the first half of 2026, the white goods revenue of the Europe Region increased by 20% year-on-year. Specifically, revenue from refrigerators and freezers rose by 15% year-on-year; washing machine revenue surged by 39% year-on-year; and the average selling price of air conditioners registered steady growth.

(2) *North America Region*

During the Reporting Period, centring on key initiatives including the World Cup rights and Super Bowl sponsorship, Hisense North America Region consistently boosted brand exposure and user stickiness. In the first half of 2026, revenue of the North America Region grew by 11% year-on-year. Specifically, refrigerator revenue increased by 29% year-on-year, while washing machine revenue rose by 16% year-on-year.

(3) *Middle East and Africa (MEA) Region*

During the Reporting Period, Hisense’s MEA Region fully leveraged World Cup IP rights, delivering a substantial uplift in regional brand awareness and robust growth in the e-commerce market. Against the backdrop of conflicts in the Middle East, the Company proactively expanded into the African market, with rapid growth in store count in Egypt, Algeria and other markets. In the first half of 2026, revenue from refrigerators and freezers in the MEA Region rose by 8% year-on-year, and washing machine revenue increased by 24% year-on-year.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

4. Overseas Markets for Home Appliances Business — *Continued*

(4) Central and South America Region

During the Reporting Period, Hisense's Central and South America Region launched marketing campaigns by capitalising on FIFA World Cup event rights, focused on online collaboration with key retail channels, and attained rapid expansion in e-commerce business scale. In the first half of 2026, refrigerator revenue in the South America Region grew by 26% year-on-year. Channel inventory of air conditioners was gradually cleared; shipment performance is expected to improve quarter-on-quarter in the second half, and the average selling price of washing machines increased markedly.

(5) Asia-Pacific Region

During the Reporting Period, Hisense's Asia-Pacific Region aligned its marketing schedule with the World Cup campaign, steadily advanced offline terminal development, promoted high-end offerings and optimised the product mix. On the one hand, it consolidated its footprint in mature markets including Japan and Australia; on the other hand, it vigorously explored emerging potential markets. The region successfully secured access to the Himart channel in South Korea, achieved breakthroughs in agent partnerships in Pakistan, and opened more than 600 new stores. In the first half of 2026, revenue of the Asia-Pacific Region increased by 6% year-on-year. Specifically, household air conditioner revenue grew by 6% year-on-year, and washing machine revenue rose by 24% year-on-year.

(6) ASEAN Region

During the Reporting Period, the ASEAN Region focused on core product categories, prioritising the premium upgrade of offline terminals and boosting revenue contributions from key customers. In the first half of 2026, the sales mix of refrigerators kept improving, with revenue jumping by 50% year-on-year. Continuous upgrades to the Living Water Washing technology fuelled a 38% year-on-year revenue growth for washing machines. For air conditioners, the region stepped up development of professional channels and brand building, driving household air conditioner revenue up by 26% year-on-year.

(7) India Region

During the Reporting Period, the India Region concentrated on the air conditioner segment and secured breakthroughs in core channels. In the first half of 2026, revenue of the India Region surged by 90% year-on-year.

II. STATUS OF PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD — *Continued*

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

In the first half of 2026, Sanden company continued to consolidate its footprint in the mechanical compressor market and maintain stable core business. Meanwhile, Sanden company focused on the new energy track, delivered high-efficiency, energy-saving and reliable thermal management solutions, continued to serve automotive customers worldwide, and registered a marked improvement in operating results.

(1) Success Across Global Markets, Traditional and New Energy Businesses Grow in Tandem

In the first half of 2026, Sanden company secured new project awards worth RMB6.2 billion. Important progress was made in expanding key global customers and securing orders for flagship projects. Sanden company achieved positive outcomes across major markets including China, Europe, the Americas and Japan, laying a solid foundation for future revenue growth and improved operating quality.

Drawing on its global customer resources and technological strengths, the Company secured key breakthroughs in multiple markets by focusing on core businesses such as new energy vehicle thermal management, electric compressors and mechanical compressors. In the Chinese market, the Company further deepened cooperation with key customers and pushed forward the development and project rollout of innovative products including water circuit modules. In Europe, the Company broadened cooperation with strategic customers, won multiple key platform projects, and steadily strengthened its competitive edge in the mechanical compressor segment. In the Americas, it successfully obtained orders for new energy projects, further expanding the footprint of its electric compressor business. In Japan, the Company accelerated joint new product development with key customers and won project awards for flagship platforms, paving the way for subsequent mass production, sales and long-term collaboration.

(2) Deepening Cost Reduction and Efficiency Improvement to Achieve Notable Progress in Operational Quality

Amid fierce competition in the automotive component market, Sanden company pressed ahead with cost optimisation, boosted manufacturing and management efficiency, and accelerated digital and intelligent transformation. As a result, the gross profit margin rose by 0.86 percentage points year-on-year in the first half of the year. Through organisational and process optimisation, functional integration and divestiture of low value-added businesses, Sanden company achieved substantial improvements in workforce and operational efficiency alongside continuous optimisation of the expense ratio. By raising capacity utilisation, cutting inventory levels and optimising the circulation of negotiable instruments, net cash generated from operating activities increased by RMB480 million year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

(I) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

☐ Yes ☒ No

Unit: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)
Operating revenue (RMB)	46,765,857,550.25	49,340,344,981.85	-5.22
Net profits attributable to shareholders of the Company (RMB)	1,658,028,371.34	2,076,581,358.73	-20.16
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	1,332,447,704.59	1,817,610,114.41	-26.69
Net cash flow from operating activities (RMB)	3,235,127,088.88	5,321,988,827.78	-39.21
Basic earnings per share (RMB/share)	1.21	1.52	-20.39
Diluted earnings per share (RMB/share)	1.21	1.52	-20.39
Weighted average rate of return on net assets (%)	9.05	12.55	Decrease of 3.5 percentage points

Items	As at the end of the Reporting Period	As at the end of the previous financial year	Increase or decrease as compared to the end of the previous financial year (%)
Total assets (RMB)	78,100,427,801.02	69,984,242,341.49	11.60
Net assets attributable to shareholders of the Company (RMB)	17,457,482,047.79	17,469,005,538.20	-0.07

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD — Continued
(II) DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

1. The disclosure of differences in net profit and net assets between financial reports prepared in accordance with International Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not applicable
2. The disclosure of differences in net profit and net assets between financial reports prepared in accordance with overseas accounting standards and Chinese Accounting Standards

☐ Applicable ☒ Not applicable

(III) NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS
Unit: RMB

Items	Amount	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	38,806,621.32	-
Government grants recognised in profit or loss for the period (excluding those that are closely related to the company's ordinary operating activities, comply with national policies, are granted in accordance with prescribed standards, and have a continuous impact on the company's profit or loss)	44,813,912.16	-
Gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gains and losses arising from the disposal of financial assets and financial liabilities, excluding effective hedging transactions in relation to the entity's ordinary operating activities	140,478,226.60	-
Profit or losses from assets which entrust to others for investment or management	189,690,770.70	-
Gain or loss on debt restructuring	2,043,267.01	-
Other non-operating income and expenses other than the aforementioned items	-1,996,280.43	-
Less: Effect of income tax	79,547,384.86	-
Effect of minority interests (after tax)	8,708,465.75	-
Total	325,580,666.75	

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD — Continued

(IV) ANALYSIS OF PRINCIPAL BUSINESS

1. Changes in Major Financial Data Compared with the Corresponding Period of the Previous Year

Unit: RMB

Items in the statements of profit or loss and cash flows	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)	Reasons of change
Operating revenue	46,765,857,550.25	49,340,344,981.85	-5.22	-
Operating costs	37,173,172,589.37	38,743,597,232.06	-4.05	-
Sales expenses	4,298,032,999.67	4,869,442,985.61	-11.73	-
Management expenses	1,131,325,529.24	1,232,915,731.34	-8.24	-
Financial expenses	148,486,353.07	41,636,947.45	256.62	Primarily attributable to the fluctuation of foreign exchange gains and losses
Income tax expenses	551,768,870.34	436,679,453.25	26.36	-
Research and development expenses	1,536,768,142.43	1,674,893,303.26	-8.25	-
Other income	189,886,934.10	273,364,514.91	-30.54	Primarily attributable to a decrease in VAT refunds on embedded software products
Gain from changes in fair values	202,315,479.67	75,736,420.19	167.13	Primarily attributable to fair value fluctuations of wealth management products and forward foreign exchange contracts
Impairment losses on credit	-28,658,960.79	15,511,648.66	-284.76	Primarily attributable to changes in provision for bad debts and reversal of provisions
Impairment losses on assets	-96,500,897.20	-73,425,223.25	N/A	Primarily attributable to changes in inventory impairment provisions
Gains on disposal of asset	42,451,639.29	21,786,782.78	94.85	Primarily attributable to the disposal of certain long-term assets by subsidiaries
Non-operating expenses	49,164,266.72	17,220,897.46	185.49	Primarily attributable to the increase in expenses unrelated to the Company's ordinary business operations in the current period compared with the same period last year
Net cash flows from operating activities	3,235,127,088.88	5,321,988,827.78	-39.21	Primarily attributable to a decrease in cash received from the sale of goods and provision of services

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD — *Continued*

(IV) ANALYSIS OF PRINCIPAL BUSINESS — *Continued*

1. *Changes in Major Financial Data Compared with the Corresponding Period of the Previous Year — Continued*

Unit: RMB

Items in the statements of profit or loss and cash flows	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)	Reasons of change
Cash received from investment income	408,420,872.16	305,559,408.21	33.66	Primarily attributable to an increase in interest received from fixed-term deposits and wealth management products in the current period
Net cash received from disposals of fixed assets, intangible assets and other long-term asset	61,477,515.87	29,126,827.23	111.07	Primarily attributable to the disposal of certain long-term assets by subsidiaries
Net cash flows from investing activities	-892,925,802.11	-3,621,352,263.48	N/A	Primarily attributable to a reduction in net outflows from wealth management products
Cash received from other financing activities	36,248,652.95	391,834,125.12	-90.75	Primarily attributable to changes in bill guarantee deposits
Cash paid for dividends, profit distributions and interest	704,412,266.84	1,528,677,640.46	-53.92	Primarily attributable to changes in the amount and timing of dividends paid by subsidiaries
Cash paid relating to other financing activities	314,839,534.73	68,197,954.90	361.66	Primarily attributable to changes in bill guarantee deposits and loan repayments by overseas subsidiaries
Net cash flows from financing activities	-596,680,029.95	-668,288,088.93	N/A	–
Net increase in cash and cash equivalents	1,680,526,424.54	1,075,732,900.97	56.22	Primarily attributable to a decrease in net cash outflows from investing activities

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD — *Continued*

(IV) ANALYSIS OF PRINCIPAL BUSINESS — *Continued*

1. *Changes in Major Financial Data Compared with the Corresponding Period of the Previous Year — Continued*

Items in the balance sheet	Amounts at the end of the period	Amounts at the beginning of the period	Change (%)	Reasons of change
Cash at bank and on hand	5,265,445,893.88	3,496,408,124.80	50.60	Primarily attributable to the maturity of the Company's fixed-term deposits at the end of the Reporting Period
Receivables financing	7,274,816,997.74	4,607,438,550.93	57.89	Primarily attributable to an increase in the Company's bank acceptance bills during the Reporting Period
Other receivables	443,350,545.45	194,120,733.79	128.39	Primarily attributable to an increase in dividends receivable from subsidiaries
Other current assets	1,857,861,074.67	2,845,044,203.82	-34.70	Primarily attributable to the maturity of the Company's fixed-term deposits
Construction in progress	1,233,768,663.55	911,155,205.31	35.41	Primarily attributable to the Company's ongoing construction of the new industrial park during the Reporting Period
Taxes payable	720,197,749.55	448,596,053.86	60.54	Primarily attributable to an increase in income tax payable

There were no significant changes in the composition or sources of profit during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD — Continued

(IV) ANALYSIS OF PRINCIPAL BUSINESS — Continued

2. Composition of Operating Revenue

Unit: RMB

Items	the Reporting Period		the corresponding period last year		Increase or decrease as compared to corresponding period last year (%)
	Amount	Proportion of operating revenue (%)	Amount	Proportion of operating revenue (%)	
Total operating revenue	46,765,857,550.25		49,340,344,981.85		-5.22
Manufacturing industry	46,261,067,826.76	98.92	45,699,772,461.92	92.62	1.23
HVAC	22,352,728,814.65	47.80	23,694,226,316.45	48.02	-5.66
Refrigerators and washing machines	17,375,578,769.38	37.15	15,392,341,672.05	31.20	12.88
Other main business	6,532,760,242.73	13.97	6,613,204,473.42	13.40	-1.22
Mainland	24,878,488,039.60	53.20	25,248,768,513.67	51.17	-1.47
Overseas	21,382,579,787.16	45.72	20,451,003,948.25	41.45	4.56

Circumstances of industries, products or regions accounting for 10% or more of the Company's operating revenue or operating profit

✓ Applicable ☐ Not applicable

Unit: RMB

Items	Principal operating revenue	Principal operating costs	Gross profit margin (%)	Increase or decrease in principal operating revenue as compared to corresponding period last year (%)	Increase or decrease in principal operating costs as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
Manufacturing industry	46,261,067,826.76	36,843,586,755.93	20.36	1.23	4.24	-2.30
By product						
HVAC	22,352,728,814.65	16,934,085,131.36	24.24	-5.66	-1.94	-2.88
Refrigerators and washing machines	17,375,578,769.38	14,455,205,755.11	16.81	12.88	15.56	-1.93
Other main business	6,532,760,242.73	5,454,295,869.46	16.51	-1.22	-2.05	0.71
By region						
Mainland	24,878,488,039.60	17,857,968,476.40	28.22	-1.47	2.54	-2.80
Overseas	21,382,579,787.16	18,985,618,279.53	11.21	4.56	5.89	-1.12

MANAGEMENT DISCUSSION AND ANALYSIS

IV. ANALYSIS OF ASSETS AND LIABILITIES

1. Significant Changes in the Composition of Assets

Unit: RMB

	As at the end of the Reporting Period		As at the end of the previous financial year		Change in proportion (%)	Explanation of Significant Changes
	Amount	Proportion of total assets (%)	Amount	Proportion of total assets (%)		
Cash at bank and on hand	5,265,445,893.88	6.74	3,496,408,124.80	5.00	1.74	Primarily attributable to the maturity of the Company's fixed-term deposits during the Reporting Period
Accounts receivable	11,697,537,830.43	14.98	9,389,095,596.70	13.42	1.56	Primarily attributable to the timing of sales during the Reporting Period
Contract assets	67,915,975.77	0.09	67,667,431.89	0.10	-0.01	-
Inventories	7,196,267,124.50	9.21	6,862,327,671.56	9.81	-0.60	-
Investment properties	195,970,855.93	0.25	217,213,536.17	0.31	-0.06	-
Long term equity investments	1,941,133,742.76	2.49	2,005,216,196.64	2.87	-0.38	-
Fixed assets	7,012,416,474.13	8.98	7,160,327,070.21	10.23	-1.25	Primarily attributable to a combined effect of additions, disposals and depreciation of fixed asset during the Reporting Period
Construction in progress	1,233,768,663.55	1.58	911,155,205.31	1.30	0.28	-
Right-of-use assets	218,250,666.56	0.28	201,125,032.64	0.29	-0.01	-
Short term borrowings	3,487,108,780.31	4.46	3,300,806,097.01	4.72	-0.26	-
Contract liabilities	1,235,817,835.56	1.58	1,618,788,301.63	2.31	-0.73	-
Long term borrowings	61,794,454.34	0.08	71,308,422.32	0.10	-0.02	-
Lease liabilities	170,868,666.35	0.22	163,213,430.28	0.23	-0.01	-

2. Information on Major Overseas Assets

☐ Applicable ☒ Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

IV. ANALYSIS OF ASSETS AND LIABILITIES — Continued

3. Assets and Liabilities Measured at Fair Value

Unit: RMB

Items	Balance at the beginning of the Reporting Period	Fair value gain or loss for the period	Cumulative fair value changes recognised in equity	Impairment losses recognised for the period	Purchases during the Reporting Period	Disposals during the Reporting Period	Other changes	Balance at the end of the Reporting Period
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	19,129,043,706.26	152,301,091.42			18,331,207,268.98	16,218,854,248.98		21,393,697,817.68
2. Derivative financial assets	26,426,742.91	48,903,551.48						75,724,119.71
3. Receivables financing	4,607,438,550.93							7,274,816,997.74
4. Investments in other equity instruments	41,653,733.28		-1,347,539.26				-3,355,295.16	36,950,898.86
5. Other non-current financial assets	20,542,302.26	1,524,561.20	-302,184.83				-1,650,311.11	20,114,367.52
Sub-total of financial assets	23,825,105,035.64	202,729,204.10	-1,649,724.09		18,331,207,268.98	16,218,854,248.98	-5,005,606.27	28,801,304,201.51
Investment properties								
Bearer biological assets								
Others								
Total of the above	23,825,105,035.64	202,729,204.10	-1,649,724.09		18,331,207,268.98	16,218,854,248.98	-5,005,606.27	28,801,304,201.51
Financial liabilities	1,813,733.43	-413,724.43						2,195,138.65

4. Restrictions over Assets at the End of the Reporting Period

For details, please refer to Note V. 24.

V. INVESTMENT STATUS ANALYSIS

1. Overall Situation

☒ Applicable ☐ Not applicable

Unit: RMB

	Investment amount during the Reporting Period	Investment amount of the previous corresponding period	Change range
	19,544,321.59	16,122,921.57	21.22%
2. Significant Equity Investments Acquired During the Reporting Period			
	☐ Applicable ☒ Not applicable		
3. Ongoing Material Non-Equity Investments During the Reporting Period			
	☐ Applicable ☒ Not applicable		

MANAGEMENT DISCUSSION AND ANALYSIS

V. INVESTMENT STATUS ANALYSIS — Continued

4. Financial Assets Investment

(1) Securities Investment

Unit: RMB

Type of security	Security code	Security short name	Initial investment cost	Accounting measurement model	Opening book value	Gains or losses on changes in fair value for the period	Cumulative fair value changes recognised in equity	Purchase amount for the period	Sales amount for the period	Profit or loss for the Reporting Period	Other changes	Closing book value	Accounting account	Source of funds
stock	7267	Honda Motor Co., Ltd. (Listed on the Tokyo Stock Exchange)		Fair value measurement	15,722,658.43		-2,047,188.69				-1,594,314.10	12,081,155.64	Other equity instruments	Own-source funds
stock	8795	T&D Holdings (Listed on the Tokyo Stock Exchange)		Fair value measurement	17.92						-1.10	16.82	Other equity instruments	Own-source funds
stock	920080	OWS (Listed on the Beijing Stock Exchange)		Fair value measurement	4,137,000.00	-660,000.00						3,477,000.00	Financial assets held for trading	Own-source funds
Other securities investments held at the end of the Reporting Period			-									-		-
Total			-		19,859,676.35	-660,000.00	-2,047,188.69				-1,594,315.20	15,558,172.46	-	-
Disclosure date of the Board's announcement on securities investment approval														N/A
Disclosure date of the shareholders' general meeting's announcement on securities investment approval (if any)														N/A

(2) Derivatives Investment

☒ Applicable ☐ Not applicable

The Company's derivative investments mainly consist of foreign exchange derivatives such as forward foreign exchange settlement and sales.

MANAGEMENT DISCUSSION AND ANALYSIS

V. INVESTMENT STATUS ANALYSIS — Continued

4. Financial Assets Investment — Continued

(2) Derivatives Investment — Continued

1) Derivative Investments for Hedging Purposes During the Reporting Period

✓ Applicable ☐ Not applicable

Unit: RMB (in ten thousand)

Types of derivative investments	Initial investment amount	Opening balance	Fair-value gain or loss for the period	Cumulative fair-value changes recognised in equity	Purchases during the Reporting Period	Disposals during the Reporting Period	Ending balance	Proportion of ending investment amount to the Company's net assets at the end of the Reporting Period
Forward foreign exchange contracts		2,461.30	4,848.98				7,352.90	
Total		2,461.30	4,848.98				7,352.90	

Explanation of the accounting policies and specific accounting principles applied to hedging related businesses during the Reporting Period, and whether there have been any material changes compared with the previous Reporting Period

The accounting principles are formulated in accordance with the Accounting Standards for Business Enterprises. The Company carries out relevant accounting treatments for its businesses in accordance with the provisions and implementation guidance issued by the Ministry of Finance under Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, No. 37 – Presentation of Financial Instruments and No. 39 – Fair Value Measurement, to recognise and measure the relevant items in the balance sheet and income statement.

There are no material changes compared with the previous Reporting Period.

Explanation of the actual profit or loss during the Reporting Period

The actual profit-or-loss amount during the Reporting Period was -RMB35,9013 million.

Explanation of hedging effectiveness

During the Reporting Period, the Company was exposed mainly to foreign exchange risks, including foreign currency asset and liability exposures generated by import export receipts and payments, financing and other businesses. By entering into derivative contracts with equivalent amount, maturity and opposite transaction direction, the Company effectively hedged against risks arising from exchange rate fluctuations.

Sources of funds for derivatives investments

Own source funds

Risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

The Company uses banking financial-products to hedge foreign-exchange assets, so as to lock in or reduce the costs of foreign-exchange liabilities and satisfy the import-and-export business needs of the Company.

1. Market risk: the Company has set up a foreign exchange risk management team. In respect of the exchange rate exposures of its foreign currency denominated assets and liabilities, the team analyses foreign exchange trends and, taking into account the Company's tolerance for price changes caused by exchange rate fluctuations, decides whether to enter into foreign exchange derivative contracts to lock in exchange conversion costs and profits. Despite potential opportunity losses, timely execution of forward foreign exchange settlement and sales transactions can effectively mitigate market risks and secure reasonable profit levels for the Company
2. Liquidity risk: the Company enters into foreign-exchange derivative contracts based on reasonable estimates of its future foreign-exchange receipts and payments. Such transactions are non-speculative, carry no performance-related risks and have no impact on the liquidity of the Company.
3. Counterparty default risk: when carrying out foreign exchange derivative businesses, the Company conducts foreign exchange derivative transactions only with financial institutions that have obtained relevant business qualifications upon approval by the State Administration of Foreign Exchange and the People's Bank of China. Counterparties are selected from large scale banks and other financial institutions with high credit ratings. These institutions are financially strong and operate prudently, with an extremely low risk of default.

MANAGEMENT DISCUSSION AND ANALYSIS

V. INVESTMENT STATUS ANALYSIS — Continued

4. Financial Assets Investment — Continued

(2) Derivatives Investment — Continued

1) Derivative Investments for Hedging Purposes During the Reporting Period — Continued

Types of derivative investments	Initial investment amount	Opening balance	Fair-value gain or loss for the period	Cumulative fair-value changes recognised in equity	Purchases during the Reporting Period	Disposals during the Reporting Period	Ending balance	Proportion of ending investment amount to the Company's net assets at the end of the Reporting Period
4. Operational risk: the Company has formulated the Internal Control System for Forward Foreign Exchange Transactions and implemented tiered management. Management roles and responsibilities at each level are clearly defined; the functions of business application, monitoring and actual operation are assigned to different tiers and departments. Tiered management arrangements effectively avoid operational risks arising from single person or single department control, so as to prevent and control operational risks. 5. Legal risk: the Company's foreign exchange derivative businesses are conducted in compliance with relevant laws and regulations, with clear specification of rights and obligations between the Company and its counterparties (or cooperating financial institutions). The foreign exchange risk management team and risk management department continuously strengthen learning of relevant regulatory provisions and conduct strict contract reviews, to ensure that derivative investment and position holding activities comply with applicable laws, regulations and internal policies of the Company. Fair-value and market-price movements of invested-in derivatives during the Reporting Period, including disclosure of valuation methods, relevant assumptions and parameter settings used for derivative fair-value analysis Litigation status (if applicable) Disclosure date of the Board's announcement on derivatives investment approval (if applicable) Disclosure date of the shareholders' general meeting's announcement on derivatives investment approval (if applicable)								
				N/A	The Company recognises and measures derivatives in accordance with Chapter 7 (Determination of Fair Value) of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments. The fair value change of derivatives recognised during the Reporting Period amounted to RMB48.4898 million. The fair value of foreign exchange contracts is determined on the basis of quotations of foreign exchange products provided by banks.			
				31 March 2026				
				26 June 2026				

5. Use of Raised Funds

The Company did not utilise any proceeds from fund raising during the Reporting Period.

6. Disposal of Significant Assets and Equity Interests

The Company did not dispose of any significant assets or equity interests during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

V. INVESTMENT STATUS ANALYSIS — Continued

7. Analysis of Major Subsidiaries and Investee-companies

Information on main subsidiaries and investees whose impact on the Company's net profit exceeds 10%

Unit: RMB (in ten thousand)

Name of company	Company type	Major business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hisense Bosch	A subsidiary of the Company	Production and sale of central air-conditioners	US\$150 million	1,911,471.87	708,957.08	989,822.62	187,086.03	159,850.41

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

Description of major subsidiaries and investee companies

For details on Hisense Bosch, please refer to the section entitled "HVAC Business" within the Management Discussion and Analysis of this report.

VI. MAJOR CONTRACTS AND THEIR PERFORMANCE

1. Trusteeship, Contracting and Leasing matters

- (1) The Company had no trusteeship arrangements during the Reporting Period.
- (2) The Company had no contracting arrangements during the Reporting Period.
- (3) The Company had no leasing arrangements during the Reporting Period.

Note: The Company has no material leases. For non-material leases occurring during the Reporting Period, please refer to Note XVI.2.

VI. MAJOR CONTRACTS AND THEIR PERFORMANCE — Continued

2. Major Guarantees

External guarantees by the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of the guaranteed party	Disclosure date of announcements related to guarantee limits	Guarantee limits	Actual occurrence date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter-guarantee status (if any)	Guarantee period	Whether fully performed	Whether related-party guarantee
N/A										
Total limit of external guarantees approved during the Reporting Period (A1)			0	Total actual amount of external guarantees incurred during the Reporting Period (A2)						0
Total approved external guarantee limits at the end of the Reporting Period (A3)			0	Total actual external guarantee balance at the end of the Reporting Period (A4)						0
Guarantees provided by the Company to its subsidiaries										
Name of the guaranteed party	Disclosure date of announcements related to guarantee limits	Guarantee limits	Actual occurrence date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter-guarantee status (if any)	Guarantee period	Whether fully performed	Whether related-party guarantee
SANDEN CORPORATION			21 February 2025 – 24 March 2026	RMB1.534 billion	Joint and several guarantee		Counter guarantee provided to the Company by SANDEN CORPORATION	21 February 2025 – 24 June 2026	Yes	No
SANDEN CORPORATION			13 February 2026 – 19 March 2026	RMB0.172 billion	Joint and several guarantee			13 February 2026 – 24 June 2026	Yes	No
SANDEN CORPORATION			24 July 2025 – 19 June 2026	RMB2.269 billion	Joint and several guarantee		Counter guarantee provided to the Company by SANDEN CORPORATION	24 July 2025 – 20 October 2029	No	No
SANDEN CORPORATION			28 October 2025 – 22 June 2026	RMB0.65 billion	Joint and several guarantee			28 October 2025 – 8 January 2031	No	No
SANDEN INTERNATIONAL (U.S.A.), INC.	13 December 2024	RMB 8 billion	21 January 2025	RMB0.35 billion	Joint and several guarantee			21 January 2025 – 2 July 2029	No	No
SANDEN CORPORATION			6 August 2024	N/A	General guarantee			N/A	No	No
SANDEN CORPORATION			25 January 2025	N/A	General guarantee			N/A	No	No
SANDEN CORPORATION			23 September 2025	N/A	General guarantee			N/A	No	No
Guangdong Hisense Refrigerator Marketing Co., Ltd.			30 October 2024	RMB0.7 billion	Joint and several guarantee			30 October 2024 – 9 April 2027	No	No
Hisense (Guangdong) Air Conditioning Co., Ltd.			30 October 2024	RMB0.4 billion	Joint and several guarantee			30 October 2024 – 9 April 2027	No	No
Hisense Air Conditioning Co., Ltd.			30 October 2024	RMB0.2 billion	Joint and several guarantee			30 October 2024 – 9 April 2027	No	No
Qingdao Hisense Bosch Air Conditioning System Co., Ltd.			27 April 2025	RMB0.1 billion	Joint and several guarantee			27 April 2025 – 9 April 2027	No	No
Hisense (Zhejiang) Air Conditioning Co., Ltd.			30 October 2024	RMB0.1 billion	Joint and several guarantee			30 October 2024 – 9 April 2027	No	No
Total limit of guarantees to subsidiaries approved during the Reporting Period (B1)			RMB8 billion	Total actual amount of guarantees to subsidiaries incurred during the Reporting Period (B2)						RMB6.475 billion
Total limit of guarantees to subsidiaries approved at the end of the Reporting Period (B3)			RMB8 billion	Total actual balance of guarantees to subsidiaries at the end of the Reporting Period (B4)						RMB4.769 billion

MANAGEMENT DISCUSSION AND ANALYSIS

VI. MAJOR CONTRACTS AND THEIR PERFORMANCE — Continued

2. Major Guarantees — Continued

Name of the guaranteed party	Disclosure date of announcements related to guarantee limits	Guarantee limits	Actual occurrence date	Subsidiary-to-subsidiary guarantees		Collateral (if any)	Counter- guarantee status (if any)	Guarantee period	Whether fully performed	Whether related-party guarantee
				Actual amount	Guarantee type					
Total limit of guarantees to subsidiaries approved during the Reporting Period (C1)			0	Total actual amount of guarantees to subsidiaries incurred during the Reporting Period (C2)						0
Total limit of guarantees to subsidiaries approved at the end of the Reporting Period (C3)			0	Total actual balance of guarantees to subsidiaries at the end of the Reporting Period (C4)						0
Total guarantees of the Company (sum of the first three items)										
Total limit of guarantee approved during the Reporting Period (A1+B1+C1)		RMB8 billion		Total actual amount of guarantees incurred during the Reporting Period (A2+B2+C2)						RMB6.475 billion
Total limit of guarantee approved at the end of the Reporting Period (A3+B3+C3)		RMB8 billion		Total actual balance of guarantees at the end of the Reporting Period (A4+B4+C4)						RMB4.769 billion
Total actual balance of guarantees (i.e. A4+B4+C4) as a percentage of the Company's net assets										27.32%
Among them:										
Balance of guarantees provided to Shareholders, beneficial owners and their related parties entities (D)										0
Balance of debt guarantees provided directly or indirectly to guaranteed parties with a gearing ratio exceeding 70% (E)										RMB4.769 billion
Amount of total guarantees in excess of 50% of net assets (F)										
Total Amount of the Above Mentioned Three Items (D+E+F)										RMB4.769 billion
Description for outstanding guarantee contracts where guarantee liability has arisen during the Reporting Period or there is evidence that the Group may incur joint-and-several settlement liability (if any)										None
Description of external guarantees provided in violation of prescribed procedures (if any)										None

3. Particulars of Entrusted Wealth Management

Unit: RMB ten thousand

Product type	Risk profile	Outstanding balance of entrusted wealth management products during the period	Unexpired balance	Overdue outstanding amount
Wealth management products	Short-term, low-to-medium risk wealth management products with high safety profile and strong liquidity. The investment scope did not include securities investment funds involving trading on the secondary stock market	2,115,144.97	2,115,144.97	0.00

There are no other material contracts of the Company during the Reporting Period.

VII. CORE COMPETITIVENESS ANALYSIS

(I) TECHNICAL ADVANTAGES

During the Reporting Period, the Company steadfastly adhered to the core philosophy of being a "technology-driven enterprise", closely centering around the core strategy of "Smart Life", focusing on user needs to continuously promote industrial transformation and upgrading, and deepening the technological innovation system underpinned by "intelligence, health and energy efficiency". Leveraging more than 20 provincial-level and above scientific and technological innovation platforms, including national-level enterprise technology centers, postdoctoral research workstations and national-level industrial design centers, as well as the strong support of a global R&D resource collaboration system, the Company continuously consolidated its technological R&D capabilities.

To accelerate the commercialization of technological achievements and enhance product competitiveness, the Company deepened its digital transformation and AI strategic transition, continuously strengthened the leading role of the Hisense Value Thinking Model in the R&D system, effectively improved R&D efficiency and market response speed, and achieved major breakthroughs in multiple areas such as low-carbon energy efficiency, comfort and quietness, high-quality preservation, healthy washing and care, and new energy vehicle thermal management, comprehensively building an intelligent, low-carbon and healthy technology system to lead industrial technological innovation and product upgrading.

1. *HVAC Business*

- (1) **In terms of central air-conditioning**, the Company has been deeply engaged in core technologies of central air-conditioning, continuously innovating in areas such as solutions, complete units, core components, intelligent control platforms and algorithms, maintaining technological leadership: it made breakthroughs in three-phase high-power electrolytic capacitor-less variable frequency drive technology for air-conditioning, achieving a 35% increase in power density through beat frequency suppression technology in linear zone expansion and overvoltage prevention technology. Two technologies were appraised by the China Energy Conservation Association as reaching internationally leading levels; it made breakthroughs in multi-line multi-disciplinary coupled design technology, maintaining industry leadership in APF for multi-line units through synergistic optimization across disciplines such as compressor and drive, fan and air duct, heat exchanger and airflow field; it invented online electrostatic polarization purification technology, achieving a 36% reduction in wind resistance under the same purification capacity and doubling the filter service life through online charging of electrostatic adsorption filter elements; it has been deeply engaged in AI intelligent operation and maintenance technology for central air-conditioning, achieving pre-detection of central air-conditioning faults and diagnostic classification of more than 5 types of faults through mechanism and big data fusion modeling, supporting the development of intelligent operation and maintenance and proactive service businesses for central air-conditioning.
- (2) **In terms of household air-conditioning**, the Company has consistently remained user-centric, achieving precise regulation of heat recovery ratios up to 100% in low-carbon building heat recovery energy efficiency collaborative control, and proposing "heating synchronous defrosting" technology to achieve a balance between high efficiency and comfort. The relevant technologies were appraised by the China Energy Conservation Association as reaching internationally leading levels. In terms of core technology directions, it made breakthroughs in extreme high-temperature operation control technology, achieving uninterrupted operation at 68° C; it pre-researched high-air-volume low-noise full-heat fresh air technology, increasing airflow by 17m³/h; it pioneered China's first Halbach array magnetic levitation external rotor motor technology, establishing a motor noise reduction-speed dynamic compensation algorithm, achieving up to 15% efficiency improvement across the full speed range with noise as low as 13.5 dB(A); it developed wide-angle ultra-wide air supply technology, increasing the air supply angle by 27.3%, significantly enhancing user satisfaction. Through systematic technological innovation, the Company achieved full-chain coverage from low-carbon energy efficiency and extreme environment adaptation to air health, forming a complete ecosystem covering product R&D, standard setting and industrial implementation.

VII. CORE COMPETITIVENESS ANALYSIS — *Continued*

(I) TECHNICAL ADVANTAGES — *Continued*

2. Refrigerator, Washing Machine and Kitchen Appliance Business

- (1) **In terms of refrigerators**, the Company adheres to a user-centric and technology-driven approach, continuously focusing on core technological innovation in refrigerators: it made breakthroughs in visualizable online frost thickness detection and adaptive matching technology for air ducts and evaporators, reducing the average daily power consumption of complete units by 29.7%; it pioneered compressor broadband noise reduction and targeted sound absorption and insulation technology, reducing the overall unit noise power to 27.0 dB(A); both technologies were appraised by a team of academicians from the Chinese Association of Refrigeration as reaching internationally leading levels; centering on high-quality preservation, it upgraded AI seasonal light freshness preservation, increasing lutein content in spinach by 81.2% and lycopene in cherry tomatoes by 326% after 7 days of storage; it developed technologies such as adaptive ion deodorization and sterilization, achieving “nine effects in one”; it expanded vacuum cold brew beverage technology, shortening cold brew time from 24 hours to 10 minutes; it made breakthroughs in multi-ice-chamber collaborative control technology, achieving rapid ice-making in 55 minutes. It accelerated the AI intelligent technology layout for refrigerators, upgrading AI energy saving, AI quietness, AI purification, AI preservation and AI diagnostic technologies, which have been applied to more than 100 products for both domestic and export markets, promoting the upgrade of refrigerators to intelligent user companions. The Company has remained committed to driving high-quality development through technological innovation, centering on key areas such as low-carbon energy efficiency, high-quality long-term preservation, rapid ice-making and intelligent upgrading, continuously achieving core technology breakthroughs and commercialization, and building a full-chain innovation system covering basic research, technology development, patent layout, standard leadership and industrial application.
- (2) **In terms of washing machines**, the Company remains guided by user needs, focusing on product form innovation and key technology R&D, launching the new generation Hisense Family Drum • Cotton Candy U7S and Hisense Family Drum • Big Mint 2.0 E5S, providing one-stop clothing and shoe washing and care solutions. The Hisense Family Drum four-drum washing machine is hailed as the “industry pioneer of integrated shoe-washing washing machines”, further consolidating its position in the classified washing market with the industry-leading 1.376 washing ratio, Zeus heat pump dual-cold dual-heat low-temperature gentle drying technology, and fresh oxygen deodorization technology. In terms of key technologies, the Hisense Roman Holiday series won the Silver Award of the China Patent Award, and the three core technologies – “Key Technologies and Industrialization of Vibration and Noise Reduction for Multi-drum Washing Machines and Efficient Zoned Washing and Drying”, “Key Technologies and Industrialization of Low-vibration High-washing-capacity Large-diameter Washing Machines”, and “Key Technologies and Industrialization of Microchannel Heat Exchange Intelligent Heat Pump Dryers” – were all appraised as reaching internationally leading levels. New breakthroughs have been made in healthy washing and care technology, with fresh oxygen sterilization and deodorization technology achieving a fungal removal rate of 94.6%, precisely addressing the pain points of shoe care. Overseas markets maintained growth momentum, with product energy efficiency continuing to lead; the drum heat pump washer-dryer reached the European standard of A-10%; in terms of green design, the Company collaborated with SGS and TUV Rheinland to promote carbon footprint accounting and deepen product carbon reduction design.

VII. CORE COMPETITIVENESS ANALYSIS — *Continued*

(I) TECHNICAL ADVANTAGES — *Continued*

2. **Refrigerator, Washing Machine and Kitchen Appliance Business** — *Continued*

- (3) **In terms of kitchen appliances**, dishwashers have consistently focused on energy-saving and health-oriented sterilization technologies, continuously driving technological performance iteration. New products in the TRÉSOR and Big Mint series applied technologies such as residual water-free, UVC full waterway sterilization and ion deodorization, leading the industry in long-term storage and sterilization rates: A-20% energy efficiency tank energy storage heat exchange technology and A-50% energy efficiency heat pump technology were developed for the European market; the 5S/7S series new products were launched for the Australian market, adopting variable frequency technology to break through energy and water efficiency, achieving industry-leading 4.5-star energy rating and 6-star water efficiency. Range hood and cooktop products have centered their innovation around core performance enhancements, with the U5/U6 full series adopting silent air duct technology, achieving a soft 45 dB noise level and receiving the “Industry Pioneer of Quiet Range Hood” certification from the China Household Electric Appliance Research Institute; the G800 and other series range hoods were developed for the European market, innovatively applying VOC sensors to achieve “dual perception of cooking fumes, air follows smoke”, and equipped with multi-in-one modules to achieve interconnection with refrigerators, washing machines and whole-home intelligent control. Cooktop products innovated anti-dry-burning algorithms, effectively identifying high-heat stir-frying conditions to meet anti-dry-burning needs in high-heat stir-frying scenarios; developed Star Flash bidirectional range hood-cooktop linkage technology, enabling remote control of cooktop flame shut-off to safeguard kitchen safety.

3. **Automobile Air Conditioner Compressor and Integrated Thermal Management Business**

Sanden company has adhered to its business philosophy of transforming from an auto air-conditioning compressor-centric components supplier to a comprehensive thermal management systems provider for new energy vehicles, continuously providing efficient, energy-saving, intelligent and reliable thermal management solutions for global automakers, aiming to seize the strategic opportunities arising from the comprehensive electrification and intelligent transformation of the automotive industry: in the field of integrated thermal management systems, the next-generation highly integrated refrigerant module completed key technology development, achieving deep integration of compressors, heat exchangers and control components, reducing system volume by more than 30% while maintaining platform performance levels, and initiating the development of the next-generation ultra-compact platform; in the field of electric compressors, the fifth-generation platform continues to advance energy efficiency, NVH and cost optimization, while simultaneously conducting R&D on next-generation compact compressor technology to provide core support for highly integrated thermal management systems; in terms of electric heating products, the ECCH platform key technology development planning was completed and high-power ECCH integrated solution verification was advanced, with next-generation heating element technology achieving breakthroughs in compactness, lightweighting and cost optimization; in the HVAC field, technological innovation continues to focus on miniaturization, noise reduction and efficiency enhancement, with phased achievements made in key component technologies and platform development. The Sanden group is continuously providing more comfortable, energy-efficient and reliable thermal management solutions for new energy vehicles to global customers through globally integrated collaborative innovation and development.

VII. CORE COMPETITIVENESS ANALYSIS — *Continued*

(II) BRAND MATRIX

The Company's portfolio encompasses eight brands – "Hisense", "Ronshen", "HITACHI", "YORK", "gorenje", "ASKO", "SANDEN" and "KELON" – covering diverse product lines and market tiers, with strong brand reputation and extensive market presence. Leveraging the product positioning and characteristic differences of each brand, the Company precisely meets the diverse needs of different user groups, building a clear-tiered, synergistic and complementary brand matrix.

The Company has steadfastly advanced its internationalization strategy, continuously increasing investment in sports marketing and steadily enhancing brand awareness and influence overseas. The Company has continuously sponsored global top-tier sporting events including Euro 2016, the 2018 World Cup, Euro 2020, the 2022 World Cup, Euro 2024, the 2025 FIFA Club World Cup and the 2026 World Cup, leveraging these premier platforms to continuously elevate Hisense's brand recognition and influence in the global market.

During the USA-Canada-Mexico World Cup, perimeter advertising for the Company's Hisense refrigerators, Ronshen refrigerators, Hisense household air-conditioners and Hisense central air-conditioners appeared at the venues, showcasing Hisense's technological strength and brand warmth to global audiences. Through years of dedicated sports marketing, the Company has injected strong momentum into the globalization of the Hisense brand. According to the "2025 China Brand Global Trust Index" report released by globally renowned market research firm Ipsos, Hisense ranked first in the smart home appliance industry for the second consecutive year, further consolidating its trust and recognition among global consumers.

(III) TALENT DEVELOPMENT

The Company adheres to the core corporate spirit of "respecting people", regarding talent development as a critical foundation supporting strategic implementation, industrial upgrading and global expansion. Centered around the core values of "honesty, integrity, pragmatism, innovation, customer first and sustainable operation", the Company continuously improves talent attraction, development, motivation and growth mechanisms, respects and protects employees' legitimate rights and interests, fosters a fair, diverse, open and dedicated organizational environment, aligns employee growth with corporate development, and provides solid talent support for the mission of "building a world-class enterprise and achieving a world-class brand".

The Company remains oriented around strategic needs, closely aligning with industrial layout, technological innovation, market expansion and internationalization needs, continuously improving talent demand forecasting and dynamic allocation mechanisms, and precisely attracting talent in key areas such as R&D technology, intelligent manufacturing, marketing, supply chain management and international operations: through diverse channels including campus recruitment, social recruitment, internal promotions, talent mobility and university-industry collaboration, it broadly attracts outstanding talent and continuously optimizes the talent structure; it continuously strengthens targeted recruitment and succession pipeline building for key positions, core technology areas and high-potential talent, increasing organizational talent density and consolidating the talent foundation for high-quality development.

VII. CORE COMPETITIVENESS ANALYSIS — *Continued*

(III) TALENT DEVELOPMENT — *Continued*

The Company maintains a practice-oriented approach, continuously improving a tiered and categorized talent development system, driving comprehensive capability enhancement for executives, professionals and key position employees: centering on executive team building, combined with leadership principles and operational management realities, it continuously strengthens the development of new executives, succession candidates and key talent, enhancing managers' strategic understanding, business promotion, organizational collaboration and team leadership capabilities; centering on professional talent development, grounded in the technology-driven enterprise philosophy and engineering culture, it strengthens professional track development in R&D, manufacturing, quality, marketing, supply chain and other areas, encouraging employees to enhance their capabilities through project practice, problem-solving and business innovation; in response to digital and intelligent development trends, the Company continuously promotes the development of new capabilities in artificial intelligence and digital tool applications, enhancing employees' ability to solve business problems with new technologies, providing talent support for corporate transformation and upgrading; at the same time, Hisense actively promotes the development of international talent, strengthening cross-cultural communication, global operations and international market development capabilities to support the continuous expansion of global business.

The Company places great emphasis on talent reviews and succession pipeline development, continuously conducting key position talent identification and successor development, optimizing talent mobility and allocation mechanisms, promoting the rational flow of talent across different businesses, regions and positions, developing cross-functional capabilities through practice, and stimulating organizational vitality. The Company adheres to the principle of valuing value creators, establishing a compensation and incentive system aligned with position value, capability contribution and operational results, continuously improving performance incentives, special rewards and medium- to long-term incentive mechanisms, enhancing core talent attraction and organizational cohesion, and promoting mutual growth of employees and the Company.

The Company has always adhered to lawful and compliant employment practices, earnestly safeguarding employees' legitimate rights and interests, focusing on occupational health and safety, continuously improving the safety production management system and occupational health protection mechanisms, creating a safe, stable and healthy working environment for employees, while also emphasizing the building of harmonious employee relations, maintaining diverse communication channels, carefully listening to employee opinions and suggestions, promptly responding to employee concerns, continuously enhancing employees' sense of fulfillment, belonging and identification, and pooling the strong collective force driving the Company's sustainable development.

(IV) CORPORATE CULTURE

The Company has always regarded corporate culture as the core pillar of its confidence and steady progress, the spiritual driving force for generations of Hisense employees to strive relentlessly and forge ahead, and the fundamental answer for the enterprise when facing complex environments and development challenges. Centered around the core values of "honesty, integrity, pragmatism, innovation, customer first and sustainable operation", the Company continuously drives the deep transformation of cultural concepts into operational practices, organizational management and employee behavior, forming a distinctive feature of values-led strategy and culture-driven development.

The Company has always prioritized quality above all, and reliable quality products are Hisense's fundamental commitment to users. The "Hisense Quality Law" further unifies and enhances quality awareness across all employees, strengthens full-value-chain control from user needs to user delivery, and drives quality management toward digital intelligence empowerment and system-driven advancement, providing a solid guarantee for Hisense's globalization strategy.

The Company will continue to deeply promote cultural empowerment, leading organizational transformation, embedding each value thinking model into the mindset, behavior and principles of Hisense employees, supporting employee growth and the achievement of strategic and operational objectives, providing conceptual guidance for addressing the Company's current challenges, and injecting inexhaustible momentum into the mission of "building a world-class enterprise and achieving a world-class brand".

VIII. THE RISKS FACED BY THE GROUP AND CORRESPONDING MITIGATION MEASURES

- (I) Macroeconomic Fluctuation Risk. Global macroeconomic uncertainties have increased. A sustained slowdown in economic growth may weaken consumption momentum and thereby dampen market demand for home appliances.
- (II) Rising Cost Risk. Fluctuations in raw material prices may affect the Company's product costs. Increases in labour and service costs, ocean freight costs, installation, maintenance and other service expenses may result in accumulated costs across multiple links, putting pressure on the Company's profit margins.
- (III) Exchange Rate Fluctuation Risk. Substantial fluctuations in the RMB exchange rate may trigger price-cost inversion in overseas markets. This will directly impair the cost competitiveness of the Company's overseas products and compress profit margins of its overseas business.
- (IV) Market Risk Arising from Trade Protectionism and Trade Barriers. To safeguard their own economic interests, certain countries and regions may impose stricter trade barriers by raising tariffs, introducing mandatory certification requirements and other measures. Such moves will push up compliance costs and raise barriers to market access, eroding the Company's price competitiveness and channel penetration efficiency in overseas markets.

To cope with various operational challenges and risks, the Company is accelerating the shift to high-end products and further exploring emerging markets to strengthen its ability to withstand economic cycles. The Company has effectively alleviated upward cost pressures via initiatives including strategic reserves of raw materials, upgrades to smart manufacturing and adjustments to its global supply chain. Meanwhile, the Company adopts foreign exchange financial instruments to stabilise overseas earnings and hedge against exchange rate fluctuation risks. The Company will continue to bolster technology-driven development and global resource allocation capabilities, uphold a long-term vision, and achieve steady, sound and sustainable development amid a complex operating environment.

OTHER INFORMATION

I. MAJOR CONNECTED TRANSACTIONS

1. Connected Transactions in the Ordinary Course of Business

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of similar transactions (%)	Approved transaction Amount (RMB ten thousand)
Hisense Group Holdings	Purchase	Finished goods	Agreed price by reference to market price	16,020.25	0.43	
Hisense Group Holdings	Purchase	Materials	Agreed price by reference to market price	137,326.55	3.69	
Hisense Group Holdings	Receipt of services	Receipt of services	Agreed price by reference to market price	85,869.71	2.31	
Hisense Investment Development	Purchase	Finished goods	Agreed price by reference to market price	60.52	0.00	850,000.00
Hisense Investment Development	Purchase	Materials	Agreed price by reference to market price	0.04	0.00	
Hisense Investment Development	Receipt of services	Receipt of services	Agreed price by reference to market price	4,377.61	0.12	
Hisense Group Holdings	Sale	Finished goods	Agreed price by reference to market price	1,797,129.38	38.43	
Hisense Group Holdings	Sale	Materials	Agreed price by reference to market price	34,760.74	0.74	
Hisense Group Holdings	Sale	Moulds	Market price	784.60	0.01	
Hisense Group Holdings	Provision of services	Provision of services	Agreed price by reference to market price	5,493.25	0.11	4,765,000.00
Hisense Investment Development	Sale	Finished goods	Agreed price by reference to market price	1,476.71	0.03	
Hisense Investment Development	Sale	Materials	Agreed price by reference to market price	2.62	0.00	
Hisense Investment Development	Provision of services	Provision of services	Agreed price by reference to market price	270.89	0.01	
Bosch Home Comfort	Purchase	Products	Agreed price by reference to market price	39,921.16	1.07	253,640.00
HASCO Sanden	Purchase	Products	Agreed price by reference to market price	4,249.37	0.11	40,000.00
Bosch Home Comfort	Sale	Products	Agreed price by reference to market price	21,589.58	0.47	78,312.00
HASCO Sanden	Sale	Products	Agreed price by reference to market price	29,961.98	0.64	460,000.00

Note:

In June 2025, Hisense Group Holdings was split through a division of the surviving entity into Hisense Group Holdings (the "Surviving Company") and Hisense Investment Development (the "Newly Established Company"). Following the split, the Newly Established Company assumed the assets and liabilities relating to equity investments in Qingdao Shitong Shenghe Trading Co., Ltd., Qingdao Hisense Real Estate Co., Ltd., Qingdao Hisense Technology and Culture Management Co., Ltd., Qingdao Hisense Financial Investment Co., Ltd., Qingdao (Shinan) Hisense School, and Qingdao Hisense Industrial Co., Ltd., as well as the relevant assets and liabilities of Hisense Hospital, a branch of Hisense Group Holdings. The remaining assets and liabilities were assumed by the surviving company.

Following the demerger, the Newly Established Company and its subsidiaries no longer hold Shares in the Company indirectly. However, as they constituted part of the Company's indirect controlling shareholders or were subsidiaries thereof within the 12 months preceding the balance sheet date, they are still regarded as related legal persons of the Group in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 36 – Related Party Disclosures, the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Hong Kong Listing Rules, and the Related Party Transactions Management Measures of Hisense Home Appliances Group Co., Ltd.

OTHER INFORMATION

I. MAJOR CONNECTED TRANSACTIONS — *Continued*

1. Connected Transactions in the Ordinary Course of Business — *Continued*

Note: — *Continued*

As the aforementioned demerger occurred in mid-2025, the relevant limit for continuing related party transactions approved by the Company's shareholders' general meeting on 25 January 2024 was determined based on the scope of group members and business scale prior to the demerger. Consequently, the limits for related-party transactions between companies newly established in the current year, their subsidiaries and the Company remain under "Hisense Group Holdings", while the actual transaction amounts are disclosed under "Hisense Investment Development".

As at the end of the Reporting Period, the Company had deposit balance with Hisense Finance Company of approximately RMB11.508 billion, recognised interest income of approximately RMB0.112 billion, actual loan balance of RMB0.014 billion with recognised loan interest of RMB2.2419 million, electronic finance company acceptance bill balance of approximately RMB0.914 billion, and handling fee for issuing electronic bank acceptance bills of approximately RMB0.5228 million. The actual discount interest incurred for provision of bill discount services was approximately RMB0.0679 million, the amount transacted under provision of foreign exchange settlement and sales services was approximately US\$4.2833 million, and the service fee incurred for provision of agency services including fund receipt and payment settlement services was approximately RMB0.6086 million.

2. Connected Transactions Involving Acquisition and Disposal of Assets or Equity Interests

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company did not enter into any connected transactions involving the acquisition or disposal of assets or equity interests.

3. Connected Transactions Involving Joint External Investments

☐ Applicable ☒ Not applicable

4. Connected Receivables and Payables

☒ Applicable ☐ Not applicable

The Company's connected receivables and payables mainly arise from business transactions such as sales of goods, purchases of goods, provision of services and receipt of services.

Whether there exist non operating connected receivables and payables

☐ Yes ☒ No

The Company had no non operating connected receivables and payables during the Reporting Period.

5. Particulars of Transactions with Connected Finance Companies

Deposit Services

Related party	Nature of relationship	Maximum daily deposit limit (RMB ten thousand)	Deposit rate range	Opening balance (RMB ten thousand)	Movements during the period			Closing balance (RMB ten thousand)
					Total deposits made during the period (RMB ten thousand)	Total withdrawals during the period (RMB ten thousand)	Total	
Hisense Finance Company	Subsidiary of an indirect controlling shareholder	2,700,000.00	0.2%-2.60%	1,187,558.06	10,239,350.99	10,276,089.02		1,150,820.03

OTHER INFORMATION

I. MAJOR CONNECTED TRANSACTIONS — *Continued*

5. Particulars of Transactions with Connected Finance Companies — *Continued*

Loan Services

Related party	Nature of relationship	Loan limit (RMB ten thousand)	Loan interest rate range	Movements during the period			Closing balance (RMB ten thousand)
				Opening balance (RMB ten thousand)	Total loans drawn during the period (RMB ten thousand)	Total loan repayments during the period (RMB ten thousand)	
Hisense Finance Company	Subsidiary of an indirect controlling shareholder	590,000.00	Not higher than the interest rates charged by commercial banks in the PRC for similar loans for the corresponding period.	14,605.50		13,243.32	1,362.18

Credit Facilities or Other Financial Services

Related party	Nature of relationship	Business type	Total amount		Actual amount utilised (RMB ten thousand)
			(RMB ten thousand)		
Hisense Finance Company	Subsidiary of an indirect controlling shareholder	Credit facilities	755,700.00		94,926.72

6. Transactions between the Finance Company Controlled by the Company and Connected Parties

☐ Applicable ☒ Not applicable

There are no deposits, loans, credit facilities or other financial services between the finance company controlled by the Company and connected parties.

7. Transactions between the Company and other Connected Parties

Subsequent to the end of the Reporting Period, on 11 September 2026, HHA (Thailand) Co., Ltd. ("**HHA Thailand**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with LigentComm Co., Ltd. ("**LigentComm**"), pursuant to which HHA Thailand agreed to dispose of a parcel of land at an indicative total purchase price of Baht 432,643,750 (equivalent to approximately RMB87,867,856, subject to adjustment)(the "**Transaction**"). Details of the Transaction were disclosed in the Company's announcement dated 11 September 2026. As at the date of the Transaction, Hisense Group Holdings directly and indirectly held approximately 48.61% of the equity interest in Ligent Technologies, Inc. ("**Ligent Technologies**"), which in turn indirectly held 99.9999976% of LigentComm, and the remaining approximately 51.39% equity interest in Ligent Technologies was held by other shareholders. Ligent Technologies was listed on The Hong Kong Stock Exchange on 22 September 2026 (stock code: 9856). Hisense Group Holdings has no effective controller.

II. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net cash generated from operating activities of the Group was approximately RMB3,235 million for the six months ended 30 June 2026 (for the six months ended 30 June 2025: RMB5,322 million).

As at 30 June 2026, the Group's cash and cash equivalents (including bank deposits, cash and pledged bank balances) amounted to approximately RMB5,265 million (as at 30 June 2025: RMB5,157 million). Of which, more than RMB3,937 million was denominated in RMB (as at 30 June 2025: RMB4,129 million), and loans amounted to RMB4,383 million (as at 30 June 2025: RMB4,458 million).

Total capital expenditures of the Group for the six months ended 30 June 2026 amounted to approximately RMB790 million (for the six months ended 30 June 2025: RMB719 million).

Details of the Group's capital structure are set out in Note XVI.1 to the financial statements.

III. TRUST DEPOSITS

As at 30 June 2026, the Group did not hold any trust deposits with any financial institutions in the PRC. All of the Group's deposits were held with commercial banks and other financial institutions in the PRC and Hong Kong.

IV. EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

During the Reporting Period, some of the Group's purchases and overseas sales were denominated in foreign currencies. The Group is exposed to certain risks arising from exchange rate fluctuations. The Group has used financial instruments such as import and export bill advances and forward contracts to hedge against exchange rate risks.

V. AUDIT COMMITTEE

The twelfth session of the audit committee of the Board (the "**Audit Committee**") has reviewed and had no disagreement with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control, risk management system and financial reporting matters, including the unaudited interim results of the Group for the Reporting Period.

VI. GEARING RATIO

As at 30 June 2026, the Group's gearing ratio (calculated according to the formula: total liabilities divided by total assets) was 72.21% (as at 30 June 2025: 73.91%).

VII. HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2026, the Group had approximately 34,587 employees, mainly comprising 9,113 technical staff, 7,568 sales staff, 502 financial staff, 543 administrative staff and 16,861 production staff. The Group had 88 employees with a doctorate degree, 2,450 with a master's degree and 32,049 with a bachelor's degree or below. For the six months ended 30 June 2026, the Group's staff costs amounted to RMB4,212 million (for the six months ended 30 June 2025: RMB4,965 million).

The Company adopts a position-based remuneration policy for its staff. Staff remuneration is determined by reference to the relative importance of each position, responsibilities assumed thereunder and other performance-related factors.

VIII. ASSETS PLEDGED BY THE GROUP

As at 30 June 2026, no major property, plant and equipment (including leasehold land held for own use), investment properties or accounts receivable of the Group were pledged as security for the Group's borrowings. (as at 31 December 2025: nil)

OTHER INFORMATION

IX. SHARE CAPITAL STRUCTURE

As at 30 June 2026, the share capital structure of the Company was as follows:

Class of shares	Number of shares	Percentage to the total issued share capital
A Shares	925,271,363	66.81%
H Shares	459,589,808	33.19%
Total	1,384,861,171	100.00%

X. TOP TEN SHAREHOLDERS

As at 30 June 2026, there were 38,009 (A Shares: 37,971) Shareholders in total, of which the top ten Shareholders were as follows:

Name of Shareholder	Nature of Shareholder	Number of Shares held at the Reporting Period	Changes in holdings during the Reporting Period	Percentage of total issued share capital of the Company	Percentage of the relevant class of issued Shares of the Company	Number of Shares held subject to trading moratorium
Qingdao Hisense Air Conditioning Co., Ltd.	Domestic non-state-owned legal person	516,758,670	-	37.31%	55.85%	0
HKSCC Nominees Limited ^{Note 1}	Foreign legal person	458,945,387	-40	33.14%	99.86%	0
The Hong Kong Securities Clearing Company Limited ('HKSCC') ^{Note 2}	Foreign legal person	44,240,307	+10,143,454	3.19%	4.78%	0
Qingdao Hisense Communications Company Co., Ltd.	Domestic non-state-owned legal person	27,716,093	-	2.00%	3.00%	0
Goldman Sachs International – Own Funds	Foreign legal person	13,239,904	+13,054,606	0.96%	1.43%	0
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 – SH* (中國人壽保險股份有限公司—傳統—普通保險產品—005L—CT001滬)	Other	10,981,830	+8,404,230	0.79%	1.19%	0
Hisense Home Appliances Group Co., Ltd. – the 2024 A Share Employee Stock Ownership Plan* (海信家電集團股份有限公司—2024年A股員工持股計劃)	Other	8,760,423	-	0.63%	0.95%	0
Industrial and Commercial Bank of China Limited – GF Multi-Factor Flexible Allocation Mixed-Type Securities Investment Fund* (中國工商銀行股份有限公司—廣發多因子靈活配置混合型證券投資基金)	Other	7,505,000	+7,505,000	0.54%	0.81%	0
Penghua Fund – China Life Insurance Company Limited – Traditional Insurance – Penghua Fund-China Life New-Value Equity Portfolio Separate Asset Management Plan (Traditional Insurance)* (鵬華基金—中國人壽保險股份有限公司—傳統險—鵬華基金國壽股份新價值股票型組合單一資產管理計劃 (傳統險))	Other	6,879,000	+6,879,000	0.50%	0.74%	0
Harvest Fund – China Life Insurance Company Limited – Traditional Insurance – Harvest Fund China Life New Value Equity Portfolio Separate Asset Management Plan (Traditional Insurance)* (嘉實基金—中國人壽保險股份有限公司—傳統險—嘉實基金國壽股份新價值股票型組合單一資產管理計劃 (傳統險))	Other	6,325,900	+6,325,900	0.46%	0.68%	0

OTHER INFORMATION

X. TOP TEN SHAREHOLDERS — Continued

SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS OF TRADABLE SHARES

Name of Shareholders	Number of tradable Shares held	Class of Shares
Qingdao Hisense Air Conditioning Co., Ltd.	516,758,670	RMB ordinary Shares
HKSCC Nominees Limited ^{Note 1}	458,945,387	Overseas listed foreign Shares
HKSCC	44,240,307	RMB ordinary Shares
Qingdao Hisense Communications Company Co., Ltd.	27,716,093	RMB ordinary Shares
Goldman Sachs International – Own Funds	13,239,904	RMB ordinary Shares
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 – SH* (中國人壽保險股份有限公司—傳統—普通保險產品—005L—CT001滬)	10,981,830	RMB ordinary Shares
Hisense Home Appliances Group Co., Ltd. – the 2024 A Share Employee Stock Ownership Plan* (海信家電集團股份有限公司—2024年A股員工持股計劃)	8,760,423	RMB ordinary Shares
Industrial and Commercial Bank of China Limited – GF Multi-Factor Flexible Allocation Mixed-Type Securities Investment Fund* (中國工商銀行股份有限公司—廣發多因子靈活配置混合型證券投資基金)	7,505,000	RMB ordinary Shares
Penghua Fund – China Life Insurance Company Limited – Traditional Insurance – Penghua Fund-China Life New-Value Equity Portfolio Separate Asset Management Plan (Traditional Insurance)* (鵬華基金—中國人壽保險股份有限公司—傳統險—鵬華基金國壽股份新價值股票型組合單一資產管理計劃(傳統險))	6,879,000	RMB ordinary Shares
Harvest Fund – China Life Insurance Company Limited – Traditional Insurance – Harvest Fund China Life New Value Equity Portfolio Separate Asset Management Plan (Traditional Insurance)* (嘉實基金—中國人壽保險股份有限公司—傳統險—嘉實基金國壽股份新價值股票型組合單一資產管理計劃(傳統險))	6,325,900	RMB ordinary Shares

Notes:

1. HKSCC Nominees Limited is the nominal Shareholder of the Company's non-registered Shareholders in H Shares. The Shares held by HKSCC Nominees Limited are held on behalf of a number of its account participants, among which, Hisense (Hong Kong) Company Limited, a party acting in concert with the controlling Shareholder of the Company. At the end of this Reporting Period, Hisense (Hong Kong) Company Limited held a total of 124,452,000 H Shares of the Company, representing 8.99% of the total number of Shares in issue.
2. HKSCC is the nominal Shareholder of the Company's non-registered Shareholders in A Shares through Shenzhen Connect. The Shares held by HKSCC are held on behalf of a number of its account participant.

Among the above Shareholders, Qingdao Hisense Air Conditioning Co., Ltd., Qingdao Hisense Communications Co., Ltd. and Hisense (Hong Kong) Company Limited are connected with each other and they are not connected with other Shareholders, nor are they a party acting in concert with any of the other Shareholders within the meaning of Administrative Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》). Apart from the above, the Company is not aware of any Shareholders being connected with each other or any of them being a party acting in concert with any of the other within the meaning of Administrative Measures for the Takeover of Listed Companies.

OTHER INFORMATION

XI. CHANGE IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

There was no change in the controlling shareholder or de facto controller of the Company during the Reporting Period.

XII. OTHER IMPORTANT MATTERS

1. During the Reporting Period, there were no undertaking related matters in respect of which relevant undertaking parties including the Company's de facto controllers, Shareholders, related parties, acquirers and the Company had completed performance during the Reporting Period, or had failed to complete performance upon expiry as at the end of the Reporting Period.
2. During the Reporting Period, there was no non-operating fund appropriation from the Company by its controlling shareholders and other related parties.
3. During the Reporting Period, the Company had no irregular external guarantees.
4. The Company's interim financial report has not been audited.
5. Explanation by the Board on the "Non-Standard Audit Report" issued by the accounting firm for the Reporting Period
☐ Applicable ☒ Not applicable
6. Explanation by the Board on matters relating to the "Non-Standard Audit Report" of the prior year
☐ Applicable ☒ Not applicable
7. No bankruptcy-reorganisation-related matters occurred in the Company during the Reporting Period.
8. The Company had no material litigation or arbitration matters during the Reporting Period.
9. During the Reporting Period, the Company was not subject to any penalties and had no rectification matters.
10. Integrity status of the Company, its controlling shareholders and de facto controllers
☐ Applicable ☒ Not applicable

XIII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and the chief executives of the Company, as at 30 June 2026, the following persons (other than the Directors, and the chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange:

OTHER INFORMATION

XIII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES — *Continued*

Long Position or Short Position in the Shares of the Company

Name of Shareholder	Capacity	Type of Shares	Number of Shares held	Percentage of the total number of shares in issue	Percentage of Shares held in the relevant class
Hisense Air Conditioning	Beneficial owner	A Shares	516,758,670(L)	37.31%	55.85%
Hisense Communications	Beneficial owner	A Shares	27,716,093(L)	2.00%	3.00%
Hisense Group Holdings	Interest of controlled corporation	A Shares	544,474,763(L)	39.32%	58.84%
Hisense Hong Kong	Beneficial owner	H Shares	124,452,000(L)	8.99%	27.08%
Hisense Group Holdings	Interest of controlled corporation	H Shares	124,452,000(L)	8.99%	27.08%

The letter "L" denotes a long position, the letter "S" denotes a short position, and the letter "P" denotes a lending pool.

Note: Hisense Air Conditioning, Hisense Communications and Hisense Hong Kong are companies wholly owned by Hisense Group Holdings directly. By virtue of the SFO, Hisense Group Holdings was deemed to be interested in the same parcel of A Shares of which Hisense Air conditioning and Hisense Communications were interested and in the same parcel of H Shares of which Hisense Hong Kong was interested.

Save as disclosed above, as at 30 June 2026, in so far as the Directors and chief executives of the Company are aware, there was no other interest and/or short position held by any person in the Shares and underlying Shares of the Company which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

XIV. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, save as disclosed below, none of the members of the Board and the chief executives of the Company held any interests or short positions in any Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be maintained by the Group pursuant to section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Long Position in the Shares of the Company

Name of Director	Nature of interest	Number of A Shares	Percentage to the issued A Shares of the Company	Percentage to the total issued Shares of the Company
Mr. Jia Shao Qian	Beneficial owner	476,000	0.05%	0.03%

XV. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

XVI. PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

OTHER INFORMATION

XVII. CORPORATE GOVERNANCE CODE

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

XVIII. INTERIM DIVIDENDS

The declaration and payment of a final dividend of RMB12.65 per 10 Shares (inclusive of tax) was approved at the annual general meeting of the Company held on 25 June 2026 for the year ended 31 December 2025. The final dividend of approximately RMB1,750,905,809 in total had been paid to the Shareholders of the Company as of the date of this report.

The Board does not recommend the payment of an interim dividend for the Reporting Period. No interim dividend was paid for the corresponding period last year.

XIX. CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, there were no substantial changes to the information of the Directors and senior management of the Company required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Hong Kong Listing Rules.

XX. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, amendments have been made to the Articles of Association of the Company pursuant to the special resolution passed at the 2026 first extraordinary general meeting held on 22 April 2026. For details of the amendments to the Articles of Association, please refer to the circular of the Company dated 30 March 2026. The full text of the amended Articles of Association can be downloaded on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://hxjd.hisense.cn>).

XXI. THE RESTRICTED SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN

On 28 February 2023, the Company adopted the 2022 Restricted A Share Incentive Scheme (the “**2022 Incentive Scheme**”) and the 2022 A Share Employee Stock Ownership Plan (the “**2022 Stock Ownership Plan**”). For details, please refer to the announcement dated 2 January 2023 and the circular dated 13 February 2023.

On 22 February 2024, the Company adopted the 2024 A Share Employee Stock Ownership Plan (the “**2024 Stock Ownership Plan**”). For details, please refer to the announcement dated 8 January 2024 and the circular dated 5 February 2024.

1. 2022 Incentive Scheme

The table below shows the details of the movement of the outstanding awards granted to all grantees under the 2022 Incentive Scheme during the Reporting Period.

Grantee ⁽¹⁾	Date of Grant	Grant Price ⁽²⁾	Unlocking Period ⁽³⁾	Restricted Shares as at 1 January 2026	Granted during the Reporting Period	Unlocked during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Restricted Shares as at 30 June 2026
Participants who are mid-level management and key staff of the Company (including its controlled subsidiaries)	28 February 2023	RMB 6.64	The lock-up period of the Restricted Shares granted under the Incentive Scheme shall be 12 months, 24 months and 36 months from the completion date of registration of the grant of the Restricted Shares of the Participants, respectively.	6,738,900	-	-	-	-	6,738,900

OTHER INFORMATION

XXI. THE RESTRICTED SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN — *Continued*

1. 2022 Incentive Scheme — *Continued*

Notes:

- (1) None of the grantees were (i) Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with awards granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Hong Kong Listing Rules.
- (2) The closing price of the Shares immediately before the date on which the awards were granted was RMB19.15.
- (3) The unlocking period, unlocking schedule and ratio of the Restricted Shares under the Incentive Scheme are set out in the table below:

Unlocking arrangement	Unlocking period	Unlocking ratio
First unlocking period	Commencing from the first trading day after the expiry of the 12-month period from the completion date of registration of the grant and ending on the last trading day of the 24-month period from the completion date of registration of the grant	40%
Second unlocking period	Commencing from the first trading day after the expiry of the 24-month period from the completion date of registration of the grant and ending on the last trading day of the 36-month period from the completion date of registration of the grant	30%
Third unlocking period	Commencing from the first trading day after the expiry of the 36-month period from the completion date of registration of the grant and ending on the last trading day of the 48-month period from the completion date of registration of the grant	30%

2. 2022 Stock Ownership Plan

The table below shows the details of the movement of the outstanding awards granted to all grantees under the 2022 Stock Ownership Plan during the Reporting Period.

Grantee	Date of Grant ⁽¹⁾	Grant price ⁽²⁾	Unlocking Period	Non-unlocked Shares as at 1 January 2026	Granted during the Reporting Period	Unlocked during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Non-unlocked Shares as at 30 June 2026
Gao Yu Ling (Chairperson and President)			The underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of the announcement of the Company of the transfer of the last tranche of underlying Shares for the first grant to the Stock Ownership Plan. The lock-up period shall be up to 36 months.	165,000	-	-	-	-	165,000
Jia Shao Qian (Executive Director)				165,000	-	-	-	-	165,000
Dai Hui Zhong (Executive Director)				270,000	-	-	-	-	270,000
Zhang Yu Xin (Secretary of the Board)	1 June 2023	RMB6.64		54,000	-	-	-	-	54,000
Sub-total				654,000	-	-	-	-	654,000
Other core employees				3,437,510	-	-	-	-	3,437,510
Total				4,091,510	-	-	-	-	4,091,510

XXI. THE RESTRICTED SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN — Continued**2. 2022 Stock Ownership Plan — Continued**

Notes:

- (1) Please refer to the announcement of the Company dated 2 June 2023 in relation to the completion of non-transactional transfers under the 2022 Stock Ownership Plan.
- (2) The closing price of the Shares immediately before the date on which the awards were granted was RMB23.72. The closing price of the Reserved Shares immediately before the date on which the awards were granted was RMB29.37 (Date of grant was 15 July 2024).
- (3) Details of the unlocking period are as follows:
- Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 40% of the total number of the underlying Shares held by the Stock Ownership Plan.
 - Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Stock Ownership Plan.
 - Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Stock Ownership Plan.

3. 2024 Stock Ownership Plan

The table below shows the details of the movement of the outstanding awards granted to all grantees under the 2024 Stock Ownership Plan during the Reporting Period.

Grantee	Date of Grant ⁽¹⁾	Grant price ⁽²⁾	Unlocking Period	Non-unlocked Shares as at 1 January 2026	Granted during the Reporting Period	Unlocked during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Non-unlocked Shares as at 30 June 2026
Gao Yu Ling (Chairperson and President)			The underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of the announcement of the Company of the transfer of the last tranche of underlying Shares for the first grant to the Stock Ownership Plan. The lock-up period shall be up to 36 months.	120,000	4,169	-	-	-	124,169
Jia Shao Qian (Executive Director)				120,000	-	-	-	-	120,000
Yu Zhi Tao (Executive Director)				120,000	-	-	-	-	120,000
Dai Hui Zhong (Executive Director)				120,000	39,000	-	-	-	159,000
Yin Bi Tong (Former employee representative Director)	10 July 2024	RMB10.78		0	120,000	-	-	-	120,000
Zhang Yu Xin (Secretary of the Board)				36,000	-	-	-	-	36,000
Sub-total				516,000	163,169	-	-	-	679,169
Other core employees				8,244,423	-	-	-	-	8,081,254
Total				8,760,423	-	-	-	-	8,760,423

XXI. THE RESTRICTED SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN — *Continued*

3. 2024 Stock Ownership Plan — *Continued*

Notes:

- (1) Please refer to the announcement of the Company dated 12 July 2024 in relation to the completion of non-transactional transfers under the 2024 Stock Ownership Plan.
- (2) The closing price of the Shares immediately before the date on which the awards were granted was RMB28.28.
- (3) Details of the unlocking period are as follows:
 - Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 40% of the total number of the underlying Shares held by the Stock Ownership Plan.
 - Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Stock Ownership Plan.
 - Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares for the first grant to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Stock Ownership Plan.

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

I. AUDITOR'S REPORT

Whether the interim report has already been audited or not

☐ Yes ☒ No

II. FINANCIAL STATEMENTS

The units of the statements in the financial notes are: RMB

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

1. CONSOLIDATED BALANCE SHEETS

Prepared by: Hisense Home Appliances Group Co., Ltd.

30 June 2026

Unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	V.1	5,265,445,893.88	3,496,408,124.80
Balances with clearing companies			
Lending capital			
Transactional financial assets	V.2	21,469,421,937.39	19,155,470,449.17
Derivative financial assets			
Notes receivable	V.3	125,461,429.97	133,966,706.98
Accounts receivable	V.4	11,697,537,830.43	9,389,095,596.70
Receivables Financing	V.6	7,274,816,997.74	4,607,438,550.93
Prepayment	V.8	448,303,484.86	379,128,079.70
Insurance premium receivable			
Receivables from reinsurers			
Reserves for reinsurance contract receivable			
Other receivables	V.7	443,350,545.45	194,120,733.79
Including: Interest receivable			
Dividends receivable		228,885,579.66	625,590.11
Financial assets purchased under agreements to resell			
Inventories	V.9	7,196,267,124.50	6,862,327,671.56
Of which: data resources			
Contract assets	V.5	67,915,975.77	67,667,431.89
Assets held for sale			
Non-current assets due within one year	V.10	4,238,264,166.67	5,358,503,333.34
Other current assets	V.11	1,857,861,074.67	2,845,044,203.82
Total current assets		60,084,646,461.33	52,489,170,882.68

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

1. CONSOLIDATED BALANCE SHEETS — Continued

Unit: RMB			
Item	Note	Closing balance	Opening balance
Non-current assets:			
Disbursement of loans and advances			
Investments in debt			
Other investments in debt			
Long-term receivables			
Long-term equity investments	V.12	1,941,133,742.76	2,005,216,196.64
Other equity instruments investment	V.13	36,950,898.86	41,653,733.28
Other non-current financial assets	V.14	20,114,367.52	20,542,302.26
Investment properties	V.15	195,970,855.93	217,213,536.17
Fixed assets	V.16	7,012,416,474.13	7,160,327,070.21
Construction in progress	V.17	1,233,768,663.55	911,155,205.31
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.18	218,250,666.56	201,125,032.64
Intangible assets	V.19	1,249,346,998.48	1,305,501,434.50
Of which: data resources			
Development costs		82,115.83	180,269.77
Of which: data resources			
Goodwill	V.20	132,571,746.36	132,571,746.36
Long-term prepaid expenses	V.21	79,746,863.22	69,885,638.35
Deferred tax assets	V.22	1,250,161,012.18	1,127,099,708.79
Other non-current assets	V.23	4,645,266,934.31	4,302,599,584.53
Total non-current assets		18,015,781,339.69	17,495,071,458.81
Total assets		78,100,427,801.02	69,984,242,341.49

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

1. CONSOLIDATED BALANCE SHEETS — Continued

Item	Note	Unit: RMB	
		Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	V.25	3,487,108,780.31	3,300,806,097.01
Borrowings from central bank			
Loans from other banks			
Transactional financial liabilities	V.26	2,195,138.65	1,813,733.43
Derivative financial liabilities			
Notes payable	V.27	13,929,422,431.23	11,118,152,519.63
Accounts payable	V.28	19,508,590,617.76	17,188,122,162.23
Advances from customers	V.29	2,385,995.18	1,820,551.63
Contractual liabilities	V.30	1,235,817,835.56	1,618,788,301.63
Proceeds from disposal of financial assets under agreements to repurchase			
Receipt of deposits and deposits from other banks			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee remunerations payable	V.31	925,210,910.04	1,072,872,436.38
Taxes payable	V.32	720,197,749.55	448,596,053.86
Other payables	V.33	6,695,673,615.62	5,208,635,578.14
Including: Interest payable			
Dividends payable		1,829,287,689.99	77,438,308.67
Handling fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V.34	409,523,417.19	410,893,176.08
Other current liabilities	V.35	7,365,807,023.05	6,084,406,182.57
Total Current Liabilities		54,281,933,514.14	46,454,906,792.59

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

1. CONSOLIDATED BALANCE SHEETS — Continued

Item	Note	Unit: RMB	
		Closing balance	Opening balance
Non-current Liabilities:			
Reserves for reinsurance contract			
Long-term borrowings	V.36	61,794,454.34	71,308,422.32
Bonds payable			
Including: Preference shares			
Perpetual debts			
Lease liabilities	V.37	170,868,666.35	163,213,430.28
Long-term payables			
Long-term employee remunerations payable	V.38	76,321,677.73	78,993,580.17
Provisions	V.39	723,894,239.79	651,047,991.72
Deferred income	V.40	437,258,502.81	427,732,263.51
Deferred tax liabilities	V.22	176,671,278.86	158,258,327.90
Other non-current liabilities	V.41	469,680,440.80	458,281,470.69
Total non-current liabilities		2,116,489,260.68	2,008,835,486.59
Total liabilities		56,398,422,774.82	48,463,742,279.18
Shareholders' equity:			
Share capital	V.42	1,384,861,171.00	1,384,861,171.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserve	V.43	2,239,989,996.04	2,217,061,179.24
Less: Treasury shares	V.44	109,879,656.58	139,706,972.86
Other comprehensive income	V.45	505,642,184.94	485,615,826.36
Special reserves	V.46	18,964,386.82	9,449,358.91
Surplus reserves	V.47	724,682,309.99	724,682,309.99
General risk provisions			
Undistributed profits	V.48	12,693,221,655.58	12,787,042,665.56
Total equity attributable to owners of the parent		17,457,482,047.79	17,469,005,538.20
Minority interests		4,244,522,978.41	4,051,494,524.11
Total owners' equity		21,702,005,026.20	21,520,500,062.31
Total liabilities and shareholders' equity		78,100,427,801.02	69,984,242,341.49

Legal representative: Gao Yu Ling

Chief financial officer: Sun Changchun

Accounting supervisor: Zhou Shan

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

2. BALANCE SHEETS OF PARENT COMPANY

		Unit: RMB	
Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		99,135,826.56	105,514,509.55
Transactional financial assets		2,812,873,700.65	1,853,484,520.58
Derivative financial assets			
Notes receivable			165,038.76
Accounts receivable	XVII.1	781,286,677.18	701,250,115.44
Receivables Financing		31,180,658.00	23,025,519.11
Prepayment		25,225,102.77	23,958,140.89
Other receivables	XVII.2	809,017,488.32	918,547,242.70
Including: Interest receivable			
Dividends receivable		74,999,306.82	74,999,306.82
Inventories		28,584,237.50	29,824,702.46
Of which: data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		656,005,000.00	645,597,500.00
Other current assets		6,257,223.58	18,922,832.55
Total current assets		5,249,565,914.56	4,320,290,122.04
Non-current assets:			
Investments in debt			
Other investments in debt			
Long-term receivables		443,980,586.67	431,940,760.11
Long-term equity investments	XVII.3	7,794,415,740.06	7,661,498,721.16
Other equity instruments investment			
Other non-current financial assets			
Investment properties		2,091,120.00	2,091,120.00
Fixed assets		37,683,933.58	43,282,514.43
Construction in progress		1,582,040.36	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		156,686,935.49	157,707,322.84
Of which: data resources			
Development costs		82,115.83	180,269.77
Of which: data resources			
Goodwill			
Long-term prepaid expenses		15,196.02	45,987.81
Deferred tax assets		41,224,485.93	41,224,485.93
Other non-current assets		221,175.00	869,388.35
Total non-current assets		8,477,983,328.94	8,338,840,570.40
Total assets		13,727,549,243.50	12,659,130,692.44

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

2. BALANCE SHEETS OF PARENT COMPANY — Continued

Item	Note	Unit: RMB	
		Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		36,966,749.31	35,544,924.97
Accounts payable		62,603,968.65	65,797,241.99
Advances from customers			
Contractual liabilities		650,704.92	310,631.06
Employee remunerations payable		7,769,113.79	16,872,722.58
Taxes payable		44,962,678.71	25,272,218.22
Other payables		2,743,743,733.98	697,415,388.25
Including: Interest payable			
Dividends payable		1,751,849,381.32	
Liabilities held for sale			
Non-current liabilities due within one year		106,389,428.18	110,100,023.54
Other current liabilities		40,221,283.42	44,059,820.72
Total Current Liabilities		3,043,307,660.96	995,372,971.33
Non-current Liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Lease liabilities			
Long-term payables			
Long-term employee remunerations payable			
Provisions		100,708,569.36	93,386,341.40
Deferred income		1,931,295.02	2,151,837.82
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		102,639,864.38	95,538,179.22
Total liabilities		3,145,947,525.34	1,090,911,150.55
Shareholders' equity:			
Share capital		1,384,861,171.00	1,384,861,171.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserve		2,553,891,695.28	2,514,494,322.80
Less: Treasury shares		109,879,656.58	139,706,972.86
Other comprehensive income		25,674,268.68	48,001,687.16
Special reserves			
Surplus reserves		694,073,685.00	694,073,685.00
Undistributed profits		6,032,980,554.78	7,066,495,648.79
Total owners' equity		10,581,601,718.16	11,568,219,541.89
Total liabilities and shareholders' equity		13,727,549,243.50	12,659,130,692.44

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

3. CONSOLIDATED INCOME STATEMENT

		<i>Unit: RMB</i>	
Item	Note	First half of 2026	First half of 2025
I. Total operating revenue		46,765,857,550.25	49,340,344,981.85
Including: Operating revenue	V.49	46,765,857,550.25	49,340,344,981.85
Interest income			
Insurance premium earned			
Income from handling fees and commission			
II. Total operating costs		44,485,652,535.42	46,785,652,816.07
Including: Operating costs	V.49	37,173,172,589.37	38,743,597,232.06
Interest expenses			
Handling fees and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net amount of insurance reserves provided			
Policyholder dividend expenses			
Reinsurance premium expenses			
Taxes and surcharges	V.50	197,866,921.64	223,166,616.35
Sales expenses	V.51	4,298,032,999.67	4,869,442,985.61
Management expenses	V.52	1,131,325,529.24	1,232,915,731.34
R&D expenses	V.53	1,536,768,142.43	1,674,893,303.26
Financial expenses	V.54	148,486,353.07	41,636,947.45
Including: Interest expense		92,680,707.31	86,914,991.88
Interest income		18,259,397.37	20,067,405.94
Add: Other income	V.55	189,886,934.10	273,364,514.91
Investment gain (loss expressed with "-")	V.56	435,655,935.02	511,260,446.36
Including: Share of profit of associates and joint ventures		162,999,125.99	236,560,862.88
Income from derecognition of financial assets at amortised cost		-83,679.02	-491,638.54
Foreign exchange gains (loss expressed with "-")			
Net exposure hedge income (loss expressed with "-")			
Gain from changes in fair values (loss expressed with "-")	V.57	202,315,479.67	75,736,420.19
Impairment losses on credit (loss expressed with "-")	V.58	-28,658,960.79	15,511,648.66
Impairment losses on assets (loss expressed with "-")	V.59	-96,500,897.20	-73,425,223.25
Gains on disposal of asset (loss expressed with "-")	V.60	42,451,639.29	21,786,782.78
III. Operating profits (loss expressed with "-")		3,025,355,144.92	3,378,926,755.43
Add: Non-operating incomes	V.61	47,424,541.09	63,639,458.45
Less: Non-operating expenses	V.62	49,164,266.72	17,220,897.46
IV. Total profit (total loss expressed with "-")		3,023,615,419.29	3,425,345,316.42
Less: income tax expense	V.63	551,768,870.34	436,679,453.25

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

3. CONSOLIDATED INCOME STATEMENT — Continued

Item	Note	Unit: RMB	
		First half of 2026	First half of 2025
V. Net profits (net loss expressed with " -")		2,471,846,548.95	2,988,665,863.17
(1) Classified on a going concern basis			
1. Net profit from continuing operations (Net loss denoted by "-")		2,471,846,548.95	2,988,665,863.17
2. Net profit from discontinued operations (Net loss denoted by "-")			
(2) Classified by ownership of equity			
1. Net profit attributable to shareholders of the parent (Net loss denoted by "-")		1,658,028,371.34	2,076,581,358.73
2. Profit and loss of minority interests (Net loss denoted by "-")		813,818,177.61	912,084,504.44
VI. Other comprehensive income after tax, net		20,705,743.97	26,559,201.76
Other comprehensive income after tax attributable to owners of the parent, net		20,026,358.58	34,039,506.57
(1) Other comprehensive income that would not be reclassified to profit or loss		13,643,172.17	-138,567.34
1. Changes arising from remeasurement of defined benefit plan		-215,336.91	1,405,422.51
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		14,818,765.56	
3. Changes in fair value of other equity instruments investment		-960,256.48	-1,543,989.85
4. Changes in the fair value of the company's own credit risk			
5. Others			
(2) Other comprehensive income that would be reclassified to profit or loss		6,383,186.41	34,178,073.91
1. Other comprehensive income that is convertible into gains and losses under the equity method		-36,965,403.44	42,930,048.86
2. Changes in fair value of other investments in debt			
3. The amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investment			
5. Cash flow hedge reserve			
6. Differences on translation of foreign currency financial statements		43,348,589.85	-8,751,974.95
7. Others			
Other comprehensive income after tax attributable to minority interests, net		679,385.39	-7,480,304.81
VII. Total comprehensive income		2,492,552,292.92	3,015,225,064.93
Total comprehensive income attributable to shareholders of the parent		1,678,054,729.92	2,110,620,865.30
Total comprehensive income attributable to minority interests		814,497,563.00	904,604,199.63
VIII. Earnings per share:			
(1) Basic earnings per share		1.21	1.52
(2) Diluted earnings per share		1.21	1.52

Legal representative: Gao Yu Ling

Chief financial officer: Sun Changchun

Accounting supervisor: Zhou Shan

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

4. INCOME STATEMENT OF PARENT COMPANY

		<i>Unit: RMB</i>	
Item	Note	First half of 2026	First half of 2025
I. Total operating revenue	XVII.4	2,420,285,708.76	2,630,421,797.47
Less: Operating costs	XVII.4	2,337,603,459.61	2,310,327,927.65
Taxes and surcharges		4,342,589.12	4,117,451.97
Sales expenses		4,066,602.30	83,809,118.66
Management expenses		30,214,166.79	40,474,579.22
R&D expenses		24,603,122.43	64,178,219.96
Financial expenses		-25,854,501.64	-28,464,439.57
Including: Interest expense			
Interest income		25,784,004.61	28,325,245.36
Add: Other income		2,237,298.09	1,224,846.80
Investment gain (loss expressed with "-")	XVII.5	685,729,532.16	1,421,041,428.44
Including: Share of profit of associates and joint ventures		43,949,976.82	114,113,239.16
Income from derecognition of financial assets at amortised cost (loss expressed with "-")			
Net exposure hedge income (loss expressed with "-")			
Gain from changes in fair values (loss expressed with "-")		26,206,078.58	18,763,056.82
Impairment losses on credit (loss expressed with "-")		5,135.61	384,408.73
Impairment losses on assets (loss expressed with "-")		-1,757,694.56	8,414.50
Gains on disposal of asset (loss expressed with "-")			22,116.06
II. Operating profits (loss expressed with "-")		757,730,620.03	1,597,423,210.93
Add: Non-operating incomes		1,689,742.62	1,810,805.40
Less: Non-operating expenses		5,078,354.00	-415,112.71
III. Total profit (total loss expressed with "-")		754,342,008.65	1,599,649,129.04
Less: income tax expense		36,007,721.34	
IV. Net profits (net loss expressed with "-")		718,334,287.31	1,599,649,129.04
(1) Net profit from continuing operations (net loss expressed with "-")		718,334,287.31	1,599,649,129.04
(2) Net profit from discontinued operations (net loss expressed with "-")			

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

4. INCOME STATEMENT OF PARENT COMPANY — Continued

Item	Note	Unit: RMB	
		First half of 2026	First half of 2025
V. Other comprehensive income after tax, net		-22,327,418.48	43,360,253.63
(1) Other comprehensive income that would not be reclassified to profit or loss		14,818,765.56	
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		14,818,765.56	
3. Changes in fair value of other equity instruments investment			
4. Changes in the fair value of the company's own credit risk			
5. Others		-37,146,184.04	43,360,253.63
(2) Other comprehensive income that would be reclassified to profit or loss		-37,146,184.04	43,360,253.63
1. Other comprehensive income that is convertible into gains and losses under the equity method			
2. Changes in fair value of other investments in debt			
3. The amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investment			
5. Cash flow hedge reserve			
6. Differences on translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		696,006,868.83	1,643,009,382.67
VII. Earnings per share:			
(1) Basic earnings per share			
(2) Diluted earnings per share			

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

5. CONSOLIDATED CASH FLOW STATEMENT

Item	Note	Unit: RMB	
		First half of 2026	First half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		39,748,973,805.02	41,540,621,502.58
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			
Cash received from original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in repurchase business capital			
Net income from trading securities as broker			
Tax rebates received		1,765,301,900.22	1,909,388,133.48
Cash received relating to other operating activities	V.65	529,314,954.76	540,511,520.69
Subtotal of cash inflows from operating activities		42,043,590,660.00	43,990,521,156.75
Cash paid for purchases of commodities and receipt of labor services		28,277,587,645.76	27,205,730,464.41
Net increase in loans and advances to customers			
Net increase in deposits with central bank and other banks			
Cash paid for compensation under original insurance contract			
Net increase in placements from banks and other financial institutions			
Cash paid for interest, fees and commissions			
Cash paid for policyholders' dividend			
Cash paid to and for employees		4,211,788,278.74	4,964,845,766.41
Cash paid for taxes and surcharges		1,492,818,481.95	1,617,348,042.70
Cash paid relating to other operating activities	V.65	4,826,269,164.67	4,880,608,055.45
Subtotal of cash outflow from operating activities		38,808,463,571.12	38,668,532,328.97
Net cash flows from operating activities		3,235,127,088.88	5,321,988,827.78
II. Cash flow from investing activities:			
Cash received from recovery of investments			100,000.00
Cash received from investment income		408,420,872.16	305,559,408.21
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		61,477,515.87	29,126,827.23
Net cash received from disposals of subsidiaries and other operation units			
Cash received relating to other investing activities	V.65	19,394,479,418.73	18,525,788,111.82
Subtotal of cash inflows from investing activities		19,864,377,806.76	18,860,574,347.26
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		790,385,187.09	718,647,575.97
Cash paid for investments		1,600,000.00	16,122,921.57
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other operation units			
Cash paid relating to other investing activities	V.65	19,965,318,421.78	21,747,156,113.20
Subtotal of cash outflows from investing activities		20,757,303,608.87	22,481,926,610.74
Net cash flows from investing activities		-892,925,802.11	-3,621,352,263.48

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

5. CONSOLIDATED CASH FLOW STATEMENT — Continued

Item	Note	Unit: RMB	
		First half of 2026	First half of 2025
III. Cash flows from financing activities:			
Cash received from capital contribution		9,192,361.18	
Including: Cash contribution to subsidiaries from minority shareholders' investment		9,192,361.18	
Cash received from borrowings		2,434,376,886.15	2,219,815,567.38
Cash received relating to other financing activities	V.65	36,248,652.95	391,834,125.12
Subtotal of cash inflows from financing activities		2,479,817,900.28	2,611,649,692.50
Cash paid for repayment of borrowings		2,057,246,128.66	1,683,062,186.07
Cash paid for distribution of dividends, profit or payment of interest expenses		704,412,266.84	1,528,677,640.46
Including: Dividend and profit paid to minority shareholders by subsidiaries		653,024,824.58	1,483,281,193.65
Cash paid relating to other financing activities	V.65	314,839,534.73	68,197,954.90
Subtotal of cash outflows from financing activities		3,076,497,930.23	3,279,937,781.43
Net cash flows from financing activities		-596,680,029.95	-668,288,088.93
IV. Effects of foreign exchange rate changes on cash and cash equivalents		-64,994,832.28	43,384,425.60
V. Net increase in cash and cash equivalents		1,680,526,424.54	1,075,732,900.97
Add: Balance of cash and cash equivalents at the beginning of the period		2,413,566,573.84	2,191,268,606.55
VI. Balance of cash and cash equivalents at the end of the period		4,094,092,998.38	3,267,001,507.52

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA
ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE**

6. CASH FLOW STATEMENT OF PARENT COMPANY

Item	Note	Unit: RMB	
		First half of 2026	First half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,712,597,339.64	1,978,276,510.71
Tax rebates received		1,735.09	
Cash received relating to other operating activities		475,143,699.47	221,652,649.14
Subtotal of cash inflows from operating activities		2,187,742,774.20	2,199,929,159.85
Cash paid for purchases of commodities and receipt of labor services		1,653,359,407.51	1,613,905,915.26
Cash paid to and for employees		90,357,514.41	147,924,163.40
Cash paid for taxes and surcharges		12,561,610.83	3,621,718.08
Cash paid relating to other operating activities		79,525,727.88	499,592,840.29
Subtotal of cash outflow from operating activities		1,835,804,260.63	2,265,044,637.03
Net cash flows from operating activities		351,938,513.57	-65,115,477.18
II. Cash flow from investing activities:			
Cash received from recovery of investments			
Cash received from investment income		668,596,453.86	1,423,707,793.95
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		2,664.00	33,286.19
Net cash received from disposals of subsidiaries and other operation units			
Cash received relating to other investing activities		1,248,916,916.65	2,605,738,472.95
Subtotal of cash inflows from investing activities		1,917,516,034.51	4,029,479,553.09
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,840,059.63	6,096,509.11
Cash paid for investments		91,825,000.00	580,473,750.00
Net cash paid for acquisition of subsidiaries and other operation units			
Cash paid relating to other investing activities		2,190,000,000.00	3,145,000,000.00
Subtotal of cash outflows from investing activities		2,284,665,059.63	3,731,570,259.11
Net cash flows from investing activities		-367,149,025.12	297,909,293.98
III. Cash flows from financing activities:			
Cash received from capital contribution			
Cash received from borrowings			
Cash received relating to other financing activities		8,818,040.00	7,441,692.72
Subtotal of cash inflows from financing activities		8,818,040.00	7,441,692.72
Cash paid for repayment of borrowings			
Cash paid for distribution of dividends, profit or payment of interest expenses			3,597,091.99
Cash paid relating to other financing activities			8,896,117.28
Subtotal of cash outflows from financing activities			12,493,209.27
Net cash flows from financing activities		8,818,040.00	-5,051,516.55
IV. Effects of foreign exchange rate changes on cash and cash equivalents		6,003.55	22,025.39
V. Net increase in cash and cash equivalents		-6,386,468.00	227,764,325.64
Add: Balance of cash and cash equivalents at the beginning of the period		74,718,605.72	59,068,601.24
VI. Balance of cash and cash equivalents at the end of the period		68,332,137.72	286,832,926.88

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

7. CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Amount for current period

Unit: RMB

First half of 2026															
Item	Attributable to the owners of the parent														
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
	Share capital	Preference shares	Perpetual debts	Others											
I. Closing balance in previous year	1,384,861,171.00				2,217,061,179.24	139,706,972.86	485,615,826.36	9,449,358.91	724,682,309.99		12,787,042,665.56		17,469,005,538.20	4,051,494,524.11	21,520,500,062.31
Add: Changes in accounting policies															
Correction for error in previous period															
Others															
II. Opening balance for the year	1,384,861,171.00				2,217,061,179.24	139,706,972.86	485,615,826.36	9,449,358.91	724,682,309.99		12,787,042,665.56		17,469,005,538.20	4,051,494,524.11	21,520,500,062.31
III. Movements in the current period					22,928,816.80	-29,827,316.28	20,026,358.58	9,515,027.91			-93,821,009.98		-11,523,490.41	193,028,454.30	181,504,963.89
(Decreases expressed with" -")															
(1) Total comprehensive income							20,026,358.58				1,658,028,371.34		1,678,054,729.92	814,497,563.00	2,492,552,292.92
(2) Owners' contributions and capital reductions					6,776,444.85	-29,827,316.28							36,603,761.13	25,647,747.16	62,251,508.29
1. Ordinary shares contributed by owners															
2. Capital contributions by holders of other equity instruments															
3. Amount of share-based payment included in shareholders' equity					27,239,520.12								27,239,520.12	342,736.35	27,582,256.47
4. Others					-20,463,075.27	-29,827,316.28							9,364,241.01	25,305,010.81	34,669,251.82
(3) Profit Distribution											-1,751,849,381.32		-1,751,849,381.32	-653,024,824.57	-2,404,874,205.89
1. Appropriations to surplus reserve															
2. Appropriations to general risk provisions															
3. Distribution to owners (shareholders)											-1,751,849,381.32		-1,751,849,381.32	-653,024,824.57	-2,404,874,205.89
4. Others															
(4) Transfer of owners' equity															
1. Transfer to capital (or share capital) from capital reserve															
2. Transfer to capital (or share capital) from surplus reserve															
3. Surplus reserves for making up losses															
4. Changing amount of defined benefit plan carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(5) Special reserves								9,515,027.91					9,515,027.91	1,632,330.92	11,147,358.83
1. Provided during the period								43,214,941.34					43,214,941.34	6,722,292.24	49,937,233.58
2. Used during the period								33,699,913.43					33,699,913.43	5,089,961.32	38,789,874.75
(6) Others					16,152,371.95								16,152,371.95	4,275,637.79	20,428,009.74
IV. Closing balance for the period	1,384,861,171.00				2,239,989,996.04	109,879,656.58	505,642,184.94	18,964,386.82	724,682,309.99		12,693,221,655.58		17,457,482,047.79	4,244,522,978.41	21,702,005,026.20

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

7. CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY — Continued

Amount for previous period

Unit: RMB

Item	First half of 2025												
	Attributable to the owners of the parent												
	Share capital	Preference shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Undistributed profits	Others	Subtotal
I. Closing balance in previous year	1,386,010,405.00				2,099,080,199.65	264,243,096.35	200,747,044.66	9,282,792.01	724,682,309.99		11,300,066,951.67		15,455,626,606.63
Add: Changes in accounting policies													
Correction for error in previous period													
Others													
II. Opening balance for the year	1,386,010,405.00				2,099,080,199.65	264,243,096.35	200,747,044.66	9,282,792.01	724,682,309.99		11,300,066,951.67		15,455,626,606.63
III. Movements in the current period	-1,149,234.00				117,980,979.59	-124,536,123.49	284,868,781.70	166,566.90			1,486,975,713.89		2,013,378,931.57
(Decreases expressed with "-")													
(1) Total comprehensive income							284,868,781.70				3,186,573,917.88		3,471,442,699.58
(2) Owners' contributions and capital reductions	-1,149,234.00				95,345,855.30	-124,536,123.49					218,732,744.79		58,868,539.60
1. Ordinary shares contributed by owners	-1,149,234.00				-7,642,693.99						-8,791,927.99		-8,791,927.99
2. Capital contributions by holders of other equity instruments													
3. Amount of share-based payment included in shareholders' equity					112,814,090.57							112,814,090.57	11,857,910.57
4. Others					-9,825,541.28	-124,536,123.49						114,710,582.21	-70,726,450.17
(3) Profit Distribution											-1,699,598,203.99		-1,699,598,203.99
1. Appropriations to surplus reserve													
2. Appropriations to general risk provisions													
3. Distribution to owners (shareholders)											-1,699,598,203.99		-1,699,598,203.99
4. Others													
(4) Transfer of owners' equity													
1. Transfer to capital (or share capital) from capital reserve													
2. Transfer to capital (or share capital) from surplus reserve													
3. Surplus reserves for making up losses													
4. Changing amount of defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(5) Special reserves								166,566.90					166,566.90
1. Provided during the period								88,195,567.19					88,195,567.19
2. Used during the period								88,029,000.29					88,029,000.29
(6) Others					22,635,124.29								22,635,124.29
IV. Closing balance for the period	1,384,861,171.00				2,217,061,179.24	139,706,972.86	485,615,826.36	9,449,358.91	724,682,309.99		12,787,042,665.56		17,469,005,538.20

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

8. STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY

Amount for current period

Unit: RMB

First half of 2026												
Item	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' Item equity
		Preference shares	Perpetual debts	Others								
I. Closing balance in previous year	1,384,861,171.00				2,514,494,322.80	139,706,972.86	48,001,687.16		694,073,685.00	7,066,495,648.79		11,568,219,541.89
Add: Changes in accounting policies												
Correction for error in previous period												
Others												
II. Opening balance for the year	1,384,861,171.00				2,514,494,322.80	139,706,972.86	48,001,687.16		694,073,685.00	7,066,495,648.79		11,568,219,541.89
III. Movements in the current period (Decreases expressed with" -")					39,397,372.48	-29,827,316.28	-22,327,418.48			-1,033,515,094.01		-986,617,823.73
(1) Total comprehensive income							-22,327,418.48			718,334,287.31		696,006,868.83
(2) Owners' contributions and capital reductions					23,245,000.53	-29,827,316.28						53,072,316.81
1. Ordinary shares contributed by owners												
2. Capital contributions by holders of other equity instruments												
3. Amount of share-based payment included in shareholders' equity					23,245,000.53							23,245,000.53
4. Others						-29,827,316.28						29,827,316.28
(3) Profit Distribution										-1,751,849,381.32		-1,751,849,381.32
1. Appropriations to surplus reserve												
2. Distribution to owners (shareholders)										-1,751,849,381.32		-1,751,849,381.32
3. Others												
(4) Transfer of owners' equity												
1. Transfer to capital (or share capital) from capital reserve												
2. Transfer to capital (or share capital) from surplus reserve												
3. Surplus reserves for making up losses												
4. Changing amount of defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(5) Special reserves												
1. Provided during the period												
2. Used during the period												
(6) Others					16,152,371.95							16,152,371.95
IV. Closing balance for the period	1,384,861,171.00				2,553,891,695.28	109,879,656.58	25,674,268.68		694,073,685.00	6,032,980,554.78		10,581,601,718.16

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE

8. STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY — Continued

Amount for previous period

Unit: RMB

First half of 2025												
Item	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' Item equity
		Preference shares	Perpetual debts	Others								
I. Closing balance in previous year	1,386,010,405.00				2,387,231,218.73	264,243,096.35	-30,344,604.64		694,073,685.00	6,732,655,924.18		10,905,383,531.92
Add: Changes in accounting policies												
Correction for error in previous period												
Others												
II. Opening balance for the year	1,386,010,405.00				2,387,231,218.73	264,243,096.35	-30,344,604.64		694,073,685.00	6,732,655,924.18		10,905,383,531.92
III. Movements in the current period	-1,149,234.00				127,263,104.07	-124,536,123.49	78,346,291.80			333,839,724.61		662,836,009.97
(Decreases expressed with" -")												
(1) Total comprehensive income							78,346,291.80			2,033,437,928.60		2,111,784,220.40
(2) Owners' contributions and capital reductions	-1,149,234.00				104,627,979.78	-124,536,123.49						228,014,869.27
1. Ordinary shares contributed by owners	-1,149,234.00				-7,642,693.99							-8,791,927.99
2. Capital contributions by holders of other equity instruments												
3. Amount of share-based payment included in shareholders' equity					110,631,445.77							110,631,445.77
4. Others					1,639,228.00	-124,536,123.49						126,175,351.49
(3) Profit Distribution										-1,699,598,203.99		-1,699,598,203.99
1. Appropriations to surplus reserve												
2. Distribution to owners (shareholders)										-1,699,598,203.99		-1,699,598,203.99
3. Others												
(4) Transfer of owners' equity												
1. Transfer to capital (or share capital) from capital reserve												
2. Transfer to capital (or share capital) from surplus reserve												
3. Surplus reserves for making up losses												
4. Changing amount of defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(5) Special reserves												
1. Provided during the period												
2. Used during the period												
(6) Others					22,635,124.29							22,635,124.29
IV. Closing balance for the period	1,384,861,171.00				2,514,494,322.80	139,706,972.86	48,001,687.16		694,073,685.00	7,066,495,648.79		11,568,219,541.89

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

I. COMPANY PROFILE

Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as the “**Company**”, the “**Group**” when including subsidiaries), formerly known as Guangdong Shunde Pearl River Factory (廣東順德珠江冰箱廠), was established in 1984, with its place of registration and head office address at No. 88, Hong Kong East Road, Laoshan District, Qingdao City, Shandong Province. The Company’s 459,589,808 overseas listed public shares (the “**H Shares**”) were listed on The Stock Exchange of Hong Kong Limited on 23 July 1996. In 1998, the Company obtained the approval to issue 110,000,000 domestic shares (the “**A Shares**”), which were listed on the Shenzhen Stock Exchange on 13 July 1999.

In accordance with the Industrial Classification for National Economic Activities (2017), the Company belongs to “**C3851 Manufacturer of household refrigeration appliances**”, which is principally engaged in the research and development, manufacturing, marketing and service business of HVAC, refrigerators, freezers, washing machines, kitchen appliances, automotive air-conditioning compressors, automotive integrated thermal management systems and other products, and provides the full-scenario smart home solutions. The main products include HVAC, refrigerators, freezers, washing machines, kitchen appliances, automotive air-conditioning compressors, automotive integrated thermal management systems, etc.

The financial statements were approved for publication by the Board of the Company on 17 August 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group are prepared based on actual transactions and events according to the “Accounting Standards for Business Enterprises” and its application guidelines, interpretations and other relevant regulations (hereinafter referred to collectively as the “**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance, the “Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports” (Revised in 2023) and relevant provisions issued by the China Securities Regulatory Commission (“CSRC”), as well as the relevant disclosure provisions required by the “Companies Ordinance” of Hong Kong and the “Listing Rules” of The Stock Exchange of Hong Kong.

2. Going-concern

The Group has evaluated its ability to continue as a going concern for twelve months as of 30 June 2026, and has found no events or circumstances that cast significant doubt on its ability to continue as a going concern. The financial statements are presented on a going concern basis.

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates: The accounting policies and accounting estimates developed by the Group according to characteristics of actual production and operation include bad debts provision for receivables, provision for decline in value of inventories, depreciation of fixed assets, amortization of intangible assets, conditions for capitalizing R&D expenses, recognition and measurement of incomes, etc.

1. Declaration on compliance with the Accounting Standards for Business

These financial statements give a true, accurate and complete view of the financial position as at 30 June 2026, operation results, cash flows and other information for the first half of 2026 of the Company and the Group in accordance with the Accounting Standards for Business Enterprises.

2. Accounting period

The Group adopts the calendar year, being the period from 1 January to 31 December, as its accounting period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

3. Business cycle

The Group adopts a 12-month period as its business cycle and the basis for liquidity classification between assets and liabilities.

4. Functional currency

The Company and its domestic subsidiaries adopt RMB as their reporting currencies. The overseas subsidiaries of the Group shall determine their respective reporting currencies depending on the primary economic environment where they operate. The Group converts other currencies into RMB in preparing the financial statements according to the methods described in Section III. 10.

5. Method for determination and basis for selection of materiality criteria

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The matters disclosed in the notes to the financial statements that involve judgements about materiality criteria and the method for determination and basis for selection of materiality criteria are set out as follows:

Disclosures involving judgements about materiality criteria	Disclosure sections of matters in the notes to the financial statements	Method for determination and basis for selection of materiality criteria
Write-off of significant accounts receivable/other receivables during the Period	V.4,(4); V.7.2,(5)	Individual amount accounts for 0.5% of the net assets attributable to shareholders of the listed company
Significant accounts payable/contract liabilities/other payables with an ageing of over one year or overdue	V.28,(2); V.30,(2); V.33.2,(2)	Individual amount accounts for 0.5% of the net assets attributable to shareholders of the listed company
Significant cash received/paid in relation to investing activities	V.65.(2)	Individual amount accounts for 5% of cash inflow/outflow from/to investing activities of listed companies
Important overseas business entities	V.67,(2)	Subsidiaries with normal business operations and with their net assets accounting for over 0.5% of the Group's consolidated net assets
Main components of the enterprise group	VIII.1,(1)	Subsidiaries with normal business operations and with their net assets accounting for over 0.5% of the Group's consolidated net assets
Important non-wholly-owned subsidiaries	VIII.1,(2)	Subsidiaries with their net assets accounting for over 15% of the Group's consolidated net assets

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

6. Accounting treatment for business combinations involving entities under and not under common control

(1) *Business combinations involving entities under common control*

A business combination under common control means that the entities involved in the combination are under the ultimate control of the same party or parties before and after the combination and that such control is not temporary.

The assets and liabilities obtained by the Group as the merging party in a business combination under common control are measured at the combination-date carrying amount of the merged party in the consolidated statements of the ultimate controller. The difference between the carrying amount of net assets obtained and the carrying amount of the combination consideration paid (or the total par value of the issued shares) shall be adjusted in capital reserve; if the capital reserve is not sufficient for offsetting, the retained earnings shall be adjusted.

(2) *Business combinations involving entities not under common control*

A business combination not under common control means that the parties involved in the combination are not under the ultimate control of the same party or parties before and after the combination.

The acquiree's identifiable assets, liabilities and contingent liabilities obtained by the Group as an acquirer in a business combination not under common control shall be measured at fair value on the acquisition date. Where the cost of combination exceeds the acquirer's share of the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is less than the acquirer's share of the fair value of the acquiree's identifiable net assets, the fair values of all the identifiable assets, liabilities and contingent liabilities obtained in the business combination and the cost of combination shall be firstly reviewed. If, after that review, the cost of combination is still less than the acquirer's share of the fair value of the acquiree's identifiable net assets in the business combination, the difference shall be included in the consolidated non-operating revenue for the period.

7. Criteria for determining control and preparation of consolidated financial statements

The consolidation scope of the consolidated financial statements of the Group is determined based on control, including the Company and all subsidiaries controlled by the Company (including the divisible parts of enterprises and investees, as well as structured entities controlled by enterprises). The standard for judging control by the Group is that the Group has the power over the investee, enjoys variable returns through participating in related activities of the investee, and is able to use the power over the investee to influence its return amount.

When preparing the consolidated financial statements, when the accounting policy or the accounting period that subsidiaries adopted are inconsistent with the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policy or accounting period of the Company.

The impact of internal transactions between the Company and its subsidiaries or between subsidiaries on the consolidated financial statements shall be offset at the time of consolidation. Proportion of shareholder's equity of the subsidiaries which do not belong to the Company, and proportion of profit or loss for current period, other comprehensive income and total comprehensive income which belong to the equity of minority shareholders shall be listed under "equity of minority shareholders, gain or loss attributable to minority interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders" in the consolidated financial statements.

For subsidiaries acquired through business combination under common control, the operating results and cash flows of the acquiree shall be consolidated into the consolidated financial statements since the beginning of the period of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for the last year, regarding as the reporting subject which was formed after combination has existed since the ultimate controller started control.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *Continued*

7. Criteria for determining control and preparation of consolidated financial statements — *Continued*

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statements since the Group obtained its control. When preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.

8. Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements of the Group include joint operation and joint venture. Joint operation refers to a joint arrangement in which the joint venturers enjoy the assets and assume the liabilities associated with the arrangement. Joint venture refers to a joint arrangement in which the joint venturers only have rights to the net assets of the arrangement.

As for joint operation projects, the Group, as the joint venture party in the joint operation, recognises assets and liabilities that it holds and assumes individually, and the assets and liabilities that it holds or assume in proportion, and related income and fees will be recognized according to the related agreed individual or in proportion assets and liabilities. For assets transactions that are purchased or sold under joint operation that do not constitute business, only the profit or loss incurred from that transaction attributable to the other parties under the joint operation is recognized.

9. Cash and cash equivalents

Cash in the cash flow statement of the Group represents the cash on hand and the deposit in bank available for payment at any time. Cash equivalents in the cash flow statement represent investments which are held for less than three months, highly liquid and are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

10. Foreign currency transactions and translation of financial statements in foreign currency

(1) *Foreign currency transactions*

When foreign currency transactions of the Group are initially recognised, the amount in foreign currency shall be translated into the reporting currency at the approximate exchange rate of the spot exchange rate on the date when the transactions take place. As at the balance sheet date, foreign currency monetary items are translated into the reporting currency using the spot exchange rate on the balance sheet date. Translation differences arising thereon are directly included in the profit or loss for the period, except that exchange differences arising from specific borrowings in foreign currency attributable to the construction or production of a qualifying asset for capitalisation are dealt with based on the capitalisation principle. Foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate on the transaction date, without changing their reporting currency amount. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date of fair value determination. The difference between the translated amount in reporting currency and the original amount in reporting currency is treated as changes in fair value (including exchange rate changes) and included in the profit or loss for current period. The capital from investors in foreign currency is translated using the spot exchange rate on the transaction date, and there is no foreign currency capital translation difference between the foreign currency investment and the reporting currency amount of corresponding monetary item.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

10. Foreign currency transactions and translation of financial statements in foreign currency — Continued

(2) Translation of financial statements in foreign currency

When preparing the consolidated financial statements, the Group translates the financial statements on overseas operations into RMB, in which, asset and liability items in the balance sheet denominated in foreign currency are translated at the spot exchange rate prevailing on the balance sheet date; the owners' equity items, except for the "undistributed profits", are translated at the spot exchange rate when a business takes place; income and expense items in the income statement are translated at the spot exchange rate or approximate exchange rate on the date when the transaction takes place. The translation differences arising from the above translation of statements denominated in foreign currency are presented in other comprehensive income item. Cash flows dominated in foreign currency are translated using the spot exchange rate or approximate exchange rate on the date when the cash flow occurs. Effects on cash arising from the changes in exchange rate are presented separately in the cash flow statement.

11. Financial instruments

(1) Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) shall be derecognised, i.e., the financial assets previously recognised to be written off from its balance sheet, if the following conditions are satisfied: 1) the right to collect cash flows from the financial asset expires; 2) the Group has transferred the right to collect cash flows from the financial asset, or assumed the obligation under a "transfer agreement" to timely pay the collected cash flows to a third party in full; and the Group has substantially transferred almost all the risks and rewards on ownership of the financial asset, or relinquished control over such financial asset even though it has neither substantially transferred nor retained almost all the risks and rewards on ownership of the financial asset.

If the obligation for financial liabilities has been fulfilled, revoked or expired, the financial liabilities shall be derecognised. If the existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of the existing liability are substantially modified, such replacement or modification shall be treated as derecognition of original liability and recognition of new liability, and the difference shall be included in the profit or loss for current period.

The financial assets acquired or sold in a conventional manner shall be recognised and derecognised according to the accounting on the transaction date. The trade day is the date on which the Group undertakes to buy or sell a financial asset.

(2) Classification and measurement of financial assets

At the time of initial recognition, the Group classifies financial assets into financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. All affected related financial assets will be reclassified only when the Group changes its business model for managing financial assets.

When judging the business model, the Group considers the methods of enterprise evaluation and reporting financial asset performance to key management personnel, the risks affecting financial asset performance and their management methods, as well as the compensation obtainment methods of relevant business management personnel. When evaluating whether to target the collection of contractual cash flows, the Group needs to analyse and judge the reason, time, frequency and value of the sale of financial assets before their maturity date.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(2) Classification and measurement of financial assets — Continued

When judging the characteristics of contractual cash flow, the Group needs to determine whether the contractual cash flow is only for the payment of principal and interest based on unpaid principal. When evaluating the correction of the time value of money, it is necessary to determine whether there is a significant difference compared to the benchmark cash flow. For financial assets with prepayment characteristics, it is necessary to determine whether the fair value of prepayment characteristics is very low.

Financial assets are measured at fair value upon initial recognition, but if the accounts receivable or notes receivable arising from the sale of goods or provision of services do not include significant financing components or do not consider financing components for a period not exceeding one year, they are initially measured at the transaction price.

As for financial assets at fair value through profit or loss, relevant transaction costs are directly included in profit or loss for the period; as for other kinds of financial assets, relevant transaction costs are included in their initial recognition amount.

The subsequent measurement of financial assets depends on their classification:

1) Financial assets measured at amortised cost

Financial assets that simultaneously meet the following conditions are classified as financial assets measured at amortised cost: ① the financial assets are managed within a business model whose objective is achieved by collecting contractual cash flow; ② the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from such type of financial assets are recognised using the effective interest rate method, and any profit or loss arising from derecognition, amendments or impairment shall be charged to current profit or loss. The Group's financial assets in this category mainly include: currency funds, accounts receivable, notes receivable, other receivables, etc.

2) Investments in debt instruments at fair value through other comprehensive income

Financial assets that simultaneously meet the following conditions are classified as financial assets at fair value through other comprehensive income: ① the financial assets are managed within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; ② the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income on such financial assets is recognised using the effective interest method. Except for interest income, impairment losses and exchange differences, other changes in fair value are recognised in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred out and be included in the profit or loss for the period. The Group's financial assets in this category mainly include: receivables financing.

3) Investments in equity instruments at fair value through other comprehensive income

The Group irrevocably designates part of the investments in equity instruments not held for trading as financial assets at fair value through other comprehensive income. The Group only recognises relevant dividend income (except for dividend income that is clearly recovered as part of the investment cost) in profit or loss for the period, and subsequent changes in fair value are included in other comprehensive income without making the provision for impairment. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred out and be included in retained earnings. The Group's financial assets in this category are investments in other equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(2) Classification and measurement of financial assets — Continued

4) Financial assets at fair value through profit or loss

Other than the above financial assets classified as financial assets measured at amortised cost and those classified or designated as financial assets at fair value through other comprehensive income, the Group classifies its financial assets as financial assets at fair value through profit or loss for the period. Such financial assets are subsequently measured at fair value, with all changes in fair value included in profit or loss for the period except for those related to hedge accounting. The Group's financial assets in this category mainly include: financial assets held for trading.

(3) Classification, recognition and measurement of financial liabilities

Except for the signed financial guarantee contracts, the loan commitments at a rate lower than the market interest rate, and financial liabilities arising from financial assets of which the transfer does not meet the conditions for derecognition or continuing involvements in the transferred financial assets, the Group classifies its financial liabilities as financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost at the time of initial recognition. As for financial liabilities at fair value through profit or loss, relevant transaction costs are directly included in profit or loss for the period; as for financial liabilities measured at amortised cost, relevant transaction costs are included in their initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised using the effective interest method and subsequently measured at amortised cost.

2) Financial liabilities at fair value through profit or loss

Financial liabilities (includes derivative instruments that are financial liabilities) at fair value through profit or loss include held-for-trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss at initial recognition. Held-for-trading financial liabilities (includes derivative instruments that are financial liabilities) are subsequently measured at fair value, with all changes in fair value included in profit or loss for the period (except for those related to hedge accounting). Financial liabilities designated as measured at fair value through profit or loss are subsequently measured at fair value, with other changes in fair value included in profit or loss for the period, except that the changes in fair value arising from changes in the Group's own credit risk are recognised in other comprehensive income. If fair value changes caused by changes in the Group's own credit risk are recognised in other comprehensive income, which would result in or amplify an accounting mismatch in profit or loss, the Group will recognise all fair value changes (including the amount affected by changes in its own credit risk) in the profit or loss for current period.

(4) Impairment of financial instruments

Based on expected credit losses, the Group conducts impairment treatment and recognises loss provisions for financial assets measured at amortised cost, debt investments measured at fair value with changes recognised in other comprehensive income, contract assets, lease receivables, loan commitments, and financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(4) Impairment of financial instruments — Continued

1) Measurement of the expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the present value of all cash shortages, which is the difference between all contractual cash flows receivable under the contract and all expected cash flows received, discounted at the original effective interest rate by the Group.

The expected credit loss throughout the expected lifespan refers to the expected credit loss caused by all possible default events that may occur during the expected lifespan of a financial instrument. Expected credit loss within the next 12 months refers to the expected credit loss that may occur due to a financial instrument default event within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, it is the expected duration), and is a part of the expected credit loss for the entire duration.

For accounts receivable, bills receivable, receivables financing and other receivables, as well as contract assets, generated from ordinary operating activities such as the sale of goods and the rendering of services that do not contain a significant financing component, the Group applies the simplified measurement methodology to measure the provision for losses at an amount equal to the expected credit losses over the entire duration.

For lease receivables, receivables and contract assets with significant financing components, the Company elects to apply a simplified measurement methodology to measure the provision for losses at an amount equal to the expected credit losses over the entire duration.

Except for financial assets that adopt simplified measurement methods as mentioned above (such as debt investments, other debt investments and other receivables), the Group adopts the general method (three-stage method) to calculate expected credit losses. On each balance sheet date, the Group assesses whether its credit risk has significantly increased since initial recognition. If the credit risk has not significantly increased since initial recognition and is in the first stage, the Group measures the provision for losses based on an amount equivalent to the expected credit loss for the next 12 months, and calculates interest income based on the book balance and actual interest rate. If credit risk has significantly increased since initial recognition but credit impairment has not yet occurred, in the second stage, the Group measures loss provisions at an amount equivalent to the expected credit loss over the entire existence period, and calculates interest income based on the book balance and actual interest rate. If credit impairment occurs after initial recognition, in the third stage, the Group measures the provision for losses at an amount equivalent to the expected credit loss for the entire existence period, and calculates interest income at amortized cost and actual interest rate.

For financial instruments with lower credit risk on the balance sheet date, the Group assumes that their credit risk has not significantly increased since initial recognition. Please refer to Note X. 1 for the disclosure of the criteria for significantly increasing credit risk and the definition of credit impairment assets that have occurred in the Group.

When assessing the impairment of financial instruments and contract assets using the expected credit loss model, the Group infers expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks, and other factors. Different estimates may affect the provision for impairment, and the accrued provision for impairment may not be equal to the actual amount of future impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(4) Impairment of financial instruments — Continued

2) Combination categories and determination criteria for impairment provision based on credit risk characteristics

The Group evaluates the expected credit losses of financial instruments based on individual and combination. When evaluating on a combination basis, the Group divides financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: financial instrument type, credit risk rating, debtor's geographical location, debtor's industry, overdue information, ageing of accounts receivable, etc.

① Combination categories and determination basis of accounts receivable and contract assets

Based on information such as the ageing of accounts receivable and contract assets, overdue ageing, nature of accounts, credit risk exposure, and historical collection status, the Group classifies them as follows according to the similarity and correlation of credit risk characteristics:

Item	Basis for determination of groups
Ageing group	This group uses the ageing of receivables as the credit risk characteristics
Combination of relationship with transaction object	This group is based on receivables from related parties
Other group	This group is based on accounts receivable from special business

② Combination categories and determination basis of notes receivable

Based on the common risk characteristics of the acceptor credit risk of notes receivable, the Group classifies them into different combinations and determines the accounting estimate policy for expected credit losses as follows:

Item	Basis for determination of groups
Bank acceptance notes	Acceptor being a bank with less credit risk. The Group identifies these receivables as having a low credit risk and does not recognise their expected credit losses
Commercial acceptance notes	Based on the credit risk of the acceptor (same as accounts receivable)

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(4) Impairment of financial instruments — Continued

2) Combination categories and determination criteria for impairment provision based on credit risk characteristics — Continued

③ Grouping of other receivables and basis of determination

The Group's other receivables mainly include deposits and guarantee deposits receivable, amounts due from related parties. Based on the nature of receivables and the credit risk characteristics of different counterparties, other than other receivables which are individually assessed for credit risk, they are categorised into different portfolios based on their credit risk characteristics:

Item	Basis for determination of groups
Ageing group	This group uses the ageing of other receivables as the credit risk characteristics
Receivables from related parties	This group is based on other receivables from related parties
Other receivables	This group is based on other receivables from special business

3) Criteria for judging individual provision for bad debt impairment provision

If a customer's credit risk features are significantly different from others in the portfolio or have significantly changed, for example, the customer is in severe financial difficulty, the expected credit loss rate of the receivables from the customer has been significantly higher than the expected credit loss rate of the customer's ageing and overdue ranges, etc., the Group makes a provision for loss on the basis of a single loss provision for the receivables from the customer.

4) Write-off of impairment provision

When the Group no longer has a reasonable expectation that it will be able to recover, in whole or in part, the contractual cash flows from a financial asset, the Group directly writes down the carrying amount of the financial asset. If the written-down financial asset is subsequently recovered, the reversal of the impairment loss is recognised in profit or loss in the period in which it is recovered.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(5) Recognition and measurement of transfer of financial assets

For financial asset transfer transactions, if the Group has transferred almost all the risks and rewards of ownership of the financial asset to the transferee, the recognition of the financial asset shall be terminated. If almost all risks and rewards related to the ownership of financial assets are retained, the recognition of such financial assets shall not be terminated; If almost all risks and rewards related to the ownership of financial assets have not been transferred or retained, and control over the financial asset has been relinquished, the recognition of the financial asset and the recognition of the resulting assets and liabilities shall be terminated. If control over the financial asset has not been relinquished, relevant financial asset shall be recognised based on its continued involvement in the transferred financial assets, with corresponding liabilities recognised.

If the whole transfer of the financial asset meets the conditions for derecognition, the difference between the carrying amount of the transferred financial asset at the date of derecognition and the sum of the consideration received for the transfer and the accumulative amount of fair value changes originally recorded into other comprehensive income which is relevant to the portion of derecognition (The transferred financial asset shall meet all of the following conditions: ① the Group's financial assets are managed within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and ② the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.) is included in the profit or loss for the period.

If the transfer of financial asset partially satisfies the conditions of derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognised and the portion which is not, apportioned according to their respective relative fair value, and the difference between the sum of the consideration received from the transfer and the accumulative amount of the changes of the fair value originally included in other comprehensive income which shall be apportioned to the derecognised portion (The transferred financial asset shall meet all of the following conditions: ① the Group's financial assets are managed within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and ② the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.), and the apportioned entire carrying amount of the said financial assets are included in the profit or loss for the period.

For those who continue to be involved by providing financial guarantees for the transferred financial assets, the assets formed by further involvement shall be recognised based on the lower of the book value of the financial assets and the amount of financial guarantees. The financial guarantee amount refers to the highest amount of consideration received that will be required to be repaid.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

11. Financial instruments — Continued

(6) Classification and treatment of financial liabilities and equity instruments

The Group classifies financial liabilities and equity instruments on the following principles: (1) Where the Group is unable to unconditionally avoid delivering cash or another financial asset to fulfil a contractual obligation, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly include the terms and conditions imposing the contractual obligation to deliver cash or another financial asset, they may indirectly give rise to the contractual obligation through other terms and conditions. (2) Where a financial instrument will or may be settled in the Group's own equity instrument, consideration shall be given to whether the Group's own equity instrument as used to settle the instrument is a substitute of cash or another financial asset or the residual interest in the assets of an entity after deducting all of its liabilities. In the former case, the instrument shall be the issuer's financial liability; in the latter case, the instrument shall be the equity instrument of the issuer. Under certain circumstances whereby a financial instrument contract stipulates that the Group will or may use its own equity instrument to settle the financial instrument, and the amount of the contractual right or obligation equal to the number of its own equity instruments to be received or delivered multiplied by their fair value at the time of settlement, the contract shall be classified as a financial liability, regardless of whether the amount of the contractual right or obligation is fixed, or fluctuates in full or in partly in response to changes in a variable other than the market price of the Group's own equity instruments (for example an interest rate, a commodity price or a financial instrument price).

When classifying a financial instrument (or a component thereof) in consolidated financial statements, the Group shall consider all terms and conditions agreed between members of the Group and the holders of the financial instrument. If the Group as a whole has an obligation in respect of the instrument to settle it by delivering cash or another financial asset or in such a way that it would be a financial liability, such instrument shall be classified as a financial liability.

(7) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward contracts, commodity forward contracts, and interest rate swaps, to hedge exchange rate risk, commodity price risk, and interest rate risk, respectively. Derivative financial instruments are initially measured at their fair value on the date of signing the derivative transaction contract, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognised as an asset, while those with a negative fair value are recognised as a liability.

Except for those related to hedge accounting, gains or losses arising from changes in fair value of derivative instruments are directly included in the profit or loss for current period.

(8) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and shall not be offset. However, when all of the following conditions are met, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet: ① the Group has a legal right that is currently enforceable to set off the recognised amount, and ② the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

12. Inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, etc.

Inventories are initially measured at cost. Inventory costs include purchase costs, processing costs and other costs. The Group maintains a perpetual inventory system. Actual cost is calculated using weighted average method when the inventories are received or delivered. Low-value consumables and packaged goods are amortised using one-time resale method.

Inventories are measured at the lower of their cost and net realisable value on the balance sheet date. If the cost of inventories is higher than their net realisable value, a provision for decline in value of inventories will be made and included in profit or loss for the period. Net realisable value refers to the estimated selling price of inventories in daily activities, minus the estimated costs to be incurred till completion, estimated selling expenses and related taxes.

The Group makes provisions for decline in value of inventories on the basis of individual inventory items. Net realisable value of the inventories of goods directly used for sale, such as finished goods, work in process and materials for sale, is determined by the estimated selling price of such inventories, minus the estimated selling expenses and related taxes; Net realisable value of the inventories of materials held for production is determined by the estimated selling price of finished goods produced, minus the estimated costs to be incurred till completion, estimated selling expenses and related taxes.

13. Contract assets and contract liabilities

(1) Contract assets

A contract asset represents the Group's right, which depends on factors other than the passage of time, to receive consideration in exchange for goods that the Group has transferred to a customer. For method of determination and accounting treatment of expected credit loss of contract assets, please refer to relevant contents in "Note III. 11. (4) Impairment of financial instruments" described above.

(2) Contract liabilities

A contract liability reflects the Group's obligation to transfer goods to a customer for which the Company has received or should receive consideration from the customer.

Contract assets and contract liabilities under the same contract are shown on a net basis.

14. Assets relating to contract costs

(1) Method of determination of amount of assets relating to contract costs

The Group's assets relating to contract costs include contract performance cost and contract acquisition cost. According to the liquidity, contract performance costs are presented separately in inventory and other non-current assets, while contract acquisition costs are presented separately in other current assets and other non-current assets.

Contract performance cost refers to the cost incurred by the Group to perform a contract which does not fall under the scope of the Accounting Standards for Business Enterprises, such as inventories, fixed assets or intangible assets, and meets all of the following conditions, which is recognised as an asset as contract performance cost: the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract; the costs generate resources of the Group that will be used in satisfying performance obligations in the future; the costs are expected to be recovered.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

14. Assets relating to contract costs — Continued

(1) Method of determination of amount of assets relating to contract costs — Continued

Contract acquisition cost refers to the incremental cost for the Group to obtain a contract which is expected to be recoverable and which is recognised as an asset as contract acquisition cost. If the amortisation period of such asset is no more than one year, the Group chooses the simplified treatment of including such contract acquisition cost in profit or loss as incurred. Incremental cost refers to the cost which will not be incurred by the Group had no contract been acquired (such as commission, etc.). Other expenses incurred by the Group to obtain contracts (other than the incremental cost which is expected to be recoverable) (such as travelling expenses which will be incurred regardless of whether the contract will be obtained) are included in profit or loss as incurred, save for those expressly to be borne by customers.

(2) Amortisation of assets relating to contract costs

The Group's assets relating to contract costs are amortised using the same basis as that for recognition of the revenue from goods relating to the assets, which are included in profit or loss.

(3) Impairment of assets relating to contract costs

If the carrying amount of the Group's assets relating to contract costs is higher than the difference between the following two items, the Group makes a provision for impairment and recognises the excess as an asset impairment loss: ① the remaining consideration expected to be received from transfer of the goods relating to the asset; and ② the cost expected to be incurred for transfer of the relevant goods. After the provision for impairment is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and included in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment being made.

15. Long-term equity investments

Long-term equity investments of the Group include the investments in subsidiaries, investments in associates and equity investments in joint ventures.

(1) Determination of significant influence and common control

The Group's investment in associates refers to the equity investment that has a significant influence on the investee. Significant influence means that the Group has the power to participate in decision-making on the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When the Group directly or indirectly throughout its subsidiary owns 20% (inclusive) or more but less than 50% shares with voting rights in the investee, it is generally considered that the Group has significant influence on the investee, unless there is clear evidence that the Group cannot participate in the production and operation decisions of the investee or form control over the investee. For voting rights less than 20% in the investee, the Group considers that the board or representative in similar authority in the investee/the implementation processes of financial and operation policies of investee which have also been taken into account/significant transaction with the investee/management personnel sent to the investee/significant technology information provided to the investee has significant influence to the investee.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

15. Long-term equity investments — Continued

(1) Determination of significant influence and common control — Continued

The equity investment in a joint venture refers to the investment in which the Group exercises joint control with other joint venture parties over the investee and has the power over the net assets of the investee. Joint control refers to the shared control over a certain arrangement in accordance with relevant agreements, and the related activities of the arrangement must be unanimously agreed upon by the participating parties who share control before decision-making can be made. Basis for determination in respect of common control is that all participating parties or a group of participating parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that control such arrangement.

(2) Accounting treatment method

The Group initially measures the long-term equity investments obtained based on the initial investment cost.

For long-term equity investments obtained through business combination under common control, proportion of carrying amount of net assets obtained on the date of combination in the consolidated financial statements of the ultimate controller shall be accounted as the initial investment cost. For carrying amount of net assets of the acquiree which is negative on the date of combination, investment cost of long-term equity investment is calculated as zero.

For long-term equity investments acquired through business combination not under common control, cost of combination will be treated as the initial investment cost;

Apart from the long-term equity investments acquired through business combination, for long-term equity investments acquired by cash payment, the initial investment cost shall be based on the actual purchase price paid and the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued;

The Company's investments in subsidiaries are accounted for in individual financial statements using cost method. When the cost method is used, long-term equity investments are measured at their initial investment cost. When making additional investment, carrying amount of the long-term equity investments will be increased according to the fair value of cost of additional investment and the related expenses incurred by related transactions. For cash dividend or profit paid by the investee, it shall be recognised as investment income for current period using the amount which it entitles.

The Group's investments in the associates and joint ventures are accounted for under equity method. When using the equity method, if the initial investment cost of a long-term equity investment exceeds the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the book value of the long-term equity investment shall not be adjusted. If the initial investment cost of a long-term equity investment is less than the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the difference shall be adjusted to the book value of the long-term equity investment and included in the profit or loss for current investment period.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

15. Long-term equity investments — Continued

(2) Accounting treatment method — Continued

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying amount of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders' equity of the investee during the investment period. When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable asset of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Group, and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the Group according to the shareholding (if internal transaction losses belong to asset impairment losses, they shall be fully recognised), and recognised after adjustment is made to the net profit of the investee. The Group recognises the net loss incurred by the investee, with the book value of long-term equity investments and other long-term equity essentially constituting the net investment in the investee reduced to zero, except for the obligation of the Group to bear additional losses.

16. Investment properties

The Group's investment properties refer to the real estate held for the purpose of earning rent or capital appreciation, or for both, which comprise rented out houses, buildings and land. They are measured using the cost model.

The Group's investment property is depreciated or amortised using the same policy as that for houses, buildings or land use rights.

17. Fixed assets

The Group's fixed assets are tangible assets held for producing goods, providing services, leasing, or for operating and administrative purposes, with useful lives exceeding one year.

Fixed assets are recognized when it is probable that the associated economic benefits will flow to the Group and the cost can be reliably measured. The Group's fixed assets include land overseas, buildings, machinery and equipment, electronic equipment, furniture and fixtures, and transportation equipment.

Except for fully depreciated fixed assets that are still in use and land accounted for separately, the Group depreciates all of its fixed assets. Depreciation is calculated using the straight-line method. The classification, useful life, estimated residual value, and annual depreciation rates of the Group's fixed assets are as follows:

No.	Category	Useful life (year)	Rate of residual value (%)	Annual depreciation rates (%)
1	Offshore land	Unlimited	Not applicable	Not applicable
2	Buildings and structures	20 – 50	0 – 10	1.8 – 5
3	Machinery and equipment	5 – 20	3 – 10	4.5 – 19.4
4	Electronic equipment, appliances and furniture	3 – 10	0 – 10	9 – 33.33
5	Transportation equipment	5 – 10	3 – 10	9 – 19.4

The Group reviews the useful lives, estimated residual values and depreciation methods of fixed assets at the end of each year. Any changes are treated as changes in accounting estimates.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

18. Construction in progress

The cost of construction in progress is determined based on the actual project expenditure incurred, including various construction expenditures and other related costs during the construction period.

Construction in progress is transferred to fixed assets when it reaches its intended usable state. It is measured at the estimated value based on the project budget, cost, or actual project cost, and depreciation starts from the following month. The original value of fixed assets will be adjusted upon completion of final accounts.

The criteria for transferring construction in progress to fixed assets are as follows:

Item	Criteria for transfer to fixed assets
Buildings and structures	Earlier of completion and acceptance/actual commencement of use
Machinery and equipment	Completion of installation and commissioning and acceptance

19. Borrowing costs

The Group will capitalise the borrowing costs that can be directly attributed to the construction or production of assets eligible for capitalisation, and include them in the relevant asset costs. Other borrowing costs will be recognised in the profit or loss for current period. Assets identified by the Group as eligible for capitalization include borrowing cost incurred from fixed assets, investment properties and inventories which require construction or production activities for more than 1 year, and can reached usable or sale condition after that. Borrowing costs start capitalization when the assets expense and borrowing costs were incurred and the construction or production activities, in order to make assets to reach the expected usable or sale condition have started; When construction or assets that fulfil the capitalization conditions reached the expected usable or sale condition, the capitalization have to be terminated. Borrowing costs incurred afterward are included into the profit or loss for current period. If assets that fulfil capitalization conditions interrupted abnormally during construction or production progress, and such interruption occurred for more than three consecutive months, capitalization of borrowing costs have to terminate, until construction of assets or production activities resumed.

During each accounting period within the capitalization period, the Group recognizes the amount of borrowing costs capitalized as follows: for specialized borrowings, the amount is determined based on the actual interest expenses incurred during the period, less the interest income from unused borrowings deposited in the bank or the investment income from temporary investments; for general borrowings, the amount is determined by multiplying the weighted average of asset expenditures exceeding the specific borrowings by the capitalization rate of the general borrowings, where the capitalization rate is calculated based on the weighted average interest rate of general borrowings.

20. Intangible assets

The Group's intangible assets mainly include land use right, trademark right, proprietary technology, and sales channel etc. Intangible assets are measured at the actual costs at acquisition. For purchased intangible assets, actual paid cost and other relevant expenses are used as the actual cost. For intangible assets invested by investors, the actual cost is determined according to the values specified in the investment contract or agreement, while for the unfair agreed value in contract or agreement, the actual cost is determined at the fair value. However, intangible assets acquired in a merger not under common control that are owned by the acquiree but not recognised in its financial statements are recognised at fair value on initial recognition.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

20. Intangible assets — Continued

(1) Useful life and its basis of determination, estimation, amortization method or review procedure

The Group amortizes land use right on the basis of its useful life by straight line method since it is acquired. Other intangible assets are amortized evenly on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year, the Group's intangible assets with limited useful lives are as follows:

Item	Useful lives (years)
Land use rights	20-70
Trademark rights	5
Know-how	10
Sales channels	10
Others	3-10

Note: The useful life of the land use right is determined according to the transfer period.

The amount amortised is charged to the cost of the related assets and to current profit or loss on the basis of the beneficiary of the assets. The estimated useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at the end of each year, and any changes are treated as changes in accounting estimates.

In each accounting period, the Group reviews the estimated useful life of intangible assets with uncertain useful lives. If there is evidence showing that the period during which the intangible assets bring economic benefits to the enterprise is foreseeable, the useful life is estimated and amortized according to the amortization policy for intangible assets with limited useful lives.

(2) Scope of research and development expenditure and related accounting treatment

The Group's research and development expenditure includes salaries of research and development personnel, direct investment expenses, depreciation and prepayment expenses, and other expenses.

The Group distinguishes the expenditure of internal research and development projects into research phase expenditure and development phase expenditure according to the nature of the expenditure and whether the intangible assets formed by the research and development activities have high uncertainty. Research phase expenditure is included in current profit or loss when incurred. Expenditure in the development phase is capitalized if all of the following conditions are met: The Group evaluates that the intangible assets can be used or sold technically; The Group has the intention to complete and use or sell the intangible assets; The intangible assets are expected to generate economic benefits for the Group; The Group has sufficient technical, financial resources and other resources to support the completion of the development of the intangible assets and the ability to use or sell the intangible assets; The expenditure attributable to the development phase of the intangible assets can be measured reliably. Expenditures in the development phase that do not meet the criteria for capitalization are included in current profit or loss when incurred.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

21. Impairment of long-term assets

The Group would assess intangible assets such as long-term equity investment, investment properties measured by the cost model, fixed assets, construction in progress, right-to-use assets and intangible assets with limited useful lives at each of the balance sheet date. When there is indication that there is impairment, the Group would perform impairment test. Impairment test should be made for goodwill and intangible assets with uncertain useful life, at the year end regardless of whether there is indication of impairment loss.

(1) Impairment of non-current assets other than financial assets (other than goodwill)

When conducting impairment testing, the Group determines its recoverable amount based on the higher of the net amount after deducting disposal expenses from the fair value of the asset and the present value of the expected future cash flows of the asset. After impairment testing, if the book value of the asset exceeds its recoverable amount, the difference is recognised as impairment loss.

The Group estimates its recoverable amount based on individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount shall be determined based on the asset group to which the asset belongs. The recognition of an asset group is based on whether the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

The net amount after deducting disposal costs from fair value is determined by referring to the agreed price for the sales of a similar asset in an orderly transaction occurring at the measurement date or observable market price of similar assets in fair trade, minus the incremental costs directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management determines the present value based on the expected future cash flows to be generated from the continued use of the asset and its eventual disposal and select an appropriate discount rate to determine the present value of future cash flows.

(2) Goodwill impairment

The Group amortises the book value of the goodwill arising from business combinations to the relevant asset groups starting from the purchase date, allocating it to those asset groups that can be reasonably attributed, and to the relevant asset group combinations when it is difficult to allocate them to specific asset groups. When conducting impairment tests on relevant asset groups or asset group combinations that include goodwill, if there are indications of impairment related to the asset groups or asset group combinations associated with goodwill, the Group first performs an impairment test on the asset groups or asset group combinations that do not include goodwill, calculates the recoverable amount, and compares it with the relevant carrying amount to recognize the corresponding impairment loss. Subsequently, an impairment test is conducted on the asset groups or asset group combinations that include goodwill, comparing the carrying amount with the recoverable amount. If the recoverable amount is less than the carrying amount, the amount of impairment loss is first deducted from the book value of goodwill allocated to the asset groups or asset group combinations, and then, based on the proportion of the book value of other assets, excluding goodwill, within the asset groups or asset group combinations, the book value of other assets are proportionately reduced.

An impairment loss recognised on the aforesaid assets shall not be reversed in a subsequent period.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

22. Long-term prepaid expenses

Long-term prepaid expenses are expenditures of the Group that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Such expenses are amortised on average during the benefit period. If a long-term prepaid expense item cannot benefit subsequent accounting periods, the amortised value of the item that has not yet been amortised shall be fully transferred to the profit or loss for current period.

23. Employee remuneration

Employee remuneration of the Group mainly includes short-term remuneration, post-employment benefits, termination benefits and other long-term benefits.

Short-term remuneration mainly includes staff salaries, bonuses, allowance and subsidies, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing provident funds, union operation costs and employee education costs and non-monetary welfare etc. Short-term remuneration incurred during the accounting period in which the staff provided services is recognised as a liability, and included in profit or loss for the current period or as related asset cost in accordance with beneficiaries.

Post-employment benefits mainly include basic pension insurance premiums, unemployment insurance, etc., and are classified as defined contribution plans and defined benefit plans according to the risks and obligations borne by the company. For defined contribution plans, the contributions payable to the independent entity for services provided by employees during the accounting period at the balance sheet date are recognized as a liability and included in the profit or loss for the current period or the cost of relevant assets according to the beneficiary.

The Group operates a defined benefit pension scheme which requires contributions to be made to an independently managed fund. No fund has been injected to the scheme, and the cost of providing the benefit under the defined benefit scheme is based on the expected cumulative benefit unit method. Re-measurements arising from the defined benefit pension scheme, including actuarial gains or losses, changes in the impact of asset ceilings (net of amounts included in net interest on net liabilities for the defined benefit scheme) and returns on assets under the scheme (net of amounts included in net interest on net liabilities for the defined benefit scheme) shall be recognised immediately in the balance sheet. They shall be included in the shareholders' equity through other comprehensive income for the period in which they occur, and not reversed to profit or loss in subsequent periods. The Group recognises past service costs as current expenses on the date of modification of the defined benefit scheme or the date of recognition of relevant restructuring expenses or dismissal benefits, whichever is earlier.

Termination benefits are employee benefits provided by the Group for terminating the employment relationship with employees before the expiration of the employment contract or for encouraging employees to accept voluntary redundancy. The Group recognizes a liability for termination benefits at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for a restructuring that involves the payment of termination benefits.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

24. Accrued liabilities

The Group recognises it as a liability when an obligation pertinent to contingencies such as pending litigation or arbitration, product quality assurance on guaranteed products, etc. simultaneously meets the following conditions: The obligation is a current obligation borne by the Group; it is likely that an outflow of economic benefits will be resulted from the performance of the obligation; and the amount of the obligation can be reliably measured.

Accrued liabilities are initially measured at the best estimate of the necessary expenses required for the performance of existing obligations, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies. The Group reviews the current best estimates and makes adjustments to the carrying amount of the accrued liabilities on the balance sheet date.

Contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value at the time of initial recognition and be subsequently measured at the higher of the recognised amount of accrued liabilities or the balance after deducting the accumulated amortisation amount determined by the revenue recognition principle from the initial recognition amount.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

25. Share-based payments

The equity-settled share-based payment in return for employees' services shall be measured based on the fair value of equity instruments granted to the employees on the grant date. If the equity-settled share-based payment can be vested immediately upon grant, it shall be included in relevant costs or expenses according to the fair value of equity instruments on the grant date, and the capital reserves shall be increased accordingly. If the equity-settled share-based payment cannot be vested until the services are completed in vesting period or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services acquired during the period shall be included in relevant costs or expenses and capital reserves according to the fair value of equity instruments on the grant date, based on the best estimate of the number of vested equity instruments. If the terms of an equity-settled share-based payment are modified, acquired services are recognised at least as if the terms had not been modified. In addition, modifications that increase the fair value of equity instruments granted, or changes that are beneficial to employees on the date of modification, are recognised as an increase in services acquired.

If equity-settled share-based payments are cancelled, they shall be treated as accelerated exercise on the date of cancellation, and the unrecognised amount shall be recognised immediately. If employees or other parties can choose to satisfy the non-exercisable conditions but fail to do so within the vesting period, it shall be treated as cancellation of the equity-settled share-based payment. However, if a new equity instrument is granted and it is determined on the date of grant that the new equity instrument is intended to replace the cancelled equity instrument, the substitute equity instrument granted shall be treated in the same manner as the modification to the terms and conditions of the original equity instrument.

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III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

26. Recognition and measurement of revenue

(1) General principles

The Group recognises revenue when a performance obligation in the contract is fulfilled, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customers. Acquiring control over relevant goods or services means to be able to dominate the use of such goods or the provision of such services and obtain almost all economic benefits from them.

A performance obligation is a contractual commitment by the Group to transfer clearly distinguishable goods to a customer. The Group’s performance obligations are fulfilled within a certain period of time if one of the following conditions is met; otherwise, they are fulfilled at a certain point in time: ① the customer acquires and consumes the economic benefits arising from the Group’s performance at the same time as the Group’s performance; ② the customer can control the goods that are under progress in the course of the Group’s performance; ③ the goods that are produced in the course of the Group’s performance have irreplaceable usages and the Group is entitled to receive payment for the cumulative portion of performance completed to date throughout the contract period.

The Group recognises the revenue on the basis of the progress of performance of a contractual obligation that is to be performed within a certain period of time. When the progress of performance is not reasonably certain, the Group recognises the revenue at the amount of costs incurred until such time as the progress of performance is reasonably certain, provided that the costs incurred are expected to be reimbursed.

For performance obligations fulfilled at a point in time, the Group recognises revenue at the point in time when the customer obtains control of the relevant goods. In determining whether the customer has obtained control of the goods, the Group takes into account the following indications: ① the Group has a present right to receive payment for the goods, i.e. the customer has a present obligation to pay for the goods; ② the Group has transferred the legal ownership of the goods to the customer, i.e. the customer has legal ownership to the goods; ③ the Group has physically transferred the goods to the customer, i.e. the customer has physical possession of the goods; ④ the Group has transferred to the customer the principal risks and rewards of ownership of the goods, i.e. the customer has acquired the principal risks and rewards of ownership of the goods; ⑤ the customer has accepted the goods; and ⑥ other indications that the customer has acquired control of the goods.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

26. Recognition and measurement of revenue — Continued

(1) General principles — Continued

When a contract has two or more performance obligations, the Group allocates the transaction price to each one based on the relative standalone selling prices of the promised goods or services on the commencement date of contract. Revenue is then recognized using this allocated transaction price for each obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive due to the transfer of goods or services to customers, excluding payments received on behalf of third parties and amounts expected to be refunded to the customer. In determining the transaction price, the Group considers the impact of variable consideration, the existence of significant financing elements in the contract and other factors.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either the expected value method or the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

The Group determines whether its identity at the time of performing a transaction is that of a principal or an agent based on whether it has control over the goods prior to transferring the goods to the customer. If the Group is able to control the goods before transferring them to the customer, the Group is a principal and recognizes revenue based on the total amount of consideration received or receivable; otherwise, the Group, as an agent, recognizes revenue based on the amount of commissions or handling fees to which it is expected to be entitled, which shall be determined based on either the net amount of the total consideration received or receivable less the price payable to other related parties or the established commission amount or proportion.

Based on contractual agreements, legal provisions, etc., the Group provides quality assurance for goods sold, which is a guarantee-type quality assurance to assure customers that the goods sold meet the established standards, and the Group accounts for it in accordance with Note III.24. Accrued liabilities.

(2) Specific methods

The revenue of the Group mainly includes revenue from sale of goods.

The sale of products by the Group to customers is the fulfilment of its performance obligation at a certain point of time as mention in (1) above, and revenue is recognised at the point of delivery and acceptance of the goods by the customer and the transaction price is determined based on the total amount of consideration expected to be entitled, in accordance with the sales contracts entered into between the Group and the customer. Domestic sales business: Revenue is recognised when the goods are delivered by the Group according to the contract or order and received by the customer. Overseas sales business: It is generally agreed in the sales contracts signed between the Group and overseas customers that the point of time at which the control over the goods is transferred is when the goods are loaded onto ships and depart from the ports. Therefore, the Group recognises the overseas sales revenue from its major overseas sales business when the goods depart from the ports.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

27. Government grants

Government grants are recognised when they meet the accompanying conditions and can be received. Government grants that are monetary assets shall be measured at the amount actually received. Grants, which are disbursed according to fixed quota standard or where there is conclusive evidence at the end of the year that they can satisfy relevant conditions set out in the financial support policy and that the financial support funds are expected to be received, shall be measured at the amount receivable. Government grants in the form of non-monetary assets shall be measured at fair value. If the fair value cannot be reliably measured, they shall be measured at a nominal amount (RMB1).

Government grants of the Group consist of asset-related government grants and income-related government grants. Asset-related government grants refer to government grants obtained for acquisition or construction of long-term assets or other forms of long-term asset formation; income-related government grants refer to those other than asset-related government grants. If related government documents do not specify targets of the grants, the Group will recognise the grants according to the above principle, and if it's difficult to distinguish, they shall be recognised as the income-related government grants as a whole.

Asset-related government grants shall be recognised as deferred income, and included in profit or loss over the useful life of the asset based on reasonable and systemic methods. If relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of undistributed deferred income shall be transferred to profit or loss for the period in which the assets are disposed of.

Income-related government grants, which are used to compensate for related expenses or losses to be incurred in the subsequent periods, shall be recognised as deferred income, and included in profit or loss over the periods in which the related costs or losses are recognised. Income-related government grants, which are used to compensate for related expenses or losses already incurred, shall be recognised directly in profit or loss for the current period. Government grants related to daily activities, depending on the essence of economic business, are included in other income or used to offset relevant expenses. Government grants not related to daily activities are included in non-operating income or expenses.

If the Group obtains policy-based preferential loan interest subsidies, the accounting treatment shall be distinguished between the following two situations: (1) If the financial funds are allocated to the loan bank, and the loan bank provides loans to the Group at a preferential policy interest rate, the Group shall record the actual loan amount received as the entry value of the loan, and calculate the relevant borrowing costs according to the principal of the loan and the policy preferential interest rate (or the fair value of the loan shall be recorded as the entry value of the loan and the borrowing costs shall be calculated according to the actual interest rate method. The difference between the actual amount received and the fair value of the loan shall be recognised as deferred income. The deferred income shall be amortised using the actual interest rate method during the loan period to offset the relevant borrowing costs). (2) Where the finance department disburses the subsidised funds directly to the Group, the Group will offset relevant borrowing costs with the corresponding subsidised funds.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

28. Deferred tax assets and deferred tax liabilities

The Group's deferred income tax assets and deferred income tax liabilities are recognised on the basis of (temporary differences) arising from differences between the tax bases of assets and liabilities and their carrying amount, as well as from differences between the tax bases and their carrying amount of items that are not recognised as assets and liabilities but whose tax bases can be determined according to tax laws.

The Group recognises deferred income tax liabilities for all taxable temporary differences, except in the following circumstances: (1) temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities arising from transactions that are not business combinations and that affect neither the accounting profit nor taxable income (or deductible losses); (2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and such temporary differences are likely not to be reversed in the foreseeable future.

The Group recognises deferred income tax assets for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except in the following circumstances: (1) temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses); and (2) deductible temporary differences related to investments in subsidiaries, associates and joint ventures that can not simultaneously satisfy the following conditions: temporary differences are likely to be reversed in the foreseeable future, and taxable income is likely to be obtained in the future to offset deductible temporary differences.

The Group recognises deferred income tax assets for all unused deductible losses to the extent that it is likely that sufficient taxable income will be available to offset the deductible losses. The management uses considerable judgements in estimating the time and amount of future taxable income, and determines the amount of deferred income tax assets to be recognised by taking into account the tax planning strategies, thus resulting in uncertainty.

On the balance sheet date, deferred income tax assets and liabilities are measured at the applicable tax rate during the expected period in which the asset is recovered or the liability is settled.

The Group presents deferred income tax assets and liabilities as net amounts after offsetting when all of the following conditions are met: the Group has the legal right to settle current income tax assets and current deferred income tax liabilities on a net basis; deferred income tax assets and liabilities are related to income tax levied by the same tax collection and management authority on the same taxpayer or on different taxpayers. However, for each future period in which significant deferred income tax assets and liabilities are reversed, the taxpayers involved intend to either settle the current income tax assets and liabilities on a net basis or to acquire the assets and settle the liabilities simultaneously.

29. Lease

(1) Identification of lease

At the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If a party to the contract transfers the right of use of an identified asset or several identified assets for consideration within a certain period of time, such contract is regarded as lease or includes lease.

Where a contract concurrently contains multiple separate leases, the Group splits the contract and conduct accounting treatment respectively for all separate leases.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

29. Lease — Continued

(2) The Group as a lessee

1) Lease recognition

Except for short-term lease and lease of low-value assets, the Group recognises right-of-use assets and lease liabilities of the lease at the inception of the lease term.

The right-of-use assets refer to the right of underlying assets in the lease term for the Group as a lessee, which are initially measured at cost. Such cost shall comprise: ① the amount of the initial measurement of the lease liability; ② any lease payments made on or before the inception of the lease, less any lease incentives received; ③ any initial direct costs incurred; and ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (costs of production of inventory are excluded). If the Group re-measures lease liability in accordance with the relevant provisions of the lease standards, the carrying amount of the right-of-use assets shall be adjusted accordingly.

The Group depreciates the right-of-use assets on a straight-line basis over the expected consumption of the economic benefits associated with the right-of-use assets. If it can reasonably determined that ownership of the leased asset will be obtained upon expiration of the lease term, depreciation shall be accrued within the remaining useful life of the leased asset; if it can not be reasonably determined that ownership of the leased asset will be obtained upon expiration of the lease term, depreciation shall be accrued within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount accrued is included in the cost of relevant asset or current profit or loss based on the use of the right-of-use asset.

The lease liability is initially measured at the present value of the outstanding lease payments at the inception of the lease term. The lease payments include: ① the fixed payment and the substantial fixed payment, net of the lease incentive amount; ② the variable lease payments depending on the index or ratio; ③ the exercise price of the call option, provided that the Group reasonably determines that it will exercise the option; ④ the amount payable to exercise the option to terminate a lease, provided that the lease term reflects that the Group will exercise the option to terminate the lease; and ⑤ the amount payable based on the residual value of the security provided by the Group.

In calculating the present value of the lease payment, if it is impossible to determine the interest rate implicit in lease, the incremental borrowing rate of the Group shall be adopted as the discount rate. The Group shall calculate the interest expenses of the lease liabilities for each period of the lease term at a cyclically fixed interest rate and include them in profit or loss for the current period, except for those subject to capitalisation.

Subsequent to the inception of the lease term, the Group increases the carrying amount of the lease liability at the time of recognising interest on the lease liability, and decreases the carrying amount of the lease liability at the time of making lease payments. When there is a change in the substantive fixed payments, a change in the expected payable amount for the residual value of the guarantee, a change in the index or ratio used to determine the amount of lease payments, or a change in the valuation result or actual exercise of the option of purchase, renewal or termination, the Group will re-measure the lease liability based on the present value of lease payments as a result of the change.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

29. Lease — Continued

(2) The Group as a lessee — Continued

2) Short-term leases and low-value asset leases

For short-term leases with a lease period of not more than 12 months and low-value asset leases which are brand-new assets, the Group does not recognise the right-of-use assets and lease liabilities. During different periods in the lease term, lease payments on short-term leases and leases of low-value assets are recognised as relevant asset costs or current profit or loss on a straight-line basis or other systematic and reasonable methods over the lease term./other systematic and reasonable methods.

(3) The Group as a lessor

The Group as a lessor classifies the lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, and classifies other leases as operating leases.

1) Finance lease

At the inception of the lease term, the Group confirms the finance lease receivable on the finance lease and terminates the recognition of the finance lease assets. When the initial measurement of the finance lease receivable is made by the Group, the Group uses the net lease investment as the entry value of the finance lease receivables.

The net lease investment is the sum of the unsecured residual value and the present value of rental receipts that has not been received at the inception of the lease term, which is discounted according to the interest rate implicit in lease. The Group calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. The variable lease payments received by the Group that are not included in the net lease investment are recognised in profit or loss for the period in which they are actually incurred.

2) Operating lease

During each period of the lease term, the Group recognises the lease receipts from operating leases as rental income on a straight-line basis.

The initial direct costs incurred in relation to operating leases by the Group are capitalised into the cost of the leased asset and are recognised in profit or loss over the lease term on the same basis as rental income. The variable lease payments related to operating leases obtained by the Group that are not included in the lease receipts are recognised in profit or loss when they are actually incurred.

When there is a change in operating leases, the Group treats it as a new lease for accounting purposes from the effective date of the change, and the pre-received or receivable lease receipts related to the lease before the change are regarded as the receipts of the new lease.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — Continued

30. Discontinued operations

Discontinued operations refer to the separately identifiable components of the Group that meet one of the following conditions and have been disposed of or classified as held-for-sale: (1) the component represents an independent major business or a separate major operating area; (2) the component is part of an associated plan to dispose of an independent major business or a separate major operating area; (3) the component is a subsidiary acquired exclusively for resale.

In the profit statement, the Group sets up “net profit from continuing operations” and “net profit from discontinued operations” under “net profit” to reflect the profit or loss related to continuing operations and discontinued operations, respectively, on an after-tax net basis. The profit and loss from discontinued operations shall be reported as discontinued operations income, including the entire reporting period, not just the reporting period after being identified as discontinued operations.

31. Fair value measurement

The Group measures investment property, derivative financial instruments, and equity instrument investments at fair value at each balance sheet date. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured or disclosed at fair value in the financial statements are classified into different fair value levels based on the lowest level input that is significant to the overall fair value measurement: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date; Level 2 inputs are inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognised in the financial statements to determine whether the level of fair value measurement should be changed.

32. Changes in critical accounting policies and estimates

(1) Changes in critical accounting policies

Nil.

(2) Changes in critical accounting estimates

Nil.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

IV. TAXATION

1. The main types and rates of taxes

Type of taxes	Tax basis	Tax rate
Value-added tax	Output value-added tax is computed at 13%, 9%, 6%, 5%, 3%, 0% of taxable income. Value-added tax is computed on the difference after deduction of input value-added tax. Input value-added tax is not deductible for value-added tax to which simple collection method is applicable.	13%, 9%, 6%, 5%, 3%, 0%
City maintenance and construction tax	Turnover tax payable	5%, 7%
Education surcharges	Turnover tax payable	3%
Enterprise income tax	Taxable income	The statutory tax rate or the following preferential tax rates

2. Tax preferences

Companies eligible for tax incentives and the applicable tax rates:

Name of tax payer	Income tax rate	Tax policies
Hisense (Guangdong) Kitchen and Bath System Co., Ltd.	15.00%	High and New Technology Enterprise
Foshan Shunde Rongshen Plastic Co., Ltd.	15.00%	High and New Technology Enterprise
Hisense Ronshen (Guangdong) Refrigerator Co., Ltd.	15.00%	High and New Technology Enterprise
Hisense Air-Conditioning Co., Ltd.	15.00%	High and New Technology Enterprise
Qingdao Hisense Mould Co., Ltd.	15.00%	High and New Technology Enterprise
Hisense Refrigerator Co., Ltd.	15.00%	High and New Technology Enterprise
Guangdong Kelon Mould Co., Ltd.	15.00%	High and New Technology Enterprise
Hisense (Shandong) Kitchen and Bath Co., Ltd.	15.00%	High and New Technology Enterprise
Qingdao Hisense Bosch Air-Conditioning Systems Co., Ltd.	15.00%	High and New Technology Enterprise
Qingdao Hisense Commercial Cold Chain Co., Ltd.	15.00%	High and New Technology Enterprise
Hisense (Chengdu) Refrigerator Co., Ltd.	15.00%	National Western Development Strategy
Foshan Hisense Kelon Property Development Co., Ltd.	20.00%	Small and micro enterprises
Qingdao Yiyang Venture Capital Management Co., Ltd.	20.00%	Small and micro enterprises
Qingdao Hongcheng Mould Co., Ltd.	20.00%	Small and micro enterprises
Hisense Tianrui (Shandong) Maglev Technology Co., Ltd.	20.00%	Small and micro enterprises

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the following disclosed financial statement information, unless otherwise noted, "Opening Balance" refers to the balance as at 1 January 2026; and "Closing Balance" refers to the balance as at 30 June 2026. "Current Period" refers to the period from 1 January to 30 June 2026; "Previous Period" refers to the period from 1 January to 30 June 2025. The Currency is denominated in RMB.

1. Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	1,271,145.57	553,795.36
Bank deposits	1,459,278,981.97	1,028,175,536.70
Other cash at bank and on hand	1,086,695,445.95	1,032,098,207.64
Deposit in financial company	2,718,200,320.39	1,435,580,585.10
Including: Bank deposits	2,619,780,320.23	1,326,126,590.41
Other cash at bank and on hand	98,420,000.16	109,453,994.69
Total	5,265,445,893.88	3,496,408,124.80
Including: Total amount deposited overseas	808,603,485.23	724,540,447.04

Breakdown of restricted cash at bank and on hand are listed as follows:

Item	Closing balance	Opening balance
Deposit for issuing bank acceptance bills	1,104,604,538.67	989,421,608.29
Other security deposit	66,748,356.83	93,419,942.67
Total	1,171,352,895.50	1,082,841,550.96

2. Transactional financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	21,469,421,937.39	19,155,470,449.17
Including: Derivative financial instruments	75,724,119.71	26,426,742.91
Wealth management products	21,393,697,817.68	19,129,043,706.26
Total	21,469,421,937.39	19,155,470,449.17

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

3. Notes receivable

(1) As shown by classification of notes receivable

Item	Closing balance	Opening balance
Bank acceptance notes	38,516,028.19	28,637,505.59
Commercial acceptance notes	86,945,401.78	105,329,201.39
Total	125,461,429.97	133,966,706.98

Notes to notes receivable: notes receivable for collecting contractual cash flows (for collection) were presented as notes receivable by the Group, and notes receivable for collecting contractual cash flows (for collection) and selling of these notes (endorsed or discounted) were presented as receivable financing by the Group.

(2) As shown by provision for bad debts

Category	Closing balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Separate provision for bad debt					
Provision for bad debts on					
a group basis	125,472,013.20	100.00	10,583.23	0.01	125,461,429.97
Including:					
Bank acceptance notes	38,516,028.19	30.70			38,516,028.19
Commercial acceptance notes	86,955,985.01	69.30	10,583.23	0.01	86,945,401.78
Total	125,472,013.20	100.00	10,583.23	0.01	125,461,429.97

(continued)

Category	Opening balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Separate provision for bad debt					
Provision for bad debts on					
a group basis	134,939,301.47	100.00	972,594.49	0.72	133,966,706.98
Including:					
Bank acceptance notes	28,637,505.59	21.22			28,637,505.59
Commercial acceptance notes	106,301,795.88	78.78	972,594.49	0.91	105,329,201.39
Total	134,939,301.47	100.00	972,594.49	0.72	133,966,706.98

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

3. Notes receivable — Continued

(2) As shown by provision for bad debts — Continued

1) Among the group, provision for bad debts for commercial acceptance notes

Name	Closing balance		
	Book value	Provision for bad debts	Proportion of provision (%)
Acceptor being a related party company	66,420,066.02		
Acceptor being other types of company	20,535,918.99	10,583.23	0.05
Total	86,955,985.01	10,583.23	-

(3) Provision for bad debts of notes receivable that are accrued, recovered or reversed in the current period

Category	Changes during the period					Closing balance
	Opening balance	Provision	Recoveries or reversals	Write-off or charge-off	Effect of changes in exchange rate	
Commercial acceptance notes	972,594.49	-962,011.26				10,583.23
Total	972,594.49	-962,011.26				10,583.23

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

3. Notes receivable — Continued

(4) Notes receivable pledged as at the end of the period

Item	Pledged amount at the end of the period
Bank acceptance notes	38,516,028.19
Total	38,516,028.19

Note: For details of the pledge, please refer to Note 6.(24). Assets with restrictions on ownership or right of use.

(5) Notes receivable endorsed or discounted as at the end of the period but not mature at the balance sheet date

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Commercial acceptance notes		1,503,264.38
Total		1,503,264.38

(6) Notes receivable written-off during the period

There was no notes receivable written-off during the period.

4. Accounts receivable

(1) Accounts receivable by ageing

Ageing	Book value as at the end of the period	Book value as at the beginning of the period
Within three months	10,978,042,718.10	8,599,122,948.67
Over three months but within six months	273,765,253.41	278,331,973.18
Over six months but within one year	229,396,361.02	245,637,121.91
Over one year	497,470,170.98	577,619,212.49
Total	11,978,674,503.51	9,700,711,256.25

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

4. Accounts receivable — Continued

(2) Accounts receivable by provision for bad debts

Category	Closing balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	%	Amount	%	
Accounts receivable for which provision for bad debts is separately made	5,208,834.75	0.04	4,140,395.15	79.49	1,068,439.60
Accounts receivable for which provision for bad debts is made on a group basis	11,973,465,668.76	99.96	276,996,277.93	2.31	11,696,469,390.83
Total	11,978,674,503.51	100.00	281,136,673.08	2.35	11,697,537,830.43

(continued)

Category	Opening balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	%	Amount	%	
Accounts receivable for which provision for bad debts is separately made	86,349,265.74	0.89	65,521,167.85	75.88	20,828,097.89
Accounts receivable for which provision for bad debts is made on a group basis	9,614,361,990.51	99.11	246,094,491.70	2.56	9,368,267,498.81
Total	9,700,711,256.25	100.00	311,615,659.55	3.21	9,389,095,596.70

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

4. Accounts receivable — Continued

(2) Accounts receivable by provision for bad debts

1) Accounts receivable subject to separate provision for bad debts

Name	Opening balance		Closing balance		Proportion of provision (%)	Reasons for provision
	Book value	Provision for bad debts	Book value	Provision for bad debts		
Domestic customers	86,349,265.74	65,521,167.85	5,208,834.75	4,140,395.15	79.49	Expected to be difficult to recover in full
Total	86,349,265.74	65,521,167.85	5,208,834.75	4,140,395.15	79.49	-

2) Accounts receivable for which provision for bad debts on a group basis:

Ageing	Closing balance		
	Book value	Provision for bad debts	Proportion of provision (%)
Ageing group	1,726,045,217.73	129,214,955.62	7.49
Combination of relationship with transaction object	7,628,144,739.74	20,403,476.47	0.27
Other Group	2,619,275,711.29	127,377,845.84	4.86
Total	11,973,465,668.76	276,996,277.93	2.31

Note: This group is based on the ageing of accounts receivable, counterparty relationships, transaction types, etc. as credit risk characteristics, and provision for bad debts is made based on the expected credit loss of the group.

(3) Provision for bad debts of accounts receivable that are accrued, recovered or reversed in the current period

Category	Opening balance	Changes during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or charge-off	Changes in exchange rate	
Accounts receivable	311,615,659.55	24,637,317.62		-53,400,706.98	-1,715,597.11	281,136,673.08
Total	311,615,659.55	24,637,317.62		-53,400,706.98	-1,715,597.11	281,136,673.08

(4) Accounts receivable written-off

Item	Written-off amount
Accounts receivable written-off	53,400,706.98

(5) Top five accounts receivable by closing balance of debtors and contract assets

The total top five accounts receivable by closing balance of debtors amounted to RMB6,690,593,840.01, accounting for 55.85% of the closing balance of account receivable. A provision for bad debts of RMB2,312,191.61 in total was made as at the end of the period.

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(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

5. Contract assets

(1) Contract assets

Item	Closing balance			Opening balance		
	Book value	Provision for bad debts	Carrying amount	Book value	Provision for bad debts	Carrying amount
Guarantee	73,292,489.61	5,376,513.84	67,915,975.77	75,696,198.07	8,028,766.18	67,667,431.89
Total	73,292,489.61	5,376,513.84	67,915,975.77	75,696,198.07	8,028,766.18	67,667,431.89

(2) Contract assets by provision for bad debts

Category	Closing balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	%	Amount	%	
Contract assets for which provision for bad debts is separately made					
Contract assets for which provision for bad debts is made on a group basis	73,292,489.61	100.00	5,376,513.84	7.34	67,915,975.77
Including:					
Guarantee	73,292,489.61	100.00	5,376,513.84	7.34	67,915,975.77
Total	73,292,489.61	100.00	5,376,513.84	7.34	67,915,975.77

(continued)

Category	Opening balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	%	Amount	%	
Contract assets for which provision for bad debts is separately made					
Contract assets for which provision for bad debts is made on a group basis	75,696,198.07	100.00	8,028,766.18	10.61	67,667,431.89
Including:					
Guarantee	75,696,198.07	100.00	8,028,766.18	10.61	67,667,431.89
Total	75,696,198.07	100.00	8,028,766.18	10.61	67,667,431.89

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

5. Contract assets — Continued

(2) Contract assets by provision for bad debts — Continued

1) Contract assets for which provision for bad debts is made on a group basis

Name	Closing balance		
	Book value	Provision for bad debts	Proportion of provision (%)
Guarantee	73,292,489.61	5,376,513.84	7.34
Total	73,292,489.61	5,376,513.84	-

(3) Provision for bad debts of contract assets that are accrued, recovered or reversed in the current period

Item	Opening balance	Provision for the period	Changes during the period			Closing balance	Reason
			Recovered or reversed for the period	Write-off/ charge-off for the year	Other		
Guarantee	8,028,766.18	-855,777.95			-1,796,474.39	5,376,513.84	
Total	8,028,766.18	-855,777.95			-1,796,474.39	5,376,513.84	-

(4) Contract assets written-off for the period

There were no contract assets written-off for the period.

6. Receivables Financing

(1) Factoring of accounts receivable by category

Item	Closing balance	Opening balance
Bank acceptance notes	7,274,816,997.74	4,607,438,550.93
Total	7,274,816,997.74	4,607,438,550.93

Note: For details on the fair value, please refer to Note XI.(1). Fair value of assets and liabilities measured at fair value as at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

6. Receivables Financing — Continued

(2) Factoring of accounts receivable by provision for bad debts

Category	Closing balance				Carrying amount
	Book value		Provision for bad debts		
	Amount	%	Amount	%	
Factoring of accounts receivable for which provision for bad debts is separately made					
Factoring of accounts receivable for which provision for bad debts is made on a group basis	7,274,816,997.74	100.00			7,274,816,997.74
Including:					
Bank acceptance notes	7,274,816,997.74	100.00			7,274,816,997.74
Total	7,274,816,997.74	100.00			7,274,816,997.74

(continued)

Category	Opening balance				Carrying amount
	Book value		Provision for bad debts		
	Amount	%	Amount	%	
Factoring of accounts receivable for which provision for bad debts is separately made					
Factoring of accounts receivable for which provision for bad debts is made on a group basis	4,607,438,550.93	100.00			4,607,438,550.93
Including:					
Bank acceptance notes	4,607,438,550.93	100.00			4,607,438,550.93
Total	4,607,438,550.93	100.00			4,607,438,550.93

(3) Factoring of accounts receivable pledged as at the end of the period

There was no factoring of accounts receivable pledged as at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

6. Receivables Financing — Continued

(4) Notes receivable endorsed or discounted as at the end of the period but not mature at the balance sheet date

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance notes	5,193,225,798.42	
Total	5,193,225,798.42	

(5) Factoring of accounts receivable written-off for the period

There was no factoring of accounts receivable written-off for the period.

7. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	228,885,579.66	625,590.11
Other receivables	214,464,965.79	193,495,143.68
Total	443,350,545.45	194,120,733.79

7.1 Dividends receivable

(1) Classification of dividends receivable

Investee	Closing balance	Opening balance
SANPAK ENGINEERING INDUSTRIES		625,590.11
Sanden HASCO Automotive Air-Conditioning Co., Ltd.	228,885,579.66	
Total	228,885,579.66	625,590.11

(2) As of the end of the period, the Group had no dividends receivable that were more than one year past due and of material amount.

7.2 Other receivables

(1) Classification of other receivables by nature

Nature of the amount	Book value as at the end of the period	Book value as at the beginning of the period
Security deposit	105,722,776.32	96,405,365.43
Other current account	189,719,362.97	174,895,612.32
Total	295,442,139.29	271,300,977.75

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

7. Other receivables — Continued

7.2 Other receivables — Continued

(2) Other receivables by ageing

Ageing	Book value as at the end of the period
Within three months	136,354,373.26
Over three months but within six months	28,289,909.02
Over six months but within one year	25,968,291.36
Over one year	104,829,565.65
Total	295,442,139.29

(3) Provision for bad debts for other receivables

	First stage	Second stage	Third stage	
	Expected credit loss in the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Provision for bad debts				
Balance as at 1 January 2026	2,869,992.36	60,377,821.22	14,558,020.49	77,805,834.07
During the period, the book balance of other receivables as at 1 January 2026	-	-	-	-
- transferred to second stage				
- transferred to third stage				
- reversed to second stage				
- reversed to first stage				
Provision for the period	4,102,625.30	881,029.13		4,983,654.43
Reversal for the period				
Written-off for the period		-40,000.00		-40,000.00
Charge-off for the period				
Other changes	-30,151.98	-1,742,163.02		-1,772,315.00
Balance as at 30 June 2026	6,942,465.68	59,476,687.33	14,558,020.49	80,977,173.50

Note 1: The amount of other changes arises from the translation of the amount of provision for bad debts in the foreign currency statements of foreign subsidiaries using spot exchange rates at the balance sheet date.

Note 2: Except for separate assessment, the Group assessed whether the credit risk of financial instruments since its initial recognition was significantly increased based on the aging, and estimated the expected credit loss of other receivables with ageing of over one year in the lifetime.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

7. Other receivables — Continued

7.2 Other receivables — Continued

(4) Provision for bad debts of other receivables that are accrued, recovered or reversed in the current period

Category	Opening balance	Changes during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or charge-off	Changes in exchange rate	
Other receivables	77,805,834.07	4,983,654.43		-40,000.00	-1,772,315.00	80,977,173.50
Total	77,805,834.07	4,983,654.43		-40,000.00	-1,772,315.00	80,977,173.50

Note: The Group has no significant amount of bad debt provisions recovered or reversed during the period.

(5) Other receivables actually written off

Item	Written-off amount
Other receivables actually written off	40,000.00

(6) Top five other receivables by debtor in terms of balances as at the end of the period

No.	Nature of the amount	Closing balance	Ageing	Percentage of total closing balance of other receivables (%)	Provision for bad debts Closing balance
Top 1	Other current account	28,958,939.43	Within one year	9.80	
Top 2	Security deposit	20,000,000.00	Over one year	6.77	20,000,000.00
Top 3	Other current account	14,671,923.70	Within one year	4.97	29,343.85
Top 4	Security deposit	9,404,000.00	Within one year	3.18	948,640.00
Top 5	Other current account	5,868,809.28	Within one year	1.99	
Total	-	78,903,672.41	-	26.71	20,977,983.85

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

8. Prepayment

(1) Ageing of prepayments

Item	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	443,017,964.98	98.82	375,290,812.25	98.99
Over one year	5,285,519.88	1.18	3,837,267.45	1.01
Total	448,303,484.86	100.00	379,128,079.70	100.00

The Group had no prepayments of significant amount with ageing of over one year as at the end of the period.

(2) Top five prepayments by supplier based on closing balance

During the Reporting Period, the total top five prepayments by supplier based on closing balance amounted to RMB244,420,062.94, accounting for 54.52% of total closing balance of prepayments.

9. Inventories

(1) Classification of inventories

Item	Closing balance		
	Book value	Provision for declines in value	Carrying amount
Raw materials	1,345,720,980.56	53,427,184.48	1,292,293,796.08
Works in progress	522,082,824.12	13,076,791.10	509,006,033.02
Finished goods	5,476,103,474.07	81,136,178.67	5,394,967,295.40
Total	7,343,907,278.75	147,640,154.25	7,196,267,124.50

(continued)

Item	Closing balance		
	Book value	Provision for declines in value	Carrying amount
Raw materials	1,294,332,869.93	58,121,508.41	1,236,211,361.52
Works in progress	698,987,441.50	6,394,506.98	692,592,934.52
Finished goods	4,985,796,859.40	52,273,483.88	4,933,523,375.52
Total	6,979,117,170.83	116,789,499.27	6,862,327,671.56

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

9. Inventories — Continued

(2) Provision for declines in value of inventories

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Changes in exchange rate	Reversed or written-off	Changes in exchange rate	
Raw materials	58,121,508.41	1,367,989.83	210,239.65	6,272,553.41		53,427,184.48
Works in progress	6,394,506.98	10,461,999.53		911,267.03	2,868,448.38	13,076,791.10
Finished goods	52,273,483.88	82,435,584.51		49,963,127.73	3,609,761.99	81,136,178.67
Total	116,789,499.27	94,265,573.87	210,239.65	57,146,948.17	6,478,210.37	147,640,154.25

(3) Basis of the provision for declines in value of inventories and reasons for the reversal or write-off during the year

Item	Basis of the provision for declines in value of inventories	Reasons for the write-off of provision for declines in value of inventories during the period
Raw materials	The lower of the cost and net realizable value	Removal due to sales and consumption for production
Works in progress		
Finished goods		

10. Non-current assets due within one year

Item	Closing balance	Opening balance
Time deposits and interest due within one year	4,238,264,166.67	5,358,503,333.34
Total	4,238,264,166.67	5,358,503,333.34

11. Other current assets

Item	Closing balance	Opening balance
Term deposit and interest	458,206,753.91	1,346,154,726.55
Prepaid tax and tax deductible	1,126,583,586.67	1,241,953,493.60
Prepaid expenses and others	273,070,734.09	256,935,983.67
Total	1,857,861,074.67	2,845,044,203.82

Note: Time deposits maturing within one year held by the Group for investment are presented under other current assets, but not recognised as cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

12. Long-term equity investments

Investees	Opening balance (Carrying amount)	Provision for impairment Opening balance	Increase in investment	Decrease in investment	Movements in the current period						Closing balance (Carrying amount)	Closing balance of impairment provision
					Gains or losses from investment recognised using equity method	Adjustment or other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Changes in exchange rate		
I. Joint ventures												
Hisense Marketing Management Co., Ltd.	50,866,451.23				-10,718,111.03		9,912,222.90				50,060,563.10	
Qingdao Hisense Global Asia Holding Co., Ltd.	17,278,093.91				-11,213,370.17	3,727,321.75	547,702.65				10,339,748.14	
Subtotal	68,144,545.14				-21,931,481.20	3,727,321.75	10,459,925.55				60,400,311.24	
II. Associates												
Qingdao Hisense Jinlong Holdings Co., Ltd.	423,484,228.88				3,305,433.52						426,789,662.40	
Qingdao Hisense International Marketing Co., Ltd.	260,777,468.41				68,463,376.40	-40,873,505.79	5,692,446.40				294,059,785.42	
Qingdao Hisense Intelligent Electronics Co., Ltd.	149,446,748.00				-83,876.02						149,362,871.98	
Associates of Yiyang Entrepreneurship Investment	1,014,722.78				-725.51						1,013,997.27	
Associates of Sanden	1,046,480,032.22		1,544,321.59		119,049,874.68	253,691.55		233,259,875.63		10,555,329.15	944,623,373.56	
Hisense Star Ocean Technology (Hangzhou) Co., Ltd.	55,868,451.21				-5,803,475.88	14,818,765.56					64,883,740.89	
Subtotal	1,937,071,651.50		1,544,321.59		184,930,607.19	-25,801,048.68	5,692,446.40	233,259,875.63		10,555,329.15	1,880,733,431.52	
III. Others												
Jiangxi Kelon Combine Electrical Appliances Co., Ltd.		11,000,000.00										11,000,000.00
Subtotal		11,000,000.00										11,000,000.00
Total	2,005,216,196.64	11,000,000.00	1,544,321.59		162,999,125.99	-22,073,726.93	16,152,371.95	233,259,875.63		10,555,329.15	1,941,133,742.76	11,000,000.00

Notes:

- (1) As Jiangxi Kelon Combine Electrical Appliances Co., Ltd., a subsidiary of the Company, has been declared in liquidation, it has not been included in the consolidated financial statements and impairment has been fully provided for the investment cost.
- (2) Qingdao Hisense Jinlong Holdings Co., Ltd. is hereinafter referred to as "Hisense Jinlong Holdings".
- (3) Qingdao Hisense Global Asia Holding Co., Ltd. is hereinafter referred to as "Hisense Global Asia Holding".
- (4) Hisense Marketing Management Co., Ltd. is hereinafter referred to as "Hisense Marketing Management".
- (5) Hisense International Co., Ltd. is hereinafter referred to as "Hisense International".
- (6) Qingdao Hisense Intelligent Electronics Technology Co., Ltd. is hereinafter referred to as "Hisense Intelligent Electronics Technology".
- (7) Hisense Star Ocean Technology (Hangzhou) Co., Ltd. is hereinafter referred to as "Hisense Star Ocean Technology".
- (8) As at the end of the Reporting Period, all the joint ventures and associates of the Company were unlisted companies.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

12. Long-term equity investments — Continued

Including:

Item	Closing balance	Opening balance
Unlisted investments:		
Equity method	1,941,133,742.76	2,005,216,196.64
Including: Joint ventures	60,400,311.24	68,144,545.14
Associate	1,880,733,431.52	1,937,071,651.50
Total	1,941,133,742.76	2,005,216,196.64

13. Other equity instruments investment

Item	Closing balance	Opening balance
Non-trading equity investments	36,950,898.86	41,653,733.28
Total	36,950,898.86	41,653,733.28

14. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	20,114,367.52	20,542,302.26
Total	20,114,367.52	20,542,302.26

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

15. Investment properties

(1) Investment properties measured at cost

Item	Buildings and structures	Land	Total
I. Original carrying amount			
1. Opening balance	382,104,335.55	24,003,441.52	406,107,777.07
2. Increase for the period			
3. Decrease for the period	8,064,371.12	7,073,407.03	15,137,778.15
(1) Disposal	1,882,922.05		1,882,922.05
(2) Exchange rate movement	6,181,449.07	7,073,407.03	13,254,856.10
4. Closing balance	374,039,964.43	16,930,034.49	390,969,998.92
II. Accumulated depreciation and accumulated amortisation			
1. Opening balance	188,139,605.90	754,635.00	188,894,240.90
2. Increase for the period	12,588,239.63	18,248.00	12,606,487.63
(1) Provision or amortisation	12,588,239.63	18,248.00	12,606,487.63
3. Decrease for the period	6,501,585.54		6,501,585.54
(1) Disposal	1,697,657.59		1,697,657.59
(2) Exchange rate movement	4,803,927.95		4,803,927.95
4. Closing balance	194,226,259.99	772,883.00	194,999,142.99
III. Provision for impairment			
1. Opening balance			
2. Increase for the period			
3. Decrease for the period			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	179,813,704.44	16,157,151.49	195,970,855.93
2. Opening carrying amount	193,964,729.65	23,248,806.52	217,213,536.17

(2) Investment properties without ownership certificates

Item	Carrying amount	Reason for failure to obtain ownership certificates
Mee King Building	689,725.19	Due to historical reasons

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(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

16. Fixed assets

Item	Closing carrying amount	Opening carrying amount
Fixed assets	7,007,608,466.59	7,159,168,602.46
Disposal of fixed assets	4,808,007.54	1,158,467.75
Total	7,012,416,474.13	7,160,327,070.21

16.1 Fixed assets

(1) Particulars of fixed assets

Item	Land	Buildings and structures	Machinery and equipment	Electronic equipment, appliances and furniture	Transportation equipment	Total
I. Original carrying amount						
1. Opening balance	744,096,301.34	4,956,145,041.08	6,430,027,898.01	3,556,085,419.86	81,227,494.08	15,767,582,154.37
2. Increase for the period		128,861,969.14	417,236,633.06	103,410,387.93	2,819,488.85	652,328,478.98
(1) Addition		59,882,061.69	130,194,213.11	65,535,395.29	2,057,384.95	257,669,055.04
(2) Transfer from construction in progress		59,361,036.11	283,173,306.67	37,409,230.90	475,431.03	380,419,004.71
(3) Exchange rate movement					286,672.87	286,672.87
(4) Other		9,618,871.34	3,869,113.28	465,761.74		13,953,746.36
3. Decrease for the period	48,542,059.05	70,491,262.62	293,612,216.54	107,569,997.04	2,488,749.80	522,704,285.05
(1) Disposal or retirement	884,448.44	12,220,444.53	205,527,314.71	73,078,844.14	2,488,749.80	294,199,801.62
(2) Exchange rate movement	47,657,610.61	57,497,324.78	65,593,359.75	29,644,533.76		200,392,828.90
(3) Other		773,493.31	22,491,542.08	4,846,619.14		28,111,654.53
4. Closing balance	695,554,242.29	5,014,515,747.60	6,553,652,314.53	3,551,925,810.75	81,558,233.13	15,897,206,348.30
II. Accumulated depreciation						
1. Opening balance		2,032,884,231.25	3,410,437,614.75	2,847,687,417.80	50,071,848.78	8,341,081,112.58
2. Increase for the period		110,021,924.97	310,223,180.62	118,361,600.15	6,408,602.91	545,015,308.65
(1) Provision		102,272,083.62	308,066,935.35	118,067,850.00	6,408,602.91	534,815,471.88
(2) Other		7,749,841.35	2,156,245.27	293,750.15		10,199,836.77
3. Decrease for the period		18,531,170.63	183,067,487.13	48,033,470.35	1,228,957.23	250,861,085.34
(1) Disposal or retirement		2,024,339.85	133,268,797.56	27,071,628.05	379,588.14	162,744,353.60
(2) Exchange rate movement		16,504,858.11	33,821,948.06	16,210,922.90	849,369.09	67,387,098.16
(3) Other		1,972.67	15,976,741.51	4,750,919.40		20,729,633.58
4. Closing balance		2,124,374,985.59	3,537,593,308.24	2,918,015,547.60	55,251,494.46	8,635,235,335.89
III. Provision for impairment						
1. Opening balance		8,804,951.21	168,354,743.95	89,783,194.59	389,549.58	267,332,439.33
2. Increase for the period			3,091,101.28			3,091,101.28
(1) Provision			3,091,101.28			3,091,101.28
3. Decrease for the period			10,605,674.10	5,434,067.27	21,253.42	16,060,994.79
(1) Disposal or retirement			4,964,626.05	225,412.49		5,190,038.54
(2) Exchange rate movement			5,641,048.05	5,208,654.78	21,253.42	10,870,956.25
4. Closing balance		8,804,951.21	160,840,171.13	84,349,127.32	368,296.16	254,362,545.82
IV. Carrying amount						
1. Closing carrying amount	695,554,242.29	2,881,335,810.80	2,855,218,835.16	549,561,135.83	25,938,442.51	7,007,608,466.59
2. Opening carrying amount	744,096,301.34	2,914,455,858.62	2,851,235,539.31	618,614,807.47	30,766,095.72	7,159,168,602.46

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

16. Fixed assets — Continued

16.1 Fixed assets — Continued

(2) Fixed assets leased out under operating lease

Item	Closing carrying amount
Building or structures	181,780,086.09
Machinery and equipment, etc.	28,949,372.60
Transportation equipment	196,702.32
Total	210,926,161.01

(3) Fixed assets without ownership certificates

Item	Carrying amount	Reason for failure to obtain ownership certificates
Building or structures	341,273,189.00	Transferred to fixed assets on achieving scheduled availability and in the process of application for ownership certificates

(4) Impairment test of fixed assets

Determination of the net recoverable amount at fair value minus disposal costs

Item	Carrying amount	Recoverable amount	Impairment amount
Machinery equipment	3,296,313.15	205,211.87	3,091,101.28
Total	3,296,313.15	205,211.87	3,091,101.28

The Group measures impairment by estimating the recoverable amount of a fixed asset for which there is any sign of impairment. Impairment of assets is calculated and recognised on an individual asset basis. The fair value of an asset is determined on the basis of the market price in fair transactions, or where there is no active market for the asset, the fair value of the asset is estimated on the basis of the best available information. Disposal costs include legal expenses, relevant taxes and handling fees related to the disposal of assets and direct expenses incurred to bring the assets to a saleable condition.

16.2 Disposal of fixed assets

Item	Closing balance	Opening balance
Disposal of fixed assets	4,808,007.54	1,158,467.75
Total	4,808,007.54	1,158,467.75

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

17. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	1,233,768,663.55	911,155,205.31
Total	1,233,768,663.55	911,155,205.31

(1) Breakdown of construction in progress

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Refrigerator production line project	176,712,111.12		176,712,111.12	79,510,817.37		79,510,817.37
GEN5 electric press production line	250,678,155.02		250,678,155.02	261,404,800.93		261,404,800.93
Changsha production bases	27,537,889.97		27,537,889.97	14,754,767.28		14,754,767.28
Thailand Factory	387,273,136.80		387,273,136.80	65,879,865.90		65,879,865.90
East District Project	28,573,127.73		28,573,127.73	73,026,270.94		73,026,270.94
Others	375,999,816.38	13,005,573.47	362,994,242.91	430,422,920.45	13,844,237.56	416,578,682.89
Total	1,246,774,237.02	13,005,573.47	1,233,768,663.55	924,999,442.87	13,844,237.56	911,155,205.31

(2) Movements in constructions in progress during the period

Name of construction	Opening balance	Increase during the period		Other decrease	Closing balance	Accumulative contribution in budget (%)		Progress (%)	Source of funding
			Transferred to fixed assets			Budget			
Refrigerator production line project	79,510,817.37	112,471,687.77		-15,270,394.02	176,712,111.12	887,677,318.00	84.43	84.43	Self funding
GEN5 electric press production line	261,404,800.93	8,559,157.68	19,285,803.59		250,678,155.02	349,000,000.00	76.46	76.46	Self funding
Changsha production bases	14,754,767.28	35,626,631.85	20,713,853.43	-2,129,655.73	27,537,889.97	978,528,800.00	63.19	63.19	Self funding
Thailand Factory	65,879,865.90	389,907,403.72	33,851,782.09	-34,662,350.73	387,273,136.80	1,500,000,000.00	77.79	77.79	Self funding
East District Project	73,026,270.94	5,336,103.26	49,675,321.94	-113,924.53	28,573,127.73	500,000,000.00	71.64	71.64	Self funding
Others	430,422,920.45	235,455,057.55	256,892,243.66	-32,985,917.96	375,999,816.38				Self funding
Total	924,999,442.87	787,356,041.83	380,419,004.71	-85,162,242.97	1,246,774,237.02				

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

18. Right-of-use assets

Item	Buildings and structures	Machinery, equipment and others	Total
I. Original carrying amount			
1. Opening balance	386,141,684.68	62,799,281.08	448,940,965.76
2. Increase for the period	71,278,722.09	2,265,717.44	73,544,439.53
(1) Rental	71,278,722.09	2,265,717.44	73,544,439.53
3. Decrease for the period	45,031,148.57	2,353,130.75	47,384,279.32
(1) Disposal	29,665,055.32		29,665,055.32
(2) Exchange rate movement	15,366,093.25	2,353,130.75	17,719,224.00
4. Closing balance	412,389,258.20	62,711,867.77	475,101,125.97
II. Accumulated depreciation			
1. Opening balance	212,352,735.91	35,219,028.47	247,571,764.38
2. Increase for the period	32,960,925.83	4,542,329.33	37,503,255.16
(1) Provision	32,960,925.83	4,542,329.33	37,503,255.16
3. Decrease for the period	26,203,366.19	2,250,362.74	28,453,728.93
(1) Disposal	16,996,391.33		16,996,391.33
(2) Exchange rate movement	9,206,974.86	2,250,362.74	11,457,337.60
4. Closing balance	219,110,295.55	37,510,995.06	256,621,290.61
III. Provision for impairment			
1. Opening balance	43,856.27	200,312.47	244,168.74
2. Increase for the period			
3. Decrease for the period	2,694.21	12,305.73	14,999.94
(1) Exchange rate movement	2,694.21	12,305.73	14,999.94
4. Closing balance	41,162.06	188,006.74	229,168.80
IV. Carrying amount			
1. Closing carrying amount	193,237,800.59	25,012,865.97	218,250,666.56
2. Opening carrying amount	173,745,092.50	27,379,940.14	201,125,032.64

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

19. Intangible assets

(1) Breakdown of intangible assets

Item	Land use rights	Trademark rights	Know-how	Sales channels	Others	Total
I. Original carrying amount						
1. Opening balance	1,234,685,344.61	660,643,862.44	85,552,527.34	794,759,590.57	660,632,829.22	3,436,274,154.18
2. Increase for the period			319,972.63		42,326,896.76	42,646,869.39
(1) Additions			319,972.63		36,285,482.43	36,605,455.06
(2) Transfer from construction under progress					6,041,414.33	6,041,414.33
3. Decrease for the period	202,851.90		106,021.14		11,601,600.61	11,910,473.65
(1) Disposal					2,487,033.12	2,487,033.12
(2) Exchange rate movement	202,851.90		106,021.14		9,114,567.49	9,423,440.53
4. Closing balance	1,234,482,492.71	660,643,862.44	85,766,478.83	794,759,590.57	691,358,125.37	3,467,010,549.92
II. Accumulated amortisation						
1. Opening balance	388,528,675.96	265,874,752.40	59,648,351.36	597,920,204.03	444,348,770.55	1,756,320,754.30
2. Increase for the period	12,829,182.23	650,000.00	2,407,148.07	48,020,282.98	28,852,136.86	92,758,750.14
(1) Provision	12,829,182.23	650,000.00	2,407,148.07	48,020,282.98	28,852,136.86	92,758,750.14
3. Decrease for the period	105,345.79		113,609.34		3,303,676.16	3,522,631.29
(1) Disposal					73,707.63	73,707.63
(2) Exchange rate movement	105,345.79		113,609.34		3,229,968.53	3,448,923.66
4. Closing balance	401,252,512.40	266,524,752.40	61,941,890.09	645,940,487.01	469,897,231.25	1,845,556,873.15
III. Provision for impairment						
1. Opening balance	50,012,843.19	286,061,116.40			38,378,005.79	374,451,965.38
2. Increase for the period						
3. Decrease for the period					2,345,287.09	2,345,287.09
(1) Exchange rate movement					2,345,287.09	2,345,287.09
4. Closing balance	50,012,843.19	286,061,116.40			36,032,718.70	372,106,678.29
IV. Carrying amount						
1. Closing carrying amount	783,217,137.12	108,057,993.64	23,824,588.74	148,819,103.56	185,428,175.42	1,249,346,998.48
2. Opening carrying amount	796,143,825.46	108,707,993.64	25,904,175.98	196,839,386.54	177,906,052.88	1,305,501,434.50

(2) There were no land use rights whose certificates of ownership are pending as at the end of the period

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

20. Goodwill

(1) Original value of goodwill

Name of investees	Opening balance	Increase during the period	Decrease during the period	Closing balance
Qingdao Hisense Bosch Air-Conditioning Systems Co., Ltd.	132,571,746.36			132,571,746.36
Sanden Company	93,837,131.40			93,837,131.40
Subtotal	226,408,877.76			226,408,877.76
Less: Impairment provision	93,837,131.40			93,837,131.40
Total	132,571,746.36			132,571,746.36

21. Long-term prepaid expenses

Item	Opening balance	Increase during the period	Amortization for the period	Effect of changes in exchange rate	Closing balance
Long-term prepaid expenses	69,885,638.35	35,810,571.86	25,949,346.99		79,746,863.22
Total	69,885,638.35	35,810,571.86	25,949,346.99		79,746,863.22

22. Deferred tax assets and deferred tax liabilities

(1) Undeducted deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	273,954,396.96	54,904,646.42	356,779,604.09	75,976,309.03
Accrued expenses	4,583,376,112.45	940,544,508.75	4,028,057,318.71	800,646,211.91
Others	1,777,430,004.99	414,662,188.82	1,592,401,781.82	380,447,099.94
Total	6,634,760,514.40	1,410,111,343.99	5,977,238,704.62	1,257,069,620.88

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

22. Deferred tax assets and deferred tax liabilities — Continued

(2) Undeducted deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Accelerated depreciation	772,662,433.70	130,290,688.60	618,221,422.26	99,222,042.50
Transactional financial assets	148,165,303.91	36,670,631.55	111,835,402.77	27,666,995.14
Asset appraisal appreciation due to business combination involving entities not under common control	184,310,437.28	34,999,580.93	197,625,472.16	37,702,130.81
Others	452,054,892.25	134,660,709.59	418,987,356.72	123,637,071.54
Total	1,557,193,067.14	336,621,610.67	1,346,669,653.91	288,228,239.99

(3) Deferred tax assets or liabilities stated at net of offset

Item	Deferred tax assets and liabilities offset amounts at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Deferred tax assets and liabilities offset amounts at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	159,950,331.81	1,250,161,012.18	129,969,912.09	1,127,099,708.79
Deferred tax liabilities	159,950,331.81	176,671,278.86	129,969,912.09	158,258,327.90

23. Other non-current assets

Item	Closing balance	Opening balance
Term deposit and interest	4,506,441,736.10	4,118,541,736.10
Others	138,825,198.21	184,057,848.43
Total	4,645,266,934.31	4,302,599,584.53

Note: Term deposit with maturity over one year held by the Group for investment is presented under other non-current assets, but not recognised as cash and cash equivalents.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

24. Assets with restrictions on ownership or right of use

Item	As at the end of the period			
	Book balance	Carrying amount	Type of restrictions	Restrictions
Cash at bank and on hand	1,171,352,895.50	1,171,352,895.50	Security deposit	Opening of bank acceptance bills and security deposits, etc.
Notes receivable	38,516,028.19	38,516,028.19	Pledge	Pledge to issue bank acceptance bills
Fixed assets	413,952,139.14	172,682,190.01	Mortgage	For a loan
Inventories	55,873,288.53	55,873,288.53	Mortgage	For a loan
Accounts receivable	184,416,150.21	184,416,150.21	Pledge	For a loan
Construction in progress	22,904,505.00	22,904,505.00	Mortgage	For a loan
Total	1,887,015,006.57	1,645,745,057.44	-	-

25. Short-term borrowings

(1) Classification of short-term borrowings

Types of borrowings	Closing balance	Opening balance
Credit borrowings	684,354,750.71	448,559,408.29
Guaranteed borrowings	2,665,218,230.17	2,758,522,480.58
Secured borrowings	137,535,799.43	93,724,208.14
Total	3,487,108,780.31	3,300,806,097.01

(2) There are no overdue short-term borrowings as at the end of the period.

26. Transactional financial liabilities

Item	Closing balance	Opening balance
Transactional financial liabilities	2,195,138.65	1,813,733.43
Including: Derivative financial liabilities	2,195,138.65	1,813,733.43
Total	2,195,138.65	1,813,733.43

Notes to transactional financial liabilities:

They mainly represent the Group's outstanding forward contracts with banks, which are recognized as transactional financial assets or liabilities based on the difference between the quoted prices of the outstanding forward contracts and the forward exchange rates at the end of the period.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

27. Notes payable

Categories of notes	Closing balance	Opening balance
Bank acceptance notes	10,035,248,497.45	8,826,656,065.38
Commercial acceptance notes	3,894,173,933.78	2,291,496,454.25
Total	13,929,422,431.23	11,118,152,519.63

Note: There were no overdue notes payable as at the end of the period.

28. Accounts payable

(1) Accounts payable

Ageing	Closing balance	Opening balance
Within one year	19,472,636,060.77	17,150,463,396.32
Over one year	35,954,556.99	37,658,765.91
Total	19,508,590,617.76	17,188,122,162.23

(2) The Group had no significant accounts payable aged over one year or overdue as at the end of the period.

29. Advances from customers

Category	Closing balance	Opening balance
Rent received in advance	2,385,995.18	1,820,551.63
Total	2,385,995.18	1,820,551.63

30. Contractual liabilities

(1) Contract liability

Item	Closing balance	Opening balance
Advance on sales	1,235,817,835.56	1,618,788,301.63
Total	1,235,817,835.56	1,618,788,301.63

(2) The Group had no significant contract liability aged over one year as at the end of the period.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

31. Employee remunerations payable

(1) Classification of employee remunerations payable

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Short-term remuneration	1,065,851,538.17	3,971,804,831.60	4,137,219,907.51	900,436,462.26
Post-employment benefits – defined contribution plans	3,611,362.31	260,592,820.55	261,560,027.83	2,644,155.03
Others	3,409,535.90	44,074,535.86	25,353,779.01	22,130,292.75
Total	1,072,872,436.38	4,276,472,188.01	4,424,133,714.35	925,210,910.04

(2) Short-term remuneration

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Salaries, bonuses, allowances and subsidies	1,008,015,356.01	3,528,515,988.57	3,697,772,902.28	838,758,442.30
Staff welfare	36,292,746.54	139,927,193.53	134,651,231.31	41,568,708.76
Social insurance	8,705,022.29	158,477,897.68	158,792,320.24	8,390,599.73
Including: Medical insurance	7,323,702.84	147,617,569.54	147,771,157.51	7,170,114.87
Work-related injury insurance	1,379,267.90	10,694,232.77	10,866,050.59	1,207,450.08
Maternity insurance	2,051.55	166,095.37	155,112.14	13,034.78
Housing provident funds	7,777,344.28	127,278,751.83	128,467,412.40	6,588,683.71
Labour union funds and employee education funds	5,061,069.05	17,604,999.99	17,536,041.28	5,130,027.76
Total	1,065,851,538.17	3,971,804,831.60	4,137,219,907.51	900,436,462.26

(3) Defined contribution plans

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Basic pension insurance	3,032,334.15	250,998,143.06	252,090,042.03	1,940,435.18
Unemployment insurance	579,028.16	9,594,677.49	9,469,985.80	703,719.85
Total	3,611,362.31	260,592,820.55	261,560,027.83	2,644,155.03

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

32. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	110,587,998.10	142,417,453.11
Enterprise income tax	401,895,963.28	205,791,521.66
Others	207,713,788.17	100,387,079.09
Total	720,197,749.55	448,596,053.86

33. Other payables

Item	Closing balance	Opening balance
Dividends payable	1,829,287,689.99	77,438,308.67
Other payables	4,866,385,925.63	5,131,197,269.47
Total	6,695,673,615.62	5,208,635,578.14

33.1 Dividends payable

Item	Closing balance	Opening balance
Dividends on ordinary shares	1,829,287,689.99	77,438,308.67
Total	1,829,287,689.99	77,438,308.67

33.2 Other payables

(1) Classification of other payables by nature

Item	Closing balance	Opening balance
Current account	2,914,501,599.59	2,938,062,698.90
Deposit and margin	1,389,996,674.76	1,399,158,329.09
Payment for project and equipment	561,887,651.28	793,976,241.48
Total	4,866,385,925.63	5,131,197,269.47

(2) The Group had no significant other payables aged over one year or overdue as at the end of the period.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

34. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	19,825,496.80	22,421,575.81
Lease liabilities due within one year	91,097,640.25	95,036,982.08
Provision for warranties due within one year	298,600,280.14	293,434,618.19
Total	409,523,417.19	410,893,176.08

35. Other current liabilities

Item	Closing balance	Opening balance	Reasons for the balance
Installation fees	1,407,447,144.73	1,054,474,643.84	Installation fee provided for but not yet paid in respect of goods sold
Sales discounts	4,033,744,623.00	3,234,287,067.95	Sales discounts incurred but not yet settled
Others	1,924,615,255.32	1,795,644,470.78	Expenditures incurred but not yet settled, etc.
Total	7,365,807,023.05	6,084,406,182.57	

36. Long-term borrowings

Types of borrowings	Closing balance	Opening balance
Secured borrowings	81,619,951.14	93,729,998.13
Less: Long-term borrowings due within one year	19,825,496.80	22,421,575.81
Total	61,794,454.34	71,308,422.32

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

37. Lease liabilities

Item	Closing balance	Opening balance
Lease liabilities	261,966,306.60	258,250,412.36
Less: Lease liabilities due within one year, as reported under current liabilities	91,097,640.25	95,036,982.08
Total	170,868,666.35	163,213,430.28

38. Long-term employee remunerations payable

Item	Closing balance	Opening balance
Post-employment benefits – Net liability for defined benefit plans	76,321,677.73	78,993,580.17
Total	76,321,677.73	78,993,580.17

39. Provisions

Item	Closing balance	Opening balance	Reason for occurrence
Pending litigation	5,892,543.04	4,233,189.33	Estimated litigation compensation
Provision for warranties	700,505,078.26	627,843,505.84	Estimated quality guarantee of products
Others	17,496,618.49	18,971,296.55	Estimated other expenditures
Total	723,894,239.79	651,047,991.72	-

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

40. Deferred income

(1) Classification of deferred income

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason for occurrence
Government grants	427,732,263.51	41,957,522.92	32,431,283.62	437,258,502.81	Amortization of government grants
Total	427,732,263.51	41,957,522.92	32,431,283.62	437,258,502.81	-

(2) Government grants

Government grant items	Opening balance	Amount of new grants for the period	Amount included in other income for the period	Other changes in exchange rate	Closing balance
Related to revenue	1,019,500.00	38,710.00	280,000.00		778,210.00
Related to assets	426,712,763.51	41,550,824.98	32,151,283.62	367,987.94	436,480,292.81
Total	427,732,263.51	41,589,534.98	32,431,283.62	367,987.94	437,258,502.81

41. Other non-current liabilities

Item	Closing balance	Opening balance
Long-term dividends payable	458,418,979.76	445,987,614.09
Others	11,261,461.04	12,293,856.60
Total	469,680,440.80	458,281,470.69

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

42. Share capital

Item	Opening balance	Change for the period (+,-)					Closing balance
		Issue of new shares	Bonus issue	Conversion from reserve	Repurchase and cancellation	Subtotal	
Total shares	1,384,861,171.00						1,384,861,171.00

43. Capital reserve

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Share premium	2,036,266,549.74	130,974,338.00	20,821,621.74	2,146,419,266.00
Other capital reserve	180,794,629.50	25,804,697.79	113,028,597.25	93,570,730.04
Total	2,217,061,179.24	156,779,035.79	133,850,218.99	2,239,989,996.04

Notes:

- ① The change in share capital premium is mainly due to:

Equity incentive expenses borne in proportion to the shareholdings of minority shareholders of the subsidiaries decreased by RMB358,546.47 in equity premium;

Equity-settled share-based payment expenses recognised during the current period increased share premium by RMB26,941,865.62;

Changes in non-controlling interests of subsidiaries decreased share premium by RMB20,463,075.27.

The reclassification of share-based payment expenses corresponding to the unlocked shares to capital surplus increased the capital premium by RMB104,032,472.38.

- ② Main reason for the change in other capital surplus:

Costs and expenses recognised in equity-settled share-based payment for the period increased other capital surplus by RMB9,652,325.84;

Decrease in change of other capital reserves by RMB8,996,124.87 for deferred income tax assets recognised for the period for share-based payment;

The equity method of accounting for other changes in the Company's equity increased other capital surplus by RMB16,152,371.95;

The reclassification of share-based payment expenses corresponding to the unlocked shares to capital surplus decreased other capital reserve by RMB104,032,472.38.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

44. Treasury shares

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Treasury shares for share-based payment incentive scheme	139,706,972.86		29,827,316.28	109,879,656.58
Total	139,706,972.86		29,827,316.28	109,879,656.58

45. Other comprehensive income

Item	Opening balance	Amount for the period						Closing balance
		Amount before income tax for the period	Less: Amount included in other comprehensive income in previous period and transferred to profit or loss in current period	Less: Amount included in other comprehensive income in previous period and transferred to retained earnings in current period	Less: income tax expense	Attributable to parent after tax	Attributable to minority interest after tax	
1. Other comprehensive income that would not be reclassified to profit or loss	97,596,045.29	13,169,041.47				13,643,172.17	-474,130.70	111,239,217.46
Including: Changes arising from re-measurement of defined benefit plan	49,279,371.18	-302,184.83				-215,336.91	-86,847.92	49,064,034.27
Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss	46,114,394.21	14,818,765.56				14,818,765.56		60,933,159.77
Changes in the fair value of other equity instruments investment	2,202,279.90	-1,347,539.26				-960,256.48	-387,282.78	1,242,023.42
2. Other comprehensive income that would be reclassified to profit or loss	388,019,781.07	7,536,702.50				6,383,186.41	1,153,516.09	394,402,967.48
Including: Other comprehensive income that would be reclassified into profit or loss under equity method	2,594,700.65	-36,892,492.49				-36,965,403.44	72,910.95	-34,370,702.79
Difference arising from translation of financial statements presented in foreign currency	385,425,080.42	44,429,194.99				43,348,589.85	1,080,605.14	428,773,670.27
Total other comprehensive income	485,615,826.36	20,705,743.97				20,026,358.58	679,385.39	505,642,184.94

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

46. Special reserves

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production fee	9,449,358.91	43,214,941.34	33,699,913.43	18,964,386.82
Total	9,449,358.91	43,214,941.34	33,699,913.43	18,964,386.82

47. Surplus reserves

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	724,682,309.99			724,682,309.99
Total	724,682,309.99			724,682,309.99

Note: The Company shall set aside 10% of its net profit as statutory surplus reserve. If the accumulated statutory surplus reserve reaches more than 50% of the Company's registered capital, no further withdrawal shall be made.

48. Undistributed profits

Item	The Period	Previous Year
Balances at the end of the previous period	12,787,042,665.56	11,300,066,951.67
Adjustment of total undistributed profits at the beginning of the period (increase +, decrease -)		
Opening balance for the period	12,787,042,665.56	11,300,066,951.67
Add: Net profits attributable to owners of the parent company for the period	1,658,028,371.34	3,186,573,917.88
Less: Appropriation of statutory surplus reserve		
Dividends payable on ordinary shares	1,751,849,381.32	1,699,598,203.99
Closing balance for the period	12,693,221,655.58	12,787,042,665.56

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(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

49. Operating revenue and costs

(1) Particulars of operating revenue and operating costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations	46,261,067,826.76	36,843,586,755.93	45,699,772,461.92	35,345,347,444.42
Other operations	504,789,723.49	329,585,833.44	3,640,572,519.93	3,398,249,787.64
Total	46,765,857,550.25	37,173,172,589.37	49,340,344,981.85	38,743,597,232.06

(2) Principal operation revenue generated from contracts

Categories of contract	Amount for the period	
	Revenue	Cost
Categories of product:		
HVAC	22,352,728,814.65	16,934,085,131.36
Refrigerators and washing machines	17,375,578,769.38	14,455,205,755.11
Others	6,532,760,242.73	5,454,295,869.46
By operating regions:		
Domestic	24,878,488,039.60	17,857,968,476.40
Overseas	21,382,579,787.16	18,985,618,279.53
Total	46,261,067,826.76	36,843,586,755.93

50. Taxes and surcharges

Item	Amount for the period	Amount for the previous period
City maintenance and construction tax	61,471,001.79	77,783,380.38
Education surcharges	44,684,876.59	55,791,164.24
Others	91,711,043.26	89,592,071.73
Total	197,866,921.64	223,166,616.35

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

51. Sales expenses

Item	Amount for the period	Amount for the previous period
Sales expenses	4,298,032,999.67	4,869,442,985.61
Total	4,298,032,999.67	4,869,442,985.61

Note: In the first half of 2026, sales expenses mainly include employee compensation, publicity and promotion, logistics costs and service fees, with the percentage to the total sales expenses over 80% (first half of 2025: over 70%).

52. Management expenses

Item	Amount for the period	Amount for the previous period
Management expenses	1,131,325,529.24	1,232,915,731.34
Total	1,131,325,529.24	1,232,915,731.34

Note: In the first half of 2026, management expenses mainly included employee compensation, depreciation and amortisation expenses and executive office fee, with the percentage to the total management expenses over 80% (first half of 2025: over 80%).

53. R&D expenses

Item	Amount for the period	Amount for the previous period
R&D expenses	1,536,768,142.43	1,674,893,303.26
Total	1,536,768,142.43	1,674,893,303.26

Note: In the first half of 2026, research and development expenses mainly included employee compensation, depreciation and amortisation expenses and direct investment expenses, with the percentage to the total research and development expenses over 80% (first half of 2025: over 80%).

54. Financial expenses

Item	Amount for the period	Amount for the previous period
Interest expenses	92,680,707.31	86,914,991.88
Less: Interest income	18,259,397.37	20,067,405.94
Add: Exchange loss	67,219,459.51	-35,576,826.61
Other expenses	6,845,583.62	10,366,188.12
Total	148,486,353.07	41,636,947.45

Note: In the first half of 2026, interest expenses included interest expenses on lease liabilities of RMB5,246,704.98 (first half of 2025: RMB4,826,971.79). Other interest expenses for the first half of 2026 and the first half of 2025 were all the interests on bank borrowings, of which the repayment date for the final installment shall be within five years.

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

55. Other income

Sources of other income	Amount for the period	Amount for the previous period
Immediate refund of value-added tax	105,395,768.56	188,829,614.05
Other government subsidies related to general activities	44,795,538.51	34,328,733.29
Others	39,695,627.03	50,206,167.57
Total	189,886,934.10	273,364,514.91

56. Investment gain

Item	Amount for the period	Amount for the previous period
Gain from long-term equity investment under the equity method	162,999,125.99	236,560,862.88
Gain from disposal of transactional financial assets	151,265,688.01	119,305,807.22
Interest income from time deposits	107,958,439.43	133,346,693.60
Others	13,432,681.59	22,047,082.66
Total	435,655,935.02	511,260,446.36

Gain from long-term equity investments by the equity method

Investees	Amount for current period	Amount for previous period
Hisense Jinlong Holdings	3,305,433.52	11,368,468.63
Hisense Marketing Management	-10,718,111.03	7,560,677.18
Hisense Global Asia Holding	-11,213,370.17	9,084,264.87
Hisense International Marketing	68,463,376.40	85,331,575.59
Hisense Intelligent Electronic	-83,876.02	796,860.01
Hisense Star Ocean Technology	-5,803,475.88	-27,229.25
Associates of Yiyang Entrepreneurship Investment	-725.51	-1,377.87
Associates of Sanden Company	119,049,874.68	122,447,623.72
Total	162,999,125.99	236,560,862.88

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

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From 1 January 2026 to 30 June 2026

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

57. Profit or loss on changes in fair value

Sources of gain arising from changes in fair value	Amount for the period	Amount for the previous period
Transactional financial assets	201,204,642.90	116,633,321.27
Including: Gain from changes in fair value of derivative financial instruments	48,903,551.48	-27,563,245.75
Transactional financial liabilities	-413,724.43	-40,896,901.08
Including: Gain from changes in fair value of derivative financial instruments	-413,724.43	-40,896,901.08
Other non-current financial assets	1,524,561.20	
Total	202,315,479.67	75,736,420.19

58. Impairment loss on credit

Item	Amount for the period	Amount for the previous period
Loss of bad debts of notes receivable	962,011.26	-199,115.25
Loss of bad debts of accounts receivable	-24,637,317.62	10,765,300.34
Loss of bad debts of other receivables	-4,983,654.43	4,945,463.57
Total	-28,658,960.79	15,511,648.66

59. Impairment losses on assets

Item	Amount for the period	Amount for the previous period
Loss on decline in value of inventories	-94,265,573.87	-67,636,967.78
Impairment loss on fixed assets	-3,091,101.28	-1,371,914.09
Impairment loss on contractual assets	855,777.95	-4,416,341.38
Total	-96,500,897.20	-73,425,223.25

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From 1 January 2026 to 30 June 2026

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

60. Gains on disposal of asset (loss expressed with "-")

Item	Amount for the period	Amount for the previous period
Gains on disposal of non-current assets	42,451,639.29	21,786,782.78
Including: Gains on disposal of non-current assets which are not classified as held for sale	42,451,639.29	21,786,782.78
Including: Gains on disposal of fixed assets	41,900,054.57	21,635,412.77
Total	42,451,639.29	21,786,782.78

61. Non-operating income

Item	Amount for the period	Amount for the previous period	Amount included in non-recurring profit or loss of the current period
Gain from scrapping of non-current assets	1,967,433.98	3,179,158.13	1,967,433.98
Government grants	18,374.46	28,369,332.12	18,374.46
Others	45,438,732.65	32,090,968.20	45,438,732.65
Total	47,424,541.09	63,639,458.45	47,424,541.09

62. Non-operating expenses

Item	Amount for current period	Amount for previous period	Amount included in non-recurring profit or loss of the current period
Loss on scrapping of non-current assets	1,729,253.70	6,272,603.07	1,729,253.70
Others	47,435,013.02	10,948,294.39	47,435,013.02
Total	49,164,266.72	17,220,897.46	49,164,266.72

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

63. Income tax expense

(1) Income tax expense

Item	Amount for the period	Amount for the previous period
Current income tax expenses	656,035,373.63	533,520,611.57
Including: PRC enterprise income tax	619,740,458.01	515,271,132.38
Deferred income tax expenses	-104,266,503.29	-96,841,158.32
Total	551,768,870.34	436,679,453.25

(2) Reconciliation of accounting profit and income tax expenses

Item	Amount for the period
Total profits	3,023,615,419.29
Income tax expense calculated at statutory (or applicable) tax rates	755,903,854.83
Effect of application of different tax rate to certain subsidiaries	-202,068,779.80
Effect of adjustment to income tax in previous periods	100,610,804.00
Effect of non-taxable income	-10,987,494.20
Effect of non-deductible cost, expense and loss	10,295,689.00
Effect of utilization of deductible losses and deductible difference of unrecognized deferred tax assets in previous period	-115,908,755.58
Effect of deductible temporary difference or deductible loss of unrecognized deferred tax assets in current period	136,126,668.66
Effect of super deduction of research and development expense	-113,912,307.47
Effect of tax differences on equity-settled share-based payments	-8,290,809.10
Income tax expense	551,768,870.34

64. Other comprehensive income

Please see note V.45 for details.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

65. Items in the cash flows statement

(1) Cash relating to operating activities

1) Cash received relating to other operating activities

Item	Amount for the period	Amount for the previous period
Interest income	13,578,289.02	19,644,730.51
Government grants	48,571,288.51	79,732,677.25
Security deposit and others	467,165,377.23	441,134,112.93
Total	529,314,954.76	540,511,520.69

2) Cash paid relating to other operating activities

Item	Amount for the period	Amount for the previous period
Cash payments for the period	4,317,365,783.67	4,338,631,650.25
Others	508,903,381.00	541,976,405.20
Total	4,826,269,164.67	4,880,608,055.45

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

65. Items in the cash flows statement — Continued

(2) Cash relating to investing activities

1) Significant cash received relating to investing activities

Item	Amount for the period	Amount for the previous period
Recovery of wealth management products of banks	16,008,898,805.71	17,081,472,712.12
Recovery of time deposits upon maturity	3,385,431,344.86	1,443,734,033.67

2) Significant cash paid relating to investing activities

Item	Amount for the period	Amount for the previous period
Acquisition of wealth management products of banks	18,231,207,268.98	21,169,405,424.52
Placement of time deposits	1,731,232,254.39	576,877,634.13

3) Cash received relating to other investing activities

Item	Amount for the period	Amount for the previous period
Disposal of wealth management products and time deposits upon maturity of banks	19,394,330,150.57	18,525,206,745.79
Others	149,268.16	581,366.03
Total	19,394,479,418.73	18,525,788,111.82

4) Cash paid relating to other investing activities

Item	Amount for the period	Amount for the previous period
Acquisition of wealth management products and time deposits of banks	19,962,439,523.37	21,746,283,058.65
Others	2,878,898.41	873,054.55
Total	19,965,318,421.78	21,747,156,113.20

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

65. Items in the cash flows statement — Continued

(3) Cash relating to financing activities

1) Cash received relating to other financing activities

Item	Amount for the period	Amount for the previous period
Security deposit		320,092,655.39
Others	36,248,652.95	71,741,469.73
Total	36,248,652.95	391,834,125.12

2) Cash paid relating to other financing activities

Item	Amount for the period	Amount for the previous period
Security deposit	90,576,210.18	
Payment of the principal and interest on lease liabilities	54,774,023.38	38,871,608.71
Others	169,489,301.17	29,326,346.19
Total	314,839,534.73	68,197,954.90

3) Changes in liabilities arising from financing activities

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	3,300,806,097.01	2,434,376,886.15	61,197,814.50	2,100,752,687.73	208,519,329.62	3,487,108,780.31
Long-term borrowings (including borrowings due within one year)	93,729,998.13		1,642,674.17	7,880,883.21	5,871,837.95	81,619,951.14
Lease liabilities (including leases due within one year)	258,250,412.36		60,425,844.62	54,774,023.38	1,935,927.00	261,966,306.60
Other payables – Borrowings from affiliated companies	959,759,249.67	27,221,513.87	21,295,459.32	169,295,564.96	24,426,516.44	814,554,141.46
Other payables – Restricted shares	26,146,046.53				21,841,557.33	4,304,489.20
Other payables – Employee Stock Ownership Plan repayment obligations	72,059,424.68	8,818,040.00			7,985,758.95	72,891,705.73
Total	4,710,751,228.38	2,470,416,440.02	144,561,792.61	2,332,703,159.28	270,580,927.29	4,722,445,374.44

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

66. Supplementary information to consolidated statement of cash flows

(1) Supplementary information to statement of cash flows

Item	Amount for current period	Amount for previous period
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	2,471,846,548.95	2,988,665,863.17
Add: Impairment provision for assets	96,500,897.20	73,425,223.25
Impairment loss on credit	28,658,960.79	-15,511,648.66
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	547,421,959.51	506,965,747.69
Depreciation of right-of-use assets	37,503,255.16	48,734,643.29
Amortization of intangible assets	92,758,750.14	91,934,019.94
Amortization of long-term prepaid expenses	25,949,346.99	13,261,802.41
Loss on disposal of fixed assets, intangible assets and other long-term assets (Gain expressed with "-")	-42,451,639.29	-21,786,782.78
Loss on retirement of fixed assets (Gain expressed with "-")	-238,180.28	3,093,444.94
Loss on change in fair value (Gain expressed with "-")	-202,315,479.67	-75,736,420.19
Financial expenses (Gain expressed with "-")	159,900,166.82	51,338,165.27
Investment loss (Gain expressed with "-")	-435,655,935.02	-511,260,446.36
Decrease in deferred tax assets (Increase expressed with "-")	-152,659,873.96	-121,382,115.98
Increase in deferred tax liabilities (Decrease expressed with "-")	48,393,370.68	24,540,957.66
Decrease in inventories (Increase expressed with "-")	-364,790,107.92	1,310,393,244.77
Decrease in operating receivables (Increase expressed with "-")	-4,927,552,107.53	-1,684,874,087.50
Increase in operating payables (Decrease expressed with "-")	5,851,857,156.31	2,640,187,216.86
Others		
Net cash flows from operating activities	3,235,127,088.88	5,321,988,827.78
2. Significant investment and financing activities not involving cash receipts and payments:		
Liabilities converted into equity		
Convertible company debentures due within one year		
Fixed assets under finance leases		
3. Net changes in cash and cash equivalents:		
Cash balances at the end of the period	4,094,092,998.38	3,267,001,507.52
Less: Cash balances at the beginning of the period	2,413,566,573.84	2,191,268,606.55
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	1,680,526,424.54	1,075,732,900.97

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

66. Supplementary information to consolidated statement of cash flows — Continued

(2) Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	4,094,092,998.38	2,413,566,573.84
Including: Cash on hand	31,715,632.56	553,795.36
Bank deposits that are readily available for payment	4,048,614,815.21	2,354,302,127.11
Other cash at bank and on hand that are readily available for payment	13,762,550.61	58,710,651.37
Cash equivalents		
Including: Bond investments due within three months		
Cash and cash equivalents as at the end of the period	4,094,092,998.38	2,413,566,573.84
Including: Cash and cash equivalents of the parent or subsidiaries subject to restrictions on use		

67. Monetary items in foreign currencies

(1) Major monetary items in foreign currencies

Item	Closing balance of foreign currency	Translation rate	Closing balance denominated in RMB
Cash at bank and on hand	-	-	-
Including: HKD	237,725.40	0.86860	206,488.28
USD	115,188,202.28	6.81090	784,535,326.91
JPY	565,154,259.90	0.04205	23,761,910.86
EUR	12,422,727.24	7.76710	96,488,564.75
Accounts receivable	-	-	-
Including: USD	88,947,790.41	6.81090	605,814,505.70
JPY	224,619,979.00	0.04205	9,444,147.02
EUR	19,713,991.96	7.76710	153,120,546.95
Other receivables	-	-	-
Including: USD	546,218.58	6.81090	3,720,240.13
EUR	189,903.14	7.76710	1,474,996.68
Short-term borrowings	-	-	-
Including: USD	1,100,250.75	6.81090	7,493,697.83
JPY	1,420,424,028.00	0.04205	59,721,728.26
Accounts payable	-	-	-
Including: USD	22,987,207.65	6.81090	156,563,572.58
JPY	242,267,492.75	0.04205	10,186,136.73
EUR	4,769,448.10	7.76710	37,044,780.34
Other payables	-	-	-
Including: USD	115,389,231.07	6.81090	785,904,513.89
JPY	55,509,641.00	0.04205	2,333,902.86
EUR	102,062.50	7.76710	792,729.64

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

67. Monetary items in foreign currencies — Continued

(2) Major overseas operating entities

Company name	Principal place of business	Functional currency	Whether there is change in functional currency
Hisense (Hong Kong) America Manufacturing Co., Limited.	Hong Kong	HKD	No
Hisense Monterrey Manufacturing, S.de R.L. de C.V.	Mexico	Mexican Peso	No
Hisense Monterrey Property Management, S.de R.L. de C.V.	Mexico	Mexican Peso	No
HSMA (Singapore) Co., Ltd.	Singapore	USD	No
HHA (Thailand) Co., Ltd.	Thailand	THB	No
Hisense Japan Automotive Air-Conditioning Systems Corporation	Japan	JPY	No
Sanden Corporation	Japan	JPY	No
SANDEN INTERNATIONAL (EUROPE) GmbH	Germany	EUR	No
SANDEN MANUFACTURING EUROPE S.A.S.	France	EUR	No
SANDEN VIKAS(INDIA) LTD.	India	Indian Rupee	No
Sanden International (U.S.A),Inc.	the United States	USD	No

68. Leases

(1) The Group as a lessee

Item	Amount for the period	Amount for the previous period
Interest expenses on lease liabilities	5,246,704.98	4,826,971.79
Short-term lease expenses recognised in profit or loss using simplified treatment	64,616,244.63	74,698,698.23
Total cash outflows related to leases	117,988,335.73	152,011,538.31

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V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

68. Leases — Continued

(2) The Group as a lessor

1) The Group as a lessor under operating lease

Item	Rental Income	Including: Income related to variable lease payments not included in lease receipts
Building or structures	41,149,044.97	
Machinery and equipment	1,886,711.57	
Transportation equipment	56,283.18	
Land	493,626.36	
Total	43,585,666.08	

69. Segment reporting

The Group manages its business by segments which are organized by a mixture of both business lines and geographical locations. For the purpose of resource allocation and performance assessment, the management manages the operating results of each business segment separately, and the segment results are assessed based on the profits of the reporting segments.

(1) Segment profit or loss and assets and liabilities

Amount for current period	Air-conditioners	Refrigerators and washing machines	Others	Inter-segment elimination	Total
I. Revenue from external sales	22,352,728,814.65	17,375,578,769.38	6,532,760,242.73		46,261,067,826.76
II. Revenue from inter-segment transactions	555,332.29	10,493,763.91	605,687,699.51	-616,736,795.71	-
III. Gain from investment in associates and joint ventures	-10,965,803.99	-10,965,803.99	184,930,733.97		162,999,125.99
IV. Depreciation and amortization	290,176,569.67	192,666,062.53	220,790,679.60		703,633,311.80
V. Gain arising from changes in fair value	-3,413,284.36	130,350,088.99	75,378,675.04		202,315,479.67
VI. Impairment losses on credits and assets	-62,917,935.95	-12,931,967.24	-49,309,954.80		-125,159,857.99
VII. Total profits (losses)	2,053,782,619.87	771,647,913.17	206,159,470.24	-7,974,583.99	3,023,615,419.29
VIII. Total assets	45,720,848,709.47	41,617,451,604.70	15,364,066,835.24	-25,852,100,360.57	76,850,266,788.84
IX. Total liabilities	31,961,057,813.54	28,988,518,358.18	11,234,792,911.15	-15,962,617,586.91	56,221,751,495.96
X. Additions to other non-current assets other than long-term equity investments	471,725,385.55	58,486,345.86	-146,817,578.10	78,336,878.06	461,731,031.37

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO THE KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

69. Segment reporting — Continued

(1) Segment profit or loss and assets and liabilities — Continued

Continued from above table

Amount for current period	Air-conditioners	Refrigerators and washing machines	Others	Inter-segment elimination	Total
I. Revenue from external sales	23,694,226,316.45	15,392,341,672.05	6,613,204,473.42		45,699,772,461.92
II. Revenue from inter-segment transactions	3,145,236.84	10,928,857.78	1,386,601,355.70	-1,400,675,450.32	
III. Gain from investment in associates and joint ventures	8,322,471.03	8,322,471.03	219,915,920.82		236,560,862.88
IV. Depreciation and amortization	302,289,482.37	158,038,955.39	200,567,775.57		660,896,213.33
V. Gain arising from changes in fair value	42,897,765.31	79,948,047.57	-47,109,392.69		75,736,420.19
VI. Impairment losses on credits and assets	-23,126,478.12	-2,215,692.25	-32,571,404.22		-57,913,574.59
VII. Total profits (losses)	2,788,526,713.98	645,102,787.72	-8,284,185.28		3,425,345,316.42
VIII. Total assets	46,230,318,848.57	38,495,879,142.40	16,829,776,545.17	-26,742,997,257.64	74,812,977,278.50
IX. Total liabilities	33,123,127,182.17	25,282,318,675.96	12,353,795,228.43	-15,461,292,165.47	55,297,948,921.09
X. Additions to other non-current assets other than long-term equity investments	-885,512,514.89	173,758,987.48	239,364,120.20		-472,389,407.21

(2) Geographic information

Region	Amount for the period/closing balance	Amount for previous period/opening balance
Revenue from domestic transactions	24,878,488,039.60	25,248,768,513.67
Revenue from overseas transactions	21,382,579,787.16	20,451,003,948.25
Total	46,261,067,826.76	45,699,772,461.92
Non-current assets – Domestic	11,766,541,326.21	11,427,681,401.56
Non-current assets – Overseas	4,999,079,001.30	4,940,290,348.46
Total	16,765,620,327.51	16,367,971,750.02

The Group operates mainly in Mainland China. Most of the Group's non-current assets are in Mainland China. Therefore, it is not necessary to present further details of the regional information.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

VI. R&D EXPENDITURE

Item	Amount for the period	Amount for the previous period
R&D expenses	1,536,989,961.12	1,674,893,303.26
Total	1,536,989,961.12	1,674,893,303.26
Including: Expensed R&D expenditure	1,536,768,142.43	1,674,893,303.26
Capitalised R&D expenditure	221,818.69	

1. Research and development projects meeting capitalization criteria

Project	Opening balance	Increase during the period internal development expenditure	Decrease during the period recognised as intangible assets	Transferred to profit or loss	Closing balance
Project 1	180,269.77	139,702.86	319,972.63		
Project 2		29,427.35			29,427.35
Project 3		52,688.48			52,688.48
Total	180,269.77	221,818.69	319,972.63		82,115.83

2. Significant externally purchased in-development projects

The Group has no significant externally purchased in-development projects.

VII. CHANGE IN SCOPE OF CONSOLIDATION

On 30 April 2026, the Company invested in and established Hisense Tianrui (Shandong) Maglev Technology Co., Ltd. with a registered capital of RMB30 million, of which the Company subscribed for RMB18 million, representing 60% of the registered capital, with RMB7.2 million paid up. The Company has control over this entity and has therefore consolidated it into the Group's financial statements with effect from 30 April 2026.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Main components of enterprise group

Name of subsidiary	Abbreviation	Registered capital	Principal		Business nature	Shareholding percentage (%)		Method for acquisition
			place of business	Place of registration				
Hisense Ronshen (Guangdong) Refrigerator Co., Ltd.	Guangdong Refrigerator	USD26.80 million	Foshan	Foshan	Manufacturing	100.00		Establishment
Hisense Ronshen (Guangdong) Freezer Co., Ltd.	Guangdong Freezer	RMB237.00 million	Foshan	Foshan	Manufacturing	100.00		Establishment
Hisense (Guangdong) Kitchen and Bath System Co., Ltd.	Hisense K&B	RMB77.5751 million	Foshan	Foshan	Manufacturing	100.00		Establishment
Foshan Shunde Rongshen Plastic Co., Ltd.	Rongsheng Plastic	USD15.8274 million	Foshan	Foshan	Manufacturing	44.92	25.13	Establishment
Guangdong Kelon Mould Co., Ltd.	Kelon Mould	USD15.0561 million	Foshan	Foshan	Manufacturing	70.11		Establishment
Hisense Ronshen (Yangzhou) Refrigerator Co., Ltd.	Yangzhou Refrigerator	USD44.4479 million	Yangzhou	Yangzhou	Manufacturing	100.00		Establishment
Hisense (Chengdu) Refrigerator Co., Ltd.	Chengdu Refrigerator	RMB70.00 million	Chengdu	Chengdu	Manufacturing	100.00		Establishment
Hisense Refrigerator Co., Ltd.	Shandong Refrigerator	RMB275.10 million	Qingdao	Qingdao	Manufacturing	100.00		Establishment
Guangdong Hisense Refrigerator Marketing Co., Ltd.	Refrigerator Marketing Company	RMB200.8190 million	Foshan	Foshan	Trading	100.00		Establishment
Qingdao Hisense Air-conditioner Marketing Co., Ltd.	Air-conditioner Marketing Company	RMB100.91 million	Qingdao	Qingdao	Trading	100.00		Establishment
Hisense (Guangdong) Air-Conditioner Company Limited	Hisense Guangdong Air-Conditioner	RMB200.00 million	Jiangmen	Jiangmen	Manufacturing	100.00		Establishment
Hisense Air-Conditioning Co., Ltd.	Shandong Air-conditioning	RMB500.00 million	Qingdao	Qingdao	Manufacturing	100.00		Business combination under common control
Qingdao Hisense Mould Co., Ltd.	Hisense Mould	RMB36.0664 million	Qingdao	Qingdao	Manufacturing	100.00		Business combination under common control
Hisense (Zhejiang) Washing Machine Co., Ltd.	Zhejiang Washing Machine	RMB450.00 million	Huzhou	Huzhou	Manufacturing	100.00		Business combination not under common control
Qingdao Hisense Commercial Cold Chain Co., Ltd.	Commercial Cold Chain	RMB50.00 million	Qingdao	Qingdao	Manufacturing	100.00		Establishment

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. INTERESTS IN OTHER ENTITIES — Continued

1. Interests in subsidiaries — Continued

(1) Main components of enterprise group — Continued

Name of subsidiary	Abbreviation	Registered capital	Principal place of business	Place of registration	Business nature	Shareholding percentage (%)	Method for acquisition
Qingdao Hisense Bosch Air-Conditioning Systems Co., Ltd.	Hisense Bosch	USD150.00 million	Qingdao	Qingdao	Manufacturing	49.20	Business combination not under common control
Qingdao Hisense Bosch Air-conditioner Marketing Co., Ltd.	Hisense Bosch Marketing	RMB274.3003 million	Qingdao	Qingdao	Trading	100.00	Business combination not under common control
Qingdao Johnson Controls Air-Conditioning Co., Ltd.	Johnson Controls	RMB400.00 million	Qingdao	Qingdao	Trading	100.00	Business combination not under common control
Qingdao Hisense Hvac Equipment Co., Ltd.	Hisense Hvac	RMB600.00 million	Qingdao	Qingdao	Manufacturing	100.00	Business combination not under common control
Hisense (Hong Kong) America Manufacturing Co., Limited.	Hong Kong Home Appliance Manufactory	HKD1,176.9149 million	Hong Kong	Hong Kong	Manufacturing	100.00	Business combination under common control
Hisense Monterrey Manufacturing, S.de R.L. de C.V.	Hisense Monterrey Manufacturing	MXN462.2452 million	Mexico	Mexico	Manufacturing	100.00	Business combination not under common control
Hisense Monterrey Property Management, S.de R.L. de C.V.	Monterrey Property	MXN1,092.5993 million	Mexico	Mexico	Service industry	100.00	Business combination under common control
Qingdao Gorenje Electrical Co., Ltd.	Qingdao Gorenje	RMB21.00 million	Qingdao	Qingdao	Trading	70.00	Establishment
Hisense Japan Automotive Air-Conditioning Systems Corporation	SPV	JPY1	Japan	Japan	Investment	100.00	Establishment
Qingdao Hisense Central Air Conditioning Technology Co., Ltd.	Central Air Conditioning Technology	RMB20.00 million	Qingdao	Qingdao	Manufacturing	100.00	Establishment
Sanden Corporation	SDC	JPY21,848.97661 million	Japan	Japan	Manufacturing	71.26	Business combination not under common control
SANDEN INTERNATIONAL (EUROPE) GmbH	SIE	EUR0.1 million	Germany	Germany	Manufacturing	100.00	Business combination not under common control
SANDEN MANUFACTURING EUROPE S.A.S.	SME	EUR29.209 million	France	France	Manufacturing	100.00	Business combination not under common control
SANDEN VIKAS (INDIA) LTD.	SVL	INR296.25 million	India	India	Manufacturing	50.00	Business combination not under common control
SANDEN MANUFACTURING MEXICO S.A. DE C.V.	SMM	USD57.7276 million	Mexico	Mexico	Manufacturing	100.00	Business combination not under common control
Suzhou Sanden Precision Parts Co., Ltd.	SSP	USD11.00 million	Suzhou	Suzhou	Manufacturing	65.00	Business combination not under common control
Sanden (China) Automotive Air Conditioning Co., Ltd.	CSA	RMB145.1238436 million	Chongqing	Chongqing	Manufacturing	100.00	Business combination not under common control
HSHA (Singapore) Co., Ltd.	HSHA Singapore	USD108.915 million	Singapore	Singapore	Trading	100.00	Establishment
HHA (Thailand) Co., Ltd.	HHA Thailand	THB3,623.9406 million	Thailand	Thailand	Manufacturing	100.00	Establishment

Notes:

- ① All subsidiaries incorporated in the PRC are companies with limited liability, save for (Guangdong) Kitchen and Bath, Refrigerator Marketing Company, Air-conditioner Marketing Company, Commercial Cold Chain, Hisense Bosch Marketing and Qingdao Gorenje which are joint-stock companies with limited liability.
- ② The Company held 49.20% of equity interests of Hisense Bosch, and according to the articles of association of Hisense Bosch, the Company held five-ninth voting rights of the board of directors, the highest authority of Hisense Bosch.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

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VIII. INTERESTS IN OTHER ENTITIES — Continued

1. Interests in subsidiaries — Continued

(2) Principal non-wholly-owned subsidiaries

Name of subsidiary	Percentage of minority interest	Gain or loss attributable to minority interests for the period	Dividends paid to minority interests for the period	Closing balance of minority interests
Hisense Bosch	50.80%	812,040,062.50	653,024,824.57	3,601,501,984.17

(3) Major financial information of principal non-wholly-owned subsidiaries (Unit: RMB'0000)

Name of subsidiary	Closing balance					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Hisense Bosch	1,243,795.07	667,676.80	1,911,471.87	1,074,446.75	128,068.04	1,202,514.79

(continued)

Name of subsidiary	Opening balance					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Hisense Bosch	1,133,722.90	644,449.40	1,778,172.30	989,053.20	111,691.05	1,100,744.25

Continued table:

Name of subsidiary	Amount for the period				Amount for the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Hisense Bosch	989,822.62	159,850.41	159,850.41	84,559.89	1,065,526.10	186,069.90	186,069.90	197,429.56

2. Transactions that led to changes in the ownership interest in, but without losing of control of the subsidiary

(1) Changes in the Group's share of ownership interests in subsidiaries

- During March to June 2026, the non-controlling shareholders of Sanden Corporation, a subsidiary of the Company's subsidiary, increased their capital. Following such capital increase, the Group's shareholding percentage in Sanden Corporation decreased from 73.16% to 72.36%, while the Company retains control over it.
- In June 2026, Hisense Japan Automotive Air Conditioning Systems Contract Company (SPV), a subsidiary of the Company, transferred 1,240,000 shares of Sanden Corporation held by it. As a result, the Group's shareholding percentage in Sanden Corporation decreased from 72.36% to 71.26%, while the Company retains control over it.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. INTERESTS IN OTHER ENTITIES — Continued

2. Transactions that led to changes in the ownership interest in, but without losing of control of the subsidiary — Continued

(2) Effects of changes in the Group's share of ownership interests in subsidiaries on equity

① Capital increase by non-controlling shareholders of Sanden Corporation

Item	Sanden Corporation
Cash	9,110,087.40
Total consideration for disposal	9,110,087.40
Less: Net assets of the subsidiary attributable to the Group based on the percentage of equity disposed of	14,081,799.94
Difference	-4,971,712.54
of which: adjustment to capital reserve	-4,971,712.54

② Transfer of part of the shares of Sanden Corporation

Item	Sanden Corporation
Cash	
Total consideration for disposal	
Less: Net assets of the subsidiary attributable to the Group based on the percentage of equity disposed of	15,818,812.49
Difference	-15,818,812.49
of which: adjustment to capital reserve	-15,818,812.49

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

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VIII. INTERESTS IN OTHER ENTITIES — Continued

3. Interests in joint ventures or associates

(1) Aggregated financial information of insignificant joint ventures and associates (Unit: RMB'0000)

Item	Closing balance/Amount for the period	Opening balance/Amount for previous period
Joint venture	-	-
Total carrying amounts of investments	6,040.03	6,814.45
Amounts in aggregate in proportion to the shareholdings	-	-
- Net profit	-2,193.15	1,661.77
- Other comprehensive income	372.73	316.09
- Total comprehensive income	-1,820.42	1,977.86
Associate	-	-
Total carrying amounts of investments	188,073.34	193,707.17
Amounts in aggregate in proportion to the shareholdings	-	-
- Net profit	18,493.06	21,994.32
- Other comprehensive income	-2,580.10	3,962.54
- Total comprehensive income	15,912.96	25,956.86

IX. GOVERNMENT GRANTS

1. Government grants recognised based on the amount receivable at the end of the period

The Group had no government grants recognised based on the amount receivable at the end of the period.

2. Liability items involving government grants

Government grant items	Opening balance	Amount of new grants for the period	Amount included in other income for the period	Changes in exchange rate	Closing balance	Asset-related/income-related
Deferred income	426,712,763.51	41,550,824.98	32,151,283.62	367,987.94	436,480,292.81	Asset-related
Deferred income	1,019,500.00	38,710.00	280,000.00		778,210.00	Income-related
Total	427,732,263.51	41,589,534.98	32,431,283.62	367,987.94	437,258,502.81	

3. Government grants included in profit or loss

Accounting items	Amount for the period	Amount for the previous period
Other income	150,191,307.07	223,158,347.34
Non-operating income	18,374.46	28,369,332.12

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X. RISKS RELATING TO FINANCIAL INSTRUMENTS

The Group faces a variety of financial instrument risks in its daily activities, which primarily include market risk (including exchange rate risk, and interest rate risk), credit risk and liquidity risk. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The Group's management manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

1. Various risk management objectives and policies

The Group's objective in risk management is to strike an appropriate balance between risk and return, to minimise the negative impact of risk on the Group's operating results, and to maximise the interests of shareholders and other equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance levels and conduct risk management, and to monitor various risks in a timely and reliable manner, keeping risks within defined limits.

(1) Market risk

1) Exchange rate risk

The Group conducts manufacturing, sales and other economic activities in China, Asia, Europe, North America and other regions. The Group's foreign currency assets and liabilities, as well as future foreign currency transactions, are exposed to exchange rate fluctuation risk.

The Group's finance department is responsible for managing exchange rate fluctuation risk, and endeavours to minimise the foreign exchange risk exposure and reduce the impact of exchange rate fluctuations on operating results by, among other measures, forming a professional team, utilising natural hedging of settlement currencies, entering into forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities.

2) Interest rate risk

The Group's interest rate risk arises from interest-bearing debts such as bank loans. Financial liabilities with floating interest rates expose the Group to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions. As at 30 June 2026, the Group's interest-bearing debts mainly comprise fixed-rate and floating-rate borrowing contracts denominated in Japanese Yen and other currencies.

The Group's exposure to changes in the fair value of financial instruments arising from interest rate fluctuations is primarily related to fixed-rate bank borrowings. For fixed-rate borrowings, the Group manages interest rate risk by closely monitoring changes in market interest rates and regularly reviewing borrowing facilities, so as to eliminate the fair value risk arising from interest rate fluctuations.

The Group's exposure to changes in cash flows of financial instruments arising from interest rate fluctuations is primarily related to floating-rate bank borrowings. The Group's policy is to maintain floating rates on these borrowings to eliminate the fair value risk arising from interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RISKS RELATING TO FINANCIAL INSTRUMENTS — *Continued*

1. Various risk management objectives and policies — *Continued*

(2) **Credit risk**

The Group manages credit risk by portfolio classification. Credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, contract assets, etc.

The Group maintains substantially all of its bank balances in domestic financial institutions with higher credit rating. The Board of the Group believes these assets are not exposed to significant credit risk that would cause financial losses.

The Group mitigates the risks associated with its accounts receivable and other receivables by transacting with different customers with solid financial backgrounds. The Group also requires certain new customers to make payments in cash so as to minimise credit risk as far as possible. The Group maintains strict control over its outstanding receivables and has a credit control policy in place to reduce credit risk. In addition, all receivable balances are continuously monitored, and overdue balances are followed up by senior management.

As the counterparties are banks with high credit ratings assigned by international credit rating agencies, the credit risk of derivative financial instruments is not significant.

The maximum credit risk exposure as at the reporting date is the carrying amount of each class of financial assets as shown in the consolidated financial statements.

(3) **Liquidity risk**

In respect of the management of liquidity risk, the Group monitors and maintains cash and cash equivalents at a level which is adequate, in the management's point of views, to finance the Group's operations and mitigate the effects of short-term fluctuations in cash flows. The Group's treasury department is responsible for maintaining a balance between continuity of funding and flexibility through the use of bank credit in order to meet the Group's liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RISKS RELATING TO FINANCIAL INSTRUMENTS — Continued

1. Various risk management objectives and policies — Continued

(3) Liquidity risk

In order to mitigate the liquidity risk, the management have carried out a review of the liquidity of the Group, including maturity profile of its accounts and other payables, availability of borrowings and loan financing provided by Hisense Finance, and it is concluded that the Group has adequate funding to fulfill its short-term obligations and capital expenditure requirements.

- 1) The undiscounted contractual cash flows of financial assets and financial liabilities of the Group based on maturity date were as follows:

30 June 2026

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets					
Cash at bank and on hand	5,265,445,893.88				5,265,445,893.88
Transactional financial assets	21,469,421,937.39				21,469,421,937.39
Notes receivable	125,461,429.97				125,461,429.97
Accounts receivable	11,697,537,830.43				11,697,537,830.43
Receivables Financing	7,274,816,997.74				7,274,816,997.74
Other receivables	443,350,545.45				443,350,545.45
Other current assets	458,206,753.91				458,206,753.91
Non-current assets due within one year	4,238,264,166.67				4,238,264,166.67
Other non-current financial assets				20,114,367.52	20,114,367.52
Other non-current assets			4,506,441,736.10		4,506,441,736.10
Total	50,972,505,555.44		4,506,441,736.10	20,114,367.52	55,499,061,659.06
Financial liabilities					
Short-term borrowings	3,487,108,780.31				3,487,108,780.31
Transactional financial liabilities	2,195,138.65				2,195,138.65
Notes payable	13,929,422,431.23				13,929,422,431.23
Accounts payable	19,508,590,617.76				19,508,590,617.76
Other payables	6,695,673,615.62				6,695,673,615.62
Other current liabilities	7,365,807,023.05				7,365,807,023.05
Non-current liabilities due within one year	113,530,155.70				113,530,155.70
Lease liabilities		63,516,077.87	63,887,081.71	62,778,173.64	190,181,333.22
Long-term borrowings		3,469,713.11	77,832,210.27		81,301,923.38
Total	51,102,327,762.32	66,985,790.98	141,719,291.98	62,778,173.64	51,373,811,018.92

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RISKS RELATING TO FINANCIAL INSTRUMENTS — Continued

1. Various risk management objectives and policies — Continued

(3) Liquidity risk — Continued

31 December 2025

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets					
Cash at bank and on hand	3,496,408,124.80				3,496,408,124.80
Transactional financial assets	19,155,470,449.17				19,155,470,449.17
Notes receivable	133,966,706.98				133,966,706.98
Accounts receivable	9,389,095,596.70				9,389,095,596.70
Receivables Financing	4,607,438,550.93				4,607,438,550.93
Other receivables	194,120,733.79				194,120,733.79
Other current assets	1,346,154,726.55				1,346,154,726.55
Non-current assets due within one year	5,358,503,333.34				5,358,503,333.34
Other non-current financial assets				20,542,302.26	20,542,302.26
Other non-current assets		413,126,666.66	3,705,415,069.44		4,118,541,736.10
Total	43,681,158,222.26	413,126,666.66	3,705,415,069.44	20,542,302.26	47,820,242,260.62
Financial liabilities					
Short-term borrowings	3,300,806,097.01				3,300,806,097.01
Transactional financial liabilities	1,813,733.43				1,813,733.43
Notes payable	11,118,152,519.63				11,118,152,519.63
Accounts payable	17,188,122,162.23				17,188,122,162.23
Other payables	5,208,635,578.14				5,208,635,578.14
Other current liabilities	6,084,406,182.57				6,084,406,182.57
Non-current liabilities due within one year	122,774,132.01				122,774,132.01
Lease liabilities		65,890,264.37	62,029,772.61	12,651,790.04	140,571,827.02
Long-term borrowings		6,490,489.15	77,330,415.07	6,730,010.48	90,550,914.70
Total	43,024,710,405.02	72,380,753.52	139,360,187.68	19,381,800.52	43,255,833,146.74

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RISKS RELATING TO FINANCIAL INSTRUMENTS — Continued

2. Transfer of financial assets

(1) Classification of transfer methods

Transfer methods	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for determining derecognition
Endorsement or discounting of notes	Notes receivable	1,503,264.38	Not derecognised	Almost all of its risks and rewards have been retained, including the related default risk.
Endorsement or discounting of notes	Receivables Financing	5,193,225,798.42	Derecognised	Almost all of its risks and rewards have been transferred.
Total		5,194,729,062.80		

(2) Financial assets derecognised due to transfer

Item	Method for the transfer of financial assets	Amount of financial assets derecognised	Gain or loss related to derecognition
Receivables Financing	Endorsement or discounting of notes	5,193,225,798.42	-3,888,891.39
Total		5,193,225,798.42	-3,888,891.39

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XI. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Item	Fair value as at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Fair value measurement on a recurring basis	-	-	-	-
(1) Transactional financial assets	3,477,000.00	75,724,119.71	21,390,220,817.68	21,469,421,937.39
1. Financial assets at fair value through profit or loss	3,477,000.00	75,724,119.71	21,390,220,817.68	21,469,421,937.39
(1) Wealth management products			21,390,220,817.68	21,390,220,817.68
(2) Derivative financial assets		75,724,119.71		75,724,119.71
(3) Stocks, bonds, funds	3,477,000.00			3,477,000.00
(2) Other investments in debt			7,274,816,997.74	7,274,816,997.74
1. Receivables Financing			7,274,816,997.74	7,274,816,997.74
(3) Other equity instruments investment	12,081,172.46		24,869,726.40	36,950,898.86
(4) Other non-current financial assets			20,114,367.52	20,114,367.52
Total assets measured at fair value on a recurring basis	15,558,172.46	75,724,119.71	28,710,021,909.34	28,801,304,201.51
(5) Transactional financial liabilities		2,195,138.65		2,195,138.65
1. Financial liabilities at fair value through profit or loss		2,195,138.65		2,195,138.65
(1) Derivative financial liabilities		2,195,138.65		2,195,138.65
Total liabilities measured at fair value on a recurring basis		2,195,138.65		2,195,138.65

2. Basis for determination of the market value of Level 1 fair value measurements on a recurring and non-recurring basis

For transactional financial assets held by the Group subject to Level 1 fair value measurements, the quoted market prices of the corresponding products and investments in the open market shall be used as the basis for determining the market value.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XI. DISCLOSURE OF FAIR VALUE — *Continued*

3. Valuation techniques and qualitative and quantitative information of significant parameters used for items at level 2 fair value measurement on a recurring and non-recurring basis

The Group's items at level 2 fair value measurement are forward foreign exchange settlement and sales contracts. As at the balance sheet date, the Group had obtained forward exchange rate quotations from contracted banks, which were determined based on the remaining term to maturity. The fair value of such forward foreign exchange settlement and sales contracts were determined by multiplying the difference between the quotations and agreed exchange rates for such forward foreign exchange settlement and sales contracts by the amount for forward foreign exchange settlement and sales.

4. Valuation techniques and qualitative and quantitative information of significant parameters used for items at Level 3 fair value measurement on a recurring and non-recurring basis.

The Group's level 3 items are wealth management products, receivables financing, other investments in equity instruments and other non-current financial assets. The wealth management products forecast future cash flows using the expected rate of return and the unobservable input value is the expected rate of return. The receivables financing are notes receivable held by the Group having relatively short remaining maturity with their carrying amount appropriate to fair value, and adopt carrying amount as their fair value. Other investments in equity instruments are mainly equity investments for which there is no observable and active market data to validate the financial projections using their own data.

A gain or loss from change in fair value of RMB152,961,091.42 was recognised in respect of the wealth management products during the period. Changes in the unobservable input (expected rate of return) do not result in significant changes in fair value. At the end of the period, the Group determined the fair value to be the forecast future cash flows based on the expected rate of return, and the changes in valuation techniques had a relatively insignificant impact on the financial statements.

XII. RELATED PARTY AND RELATED TRANSACTIONS

1. Relationship with related parties

(1) *Parent company of the Company*

Name of the parent company	Place of registration	Business nature	Registered capital (RMB'0000)	Parent company's percentage of shareholding in the Company (%)	Parent company's percentage of voting rights in the Company (%)
Qingdao Hisense Air-Conditioning Co., Ltd.	Qingdao	Manufacture of air-conditioners and moulds and provision of after-sale services	67,479	37.31	37.31

The indirect controlling shareholder of the Company is Hisense Group Holdings Co., Ltd., and the Company has no actual controller.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

1. Relationship with related parties — Continued

(2) Subsidiaries of the Company

For details of subsidiaries, please refer to relevant information as set out in “VIII.1.(1) Composition of the enterprise group” in the Notes.

(3) Joint ventures and associates of the Company

Other joint ventures or associates that had related party transactions with the Company during the period, or had balances arising from related party transactions with the Company in the previous periods, are as follows:

Name of joint ventures or associates	Relationship with the Company
Hisense Jinlong Holdings	Associate
Hisense Marketing Management	Joint venture
Hisense Global Asia Holding	Joint venture
Hisense International Marketing	Associate
Hisense Intelligent Electronics	Associate
Hisense Star Ocean Technology	Associate
Associates of Yiyang Venture Capital	Associate
Associates of Sanden Company	Associate

(4) Other related parties of the Company

Name of other related parties	Relationship with the Company
Hisense Group Holdings Co., Ltd. and its subsidiaries (“Hisense Group Holdings and its subsidiaries”) (Note 1)	Indirect holding company and other subsidiaries controlled by them
Qingdao Hisense Investment Development Co., Ltd and its subsidiaries (“Hisense Investment Development and its subsidiaries”) (Note 1)	Other related party
Hisense Finance Co., Ltd. (“Hisense Finance”)	Subsidiary of the indirect holding company
Hisense Visual Technology Co., Ltd. and its subsidiaries (“Hisense Visual and its subsidiaries”)	Subsidiary of the indirect holding company
Hisense Group Company Limited and its subsidiaries (“Hisense Group and its subsidiaries”)	Related parties with significant influence over indirect controlling shareholders of the Company
Haifeng Group Company Limited and its subsidiaries (“Haifeng Group and its subsidiaries”)	Related parties with significant influence over indirect controlling shareholders of the Company
Beijing Xuehua Group Company Limited (“Xuehua Group”)	Minority shareholder of Beijing Refrigerator
Bosch Home Comfort UK Holding Limited (“Bosch Home Comfort”)	Controlling shareholder of the minority shareholder of Hisense Bosch
Annto Supply Chain Technology Co., Ltd. and its subsidiaries (“Annto Supply Chain and its subsidiaries”)	Other related party

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

1. Relationship with related parties — Continued

(4) Other related parties of the Company — Continued

Note 1: In June 2025, Hisense Group Holdings Co., Ltd. was split through a division of the surviving entity into Hisense Group Holdings Co., Ltd. (the "Surviving Company") and Qingdao Hisense Investment Development Co., Ltd (the "Newly Established Company"). Following the split, the Newly Established Company assumed the assets and liabilities relating to equity investments in Qingdao Shitong Shenghe Trading Co., Ltd., Qingdao Hisense Real Estate Co., Ltd., Qingdao Hisense Technology and Culture Management Co., Ltd., Qingdao Hisense Financial Investment Co., Ltd., Qingdao (Shinan) Hisense School, and Qingdao Hisense Industrial Co., Ltd., as well as the relevant assets and liabilities of Hisense Hospital, a branch of Hisense Group Holdings Co., Ltd.. The remaining assets and liabilities were assumed by the surviving company.

Following the demerger, the Newly Established Company and its subsidiaries no longer hold Shares in the Company indirectly. However, as they constituted part of the Company's indirect controlling shareholders or were subsidiaries thereof within the 12 months preceding the balance sheet date, they are still regarded as related legal persons of the Group in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 36 – Related Party Disclosures, the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, and the Related Party Transactions Management Measures of Hisense Home Appliances Group Co., Ltd.

As the aforementioned demerger occurred in mid-2025, the relevant limit for continuing related party transactions approved by the Company's shareholders' general meeting on 25 January 2024 was determined based on the scope of group members and business scale prior to the demerger. Accordingly, the connected transaction limits for the Newly Established Company and its subsidiaries with the Company for the current period are shared with those of "Hisense Group Holdings and its subsidiaries". The connected transactions and related connected party balances between the Newly Established Company and its subsidiaries and the Company for the current period are presented under the heading "Hisense Investment Development and its subsidiaries". Please refer to sections "2. Connected Transactions" and "3. Related Party Receivables and Payables" in this chapter for details.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

2. Related party transactions

(1) Purchase of goods/receipt of services

Related party	Particulars of related party transactions	Amount for the period		Approved transaction limit (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount for the previous period	
		Amount	Percentage of the amount of similar transactions (%)			Amount	Percentage of the amount of similar transactions (%)
Hisense Holdings and its subsidiaries	Finished goods	147,290,319.38	0.40				
Hisense Investment Development and its subsidiaries	Finished goods	605,239.37	0.00			194,600,030.79	0.50
Hisense Holdings and its subsidiaries	Materials	1,365,004,138.15	3.67				
Hisense Investment Development and its subsidiaries	Materials	422.12	0.00	8,040,000,000.00	No	1,029,240,725.40	2.66
Hisense Holdings and its subsidiaries	Rendering of Service	797,076,051.33	2.14				
Hisense Investment Development and its subsidiaries	Rendering of Service	43,776,112.82	0.12			1,063,262,174.30	2.74
Hisense Holdings and its subsidiaries	Equipment	3,829,098.90	0.01				
Hisense Investment Development and its subsidiaries	Equipment	99,900.00	0.00	N/A	N/A	9,098,115.21	0.02
Subtotal		2,357,681,282.07	6.34			2,296,201,045.70	5.92
Hisense Visual and its subsidiaries	Finished goods	12,912,211.65	0.03			2,044,437.87	0.01
Hisense Visual and its subsidiaries	Materials	8,261,355.10	0.02	460,000,000.00	No	46,333,019.81	0.12
Hisense Visual and its subsidiaries	Rendering of service	61,621,142.03	0.17			56,496,001.50	0.15
Hisense Visual and its subsidiaries	Equipment	39,596.45	0.00	N/A	N/A		
Subtotal		82,834,305.23	0.22			104,873,459.18	0.28
Bosch Home Comfort and its subsidiaries	Finished goods	22,782,666.12	0.06			25,209,920.37	0.07
Bosch Home Comfort and its subsidiaries	Materials	375,636,514.22	1.01	2,536,400,000.00	No	452,975,827.63	1.17
Bosch Home Comfort and its subsidiaries	Rendering of service	792,425.47	0.00			5,136,548.06	0.01
Subtotal		399,211,605.81	1.07			483,322,296.06	1.25
Hisense Group and its subsidiaries	Rendering of service	14,163,061.60	0.04			5,317,832.67	0.01
Haifeng Group and its subsidiaries	Rendering of service	462,253.39	0.00				
Associates of Sanden Company	Materials	60,929,600.27	0.16	N/A	N/A	196,280,929.32	0.51
Annto Supply Chain and its subsidiaries	Rendering of service	131,492,623.55	0.35				
Subtotal		207,047,538.81	0.55			201,598,761.99	0.52

Notes:

The lease payment amounted to RMB31,976,500 recognised by the Company as a lessee was included in the "receipt of services" under related party transactions during the Year.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

2. Related party transactions — Continued

(2) Sale of goods/rendering of service

Related party	Particulars of related party transactions	Amount for the period		Approved transaction limit (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount for the previous period	
		Amount	Percentage of the amount of similar transactions (%)			Amount	Percentage of the amount of similar transactions (%)
Hisense Holdings and its subsidiaries	Finished goods	17,970,057,668.20	38.43			17,220,961,131.10	34.90
Hisense Investment Development and its subsidiaries	Finished goods	14,767,057.13	0.03				
Hisense Holdings and its subsidiaries	Materials	347,493,115.72	0.74				
Hisense Investment Development and its subsidiaries	Materials	26,207.76	0.00	46,450,000,000.00	No	309,450,390.12	0.63
Hisense Holdings and its subsidiaries	Moulds	2,063,779.88	0.00			18,580,209.25	0.04
Hisense Holdings and its subsidiaries	Rendering of service	49,254,154.02	0.11				
Hisense Investment Development and its subsidiaries	Rendering of service	2,708,870.81	0.01			35,271,101.50	0.07
Hisense Holdings and its subsidiaries	Equipment	7,912,655.45	0.02	N/A	N/A	11,805,861.52	0.02
Subtotal		18,394,283,508.96	39.32			17,596,068,693.49	35.66
Hisense Visual and its subsidiaries	Finished goods	1,236,245.60	0.00			299,769.09	
Hisense Visual and its subsidiaries	Materials	114,282.64	0.00			325,671,616.75	0.66
Hisense Visual and its subsidiaries	Moulds	5,782,159.30	0.01	1,200,000,000.00	No	6,880,508.90	0.01
Hisense Visual and its subsidiaries	Rendering of service	5,678,327.62	0.01			6,367,269.50	0.01
Hisense Visual and its subsidiaries	Equipment	60,893.18	0.00	N/A	N/A	166,519.29	
Subtotal		12,871,908.34	0.03			339,385,683.53	0.68
Bosch Home Comfort and its subsidiaries	Finished goods	210,641,565.62	0.45			201,843,975.01	0.41
Bosch Home Comfort and its subsidiaries	Materials	2,533,850.69	0.01	783,120,000.00	No	3,655,263.99	0.01
Bosch Home Comfort and its subsidiaries	Moulds	2,720,270.33	0.01			12,794,667.39	0.03
Subtotal		215,895,686.64	0.46			218,293,906.39	0.45
Hisense Group and its subsidiaries	Finished goods	30,973.46	0.00			49,557.53	
Xuehua Group	Rendering of service	470,017.44	0.00			470,017.44	
Associates of Sanden Company	Finished goods	313,727,695.03	0.67			348,459,036.62	0.71
Associates of Sanden Company	Rendering of service	2,127,310.29	0.00	N/A	N/A		
Annto Supply Chain and its subsidiaries	Rendering of service	200,124.61	0.00				
Annto Supply Chain and its subsidiaries	Materials	406.31	0.00				
Subtotal		316,556,527.14	0.68			348,978,611.59	0.71

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — *Continued*

2. Related party transactions — *Continued*

(2) *Sale of goods/rendering of service — Continued*

Notes:

The lease revenue amounted to RMB8.7365 million recognised by the Company as a lessor was included in the "rendering of services" under related party transactions during the Year.

The above agreements related to the above transactions were considered and approved at the eighth interim meeting of the Company's eleventh session of the Board in 2023 convened on 28 November 2023, the first special meeting of independent Directors of the Company's eleventh session of the Board in 2024 convened on 22 January 2024, the second interim meeting of the Company's eleventh session of the Board in 2024 convened on 25 January 2024, and the first extraordinary general meeting in 2024 convened on 25 January 2024, respectively.

The above transactions with Hisense Holdings and its subsidiaries, Bosch Home Comfort and its subsidiaries constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules, and the Company confirmed such connected transactions have complied with the disclosure and Shareholders' approval requirements under Chapter 14A of the Listing Rules; The Company and Bosch Home Comfort and its subsidiaries entered into a Business Cooperation Agreement, and the Board has approved the transactions and the Directors (including the Independent Non-executive Directors) have also confirmed that the terms of the transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole. Therefore, the connected transactions with Bosch Home Comfort and its subsidiaries are exempt from the circular, independent financial advice and Shareholders' approval requirements according to of Rule 14A.101 of the Hong Kong Listing Rules.

Other than the above transactions and those referred in "1) under (5) Other connected transactions", other connected transactions conducted in January to June 2026 as disclosed in note 12 of the financial statements in the 2026 Interim Report do not constitute connected transactions under Chapter 14A of the Listing Rules.

(3) *Related guarantees*

Nil.

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

2. Related party transactions — Continued

(4) Loans and borrowings of the related parties

Name of related parties	Amount of loans and borrowings	Start date	Expiry date	Closing balance	Remarks
Placements					
Hisense Group Holdings and its subsidiaries	299,073,900.00	2025-4-25	2026-4-24		Repaid, an interest expense of RMB5,199,565.21 was paid during the period
Hisense Group Holdings and its subsidiaries	402,852,800.00	2025-5-16	2026-5-15		Repaid, an interest expense of RMB8,186,908.90 was paid during the period
Hisense Group Holdings and its subsidiaries	28,762,800.00	2025-5-29	2026-5-29		Repaid, an interest expense of RMB641,162.75 was paid during the period
Hisense Group Holdings and its subsidiaries	7,915,160.00	2025-5-14	2026-5-14		Repaid, an interest expense of RMB159,706.76 was paid during the period
Hisense Group Holdings and its subsidiaries	7,206,600.00	2025-4-25	2026-4-24		Repaid, an interest expense of RMB125,290.76 was paid during the period
Hisense Group Holdings and its subsidiaries	9,460,024.00	2025-9-19	2026-9-18	9,460,024.00	An interest expense of RMB244,862.95 was paid during the period
Hisense Group Holdings and its subsidiaries	5,765,280.00	2025-4-25	2026-4-24		Repaid, an interest expense of RMB100,232.59 was paid during the period
Hisense Group Holdings and its subsidiaries	11,922,750.00	2026-6-18	2027-6-18	11,922,750.00	An interest expense of RMB6,995.10 was paid during the period
Hisense Group Holdings and its subsidiaries	4,807,180.00	2026-4-24	2027-4-23	4,807,180.00	An interest expense of RMB41,266.01 was paid during the period
Hisense Group Holdings and its subsidiaries	10,001,375.00	2026-3-19	2027-3-19	10,001,375.00	An interest expense of RMB138,257.62 was paid during the period
Hisense Group Holdings and its subsidiaries	12,020,632.00	2025-9-19	2026-9-18	12,020,632.00	An interest expense of RMB311,141.65 was paid during the period
Hisense Group Holdings and its subsidiaries	6,814,255.00	2025-6-19	2026-6-19		Repaid, an interest expense of RMB171,090.64 was paid during the period
Hisense Group Holdings and its subsidiaries	27,270,400.00	2026-5-29	2027-5-28	27,270,400.00	An interest expense of RMB95,897.21 was paid during the period
Hisense Group Holdings and its subsidiaries	284,997,100.00	2026-4-24	2027-4-23	284,997,100.00	An interest expense of RMB2,446,485.56 was paid during the period
Hisense Group Holdings and its subsidiaries	6,867,400.00	2026-4-24	2027-4-23	6,867,400.00	An interest expense of RMB58,951.44 was paid during the period
Hisense Group Holdings and its subsidiaries	5,493,920.00	2026-4-24	2027-4-23	5,493,920.00	An interest expense of RMB47,161.15 was paid during the period
Hisense Group Holdings and its subsidiaries	7,524,110.00	2026-5-14	2027-5-14	7,524,110.00	An interest expense of RMB42,696.18 was paid during the period
Hisense Group Holdings and its subsidiaries	383,124,000.00	2026-5-15	2027-5-14	383,124,000.00	An interest expense of RMB2,119,796.38 was paid during the period
Hisense Group Holdings and its subsidiaries	134,531,250.00	2024-11-13	2027-11-13		Repaid, an interest expense of RMB5,057,093.26 was paid during the period
Hisense Group Holdings and its subsidiaries	45,198,600.00	2025-2-18	2028-2-18	45,198,600.00	

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — *Continued*

2. Related party transactions — *Continued*

(5) *Other connected transactions*

- 1) As at 30 June 2026, the Group had a balance of bank deposit of RMB11,508,200,300 (presented in bank deposits, other current assets and other non-current assets according to holding intention and liquidity), net deposits and withdrawals RMB-367,380,300, and a balance of notes payable of RMB914,326,100; the loan balance was RMB13,621,800; the amount of loan interest of RMB2,241,900 was recognised for Hisense Finance, the amount of handling fees paid for electronic bank acceptance notes was RMB522,800, and the amount of handling fees for settlement services paid for receipt and payment of funds was RMB608,600. Interest income from bank deposits of RMB112,062,300 was recognised for Hisense Finance. During the period, the amount involved for the provision of settlement and sale of foreign exchange services provided by Hisense Finance to the Group was RMB29,480,900.
- 2) At the fifth interim meeting of the 12th Board of Directors held on 24 September 2025, the Company considered and approved the signing of the "Asset Package Transfer Agreement" among its subsidiaries Hisense Mould, Hisense Kitchen and Bathroom, and Hisense Visual, pursuant to which Hisense Mould and Hisense Kitchen and Bathroom agreed to sell to Hisense Visual the asset package of the Plastic and Metal Parts Workshop for Visual Products located in Huangdao, which is jointly held by them. The transaction price was determined based on the assessed market value, with reference to the current assets, fixed assets, construction in progress and current liabilities of Hisense Mould and Hisense Kitchen and Bathroom as of 31 August 2025, and was set at RMB140,593,300. The transaction amount for the current period was RMB24,843,700 (exclusive of value-added tax).

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

3. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Receivables Financing	Hisense Visual and its subsidiaries	355,490.00		8,944,983.77	
Receivables Financing	Hisense Group Holdings and its subsidiaries	27,448,581.00		84,000,000.00	
Receivables Financing	Associates of Sanden Company	727,736.92		12,138,991.83	
Subtotal		28,531,807.92		105,083,975.60	
Notes receivable	Hisense Visual and its subsidiaries	2,855,931.00		9,258,840.10	
Notes receivable	Hisense Group Holdings and its subsidiaries	56,126,240.73			
Notes receivable	Hisense Investment Development and its subsidiaries	7,437,894.29		90,396,037.48	
Subtotal		66,420,066.02		99,654,877.58	
Interest receivable	Hisense Finance	357,095,152.43		341,272,304.80	
Subtotal		357,095,152.43		341,272,304.80	
Accounts receivable	Hisense Visual and its subsidiaries	14,010,779.18	475,701.41	133,017,503.44	1,283,765.71
Accounts receivable	Hisense Group and its subsidiaries			228,165.03	228,165.03
Accounts receivable	Hisense Group Holdings and its subsidiaries	7,317,512,758.91	9,982,863.48		
Accounts receivable	Hisense Investment Development and its subsidiaries	8,968,313.05	163,019.50	5,612,301,194.45	20,316,010.88
Accounts receivable	Bosch Home Comfort and its subsidiaries	105,461,982.05	3,065.98	64,948,768.06	
Accounts receivable	Associates of Sanden Company	182,071,836.04	9,778,826.10	189,206,485.30	85,159.10
Accounts receivable	Annto Supply Chain and its subsidiaries	94,751.72			
Subtotal		7,628,120,420.95	20,403,476.47	5,999,702,116.28	21,913,100.72
Contract assets	Hisense Group Holdings and its subsidiaries	858,954.00		2,078,454.00	
Subtotal		858,954.00		2,078,454.00	
Other receivables	Hisense Visual and its subsidiaries	1,022,741.51	18,000.00	819,743.58	18,000.00
Other receivables	Hisense Group Holdings and its subsidiaries	10,258,345.42	421,636.05		
Other receivables	Hisense Investment Development and its subsidiaries	170,166.74	8,340.00	5,715,235.35	542,386.50
Other receivables	Associates of Sanden Company	6,098,141.30		250,079.94	33,676.14
Subtotal		17,549,394.97	447,976.05	6,785,058.87	594,062.64

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

3. Receivables from and payables to related parties — Continued

(1) Receivables from related parties — Continued

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Dividends receivable	Associates of Sanden Company	228,885,579.66		625,590.11	
Subtotal		228,885,579.66		625,590.11	
Prepayments	Hisense Visual and its subsidiaries	7,106,553.43		15,844.03	
Prepayments	Hisense Group Holdings and its subsidiaries	194,799,920.46		146,147,463.35	
Prepayments	Bosch Home Comfort and its subsidiaries	365,616.61		24,023.62	
Prepayments	Annto Supply Chain and its subsidiaries	3,400.00			
Subtotal		202,275,490.50		146,187,331.00	
Other non-current assets	Hisense Visual and its subsidiaries	777,106.50		771,991.79	
Other non-current assets	Hisense Group Holdings and its subsidiaries	752,581.70			
Other non-current assets	Hisense Investment Development and its subsidiaries	339,000.00		858,913.37	
Subtotal		1,868,688.20		1,630,905.16	

Note: Interest receivable represents the total amount of interest accrued based on the effective interest rate method. It is included in the carrying balance of the corresponding financial assets and is listed in other current assets, non-current assets due within one year, and other non-current assets according to holding intention and liquidity.

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

3. Receivables from and payables to related parties — Continued

(2) Payables to related parties

Item	Related party	Closing balance	Opening balance
Notes payable	Hisense Visual and its subsidiaries	17,219,959.09	15,781,245.14
Notes payable	Hisense Group Holdings and its subsidiaries	60,710,430.97	
Notes payable	Hisense Investment Development and its subsidiaries	342,297.41	36,115,222.33
Notes payable	Bosch Home Comfort and its subsidiaries	280,480,871.89	350,778,460.34
Notes payable	Associates of Sanden Company	358,499.28	
Subtotal		359,112,058.64	402,674,927.81
Accounts payable	Hisense Visual and its subsidiaries	6,404,189.81	8,108,003.49
Accounts payable	Hisense Group Holdings and its subsidiaries	424,165,338.49	
Accounts payable	Hisense Investment Development and its subsidiaries	22,845,935.47	296,796,534.74
Accounts payable	Bosch Home Comfort and its subsidiaries	116,850,672.12	125,341,035.31
Accounts payable	Associates of Sanden Company	5,687,644.65	12,285,067.56
Accounts payable	Annto Supply Chain and its subsidiaries	210,433.37	63,036.65
Subtotal		576,164,213.91	442,593,677.75
Dividends payable	Bosch Home Comfort and its subsidiaries	74,694,431.59	77,438,308.67
Dividends payable	Hisense Group Holdings and its subsidiaries	846,192,355.20	
Subtotal		920,886,786.79	77,438,308.67
Other payables	Hisense Visual and its subsidiaries	5,275,143.41	818,647.30
Other payables	Hisense Group and its subsidiaries		262,552.25
Other payables	Hisense Group Holdings and its subsidiaries	882,452,151.80	
Other payables	Hisense Investment Development and its subsidiaries	65,448,785.45	1,137,257,961.28
Other payables	Bosch Home Comfort and its subsidiaries	200,000.00	200,000.00
Other payables	Xuehua Group	102,463.80	337,472.52
Other payables	Associates of Sanden Company	109,606,341.08	99,894,988.83
Other payables	Annto Supply Chain and its subsidiaries	11,092,117.03	11,014,732.76
Other payables	Haifeng Group and its subsidiaries	663,685.47	
Subtotal		1,074,840,688.04	1,249,786,354.94
Advances	Hisense Group Holdings and its subsidiaries	39,646.03	9,911.51
Advances	Xuehua Group	235,008.72	
Subtotal		274,654.75	9,911.51

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From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XII. RELATED PARTY AND RELATED TRANSACTIONS — Continued

3. Receivables from and payables to related parties — Continued

(2) Payables to related parties — Continued

Item	Related party	Closing balance	Opening balance
Contractual liabilities	Hisense Group Holdings and its subsidiaries	48,004,037.03	
Contractual liabilities	Hisense Investment Development and its subsidiaries	991.15	27,216,929.99
Contractual liabilities	Bosch Home Comfort and its subsidiaries	76,979.95	21,114.74
Contractual liabilities	Hisense Group and its subsidiaries	15,486.73	
Subtotal		48,097,494.86	27,238,044.73
Other non-current liabilities	Bosch Home Comfort and its subsidiaries	442,176,358.88	445,987,614.09
Subtotal		442,176,358.88	445,987,614.09

XIII. SHARE-BASED PAYMENTS

1. General information about share-based payments

(1) Overview on Restricted Share Incentive Scheme

On 28 February 2023, the 2023 second extraordinary general meeting, the 2023 first A Share class general meeting and the 2023 first H Share class general meeting considered and approved the "Resolution on the 2022 Restricted Share Incentive Scheme for A Shares (Draft) of the Company and its Summary", the "Resolution on the Administrative Measures for the Appraisal System of the 2022 Restricted Share Incentive Scheme for A Shares of the Company" and the "Resolution to Propose the General Meeting to Authorise the Board to Handle Matters Relating to the 2022 Restricted Share Incentive Scheme for A Shares of the Company". On the same day, the 2023 third extraordinary general meeting of the Eleventh Session of the Board and the 2023 first meeting of the Eleventh Session of the Supervisory Committee were convened to consider and approve the "Proposal for the Granting of Restricted Shares to Incentive Recipients under the 2022 Restricted Share Incentive Scheme for A Shares". The above resolutions determined that total 29,618,000 restricted shares were granted to 596 incentive recipients. As some of the incentive recipients forfeited the restricted shares granted to them, the number of recipients of the first grant under the Incentive Scheme was 511, the number of shares granted was 25,422,000 shares, and the grant price was RMB6.64 per share. The changes in the 2022 Restricted A Share Incentive Scheme during the period were as follows:

Categories of participants	Granted during the period		Exercised during the period		Unlocked during the period		Lapsed during the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Senior management and core personnel					5,629,458.00	37,379,601.12		
Total					5,629,458.00	37,379,601.12		

Note: The third lock-up period of the Company's restricted shares expired on 23 May 2026, and the relevant resolution was considered and approved by the Board of Directors on 8 July 2026.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XIII. SHARE-BASED PAYMENTS — *Continued*

1. General information about share-based payments — *Continued*

(2) Overview on Employee Stock Ownership Plan

1) 2022 Employee Stock Ownership Plan for A Shares of the Company

The Company held the 2022 tenth interim meeting of the Eleventh Session of the Board and the 2022 fourth meeting of the Eleventh Session of the Supervisory Committee on 30 December 2022, and the 2023 second extraordinary general meeting, the 2023 first A Share class general meeting and the 2023 first H Share class general meeting on 28 February 2023, which considered and approved relevant resolutions, such as the "Resolution on the 2022 Employee Stock Ownership Plan for A Shares and its Summary" and the "Resolution on the Administrative Measures for the 2022 Employee Stock Ownership Plan for A Shares", agreeing to implement the 2022 Employee Stock Ownership Plan for A Shares and authorising the Board to handle the matters in relation to the 2022 Employee Stock Ownership Plan for A Shares. On 12 May 2023, the Company held the 2023 sixth interim meeting of the Eleventh Session of the Board, which considered and passed the "Resolution on the Allocation of Reserved Shares under the Employee Stock Ownership Plan for A Shares in 2022" within the scope of authorisation of the 2023 second extraordinary general meeting. The participants of this Employee Stock Ownership Plan are the Directors (excluding independent Directors), supervisors, senior management and other core employees of the Company, with the total number of the first grant not exceeding 30 participants (excluding the reserved shares) and with the reserved shares allocated to 29 participants. The number of the underlying shares involved in this Employee Stock Ownership Plan was not more than 11,700,000 shares. Based on the actual subscription and final payment status of the participants, a total of 52 employees (including those holding reserved shares) participated in the subscription of the first grant under the Company's 2022 Employee Stock Ownership Plan, representing 10,810,000 shares, with the grant price of RMB6.64 per share. The source of the shares was the Company's repurchase of its shares through a special securities account for share repurchase through centralised bidding transactions.

2) 2024 Employee Stock Ownership Plan for A Shares of the Company

On 8 January 2024, the Company held the first interim meeting of the Eleventh Session of the Board of Directors and the first meeting of the Eleventh Session of the Supervisory Committee, and on 22 February 2024, the Company convened the second extraordinary general meeting of 2024, the first A Share class general meeting of 2024, and the first H Share class general meeting of 2024, which considered and approved the Company's Resolution on the Draft 2024 Employee Stock Ownership Plan for A Shares and its Summary and related resolutions, agreeing to implement the 2024 Employee Stock Ownership Plan for A Shares and authorising the Board to handle matters in relation to the 2024 Employee Stock Ownership Plan for A Shares of the Company. The total number of shares to be acquired under this stock ownership plan shall not exceed 13,916,000 shares, and the total number of participants in this Employee Stock Ownership Plan shall not exceed 279 participants, with the acquisition price set at RMB10.78 per share. The total number of shares acquired shall not exceed 13,916,000 shares. The source of the shares was the Company's repurchase of its shares through a special securities account for share repurchase through centralised bidding transactions.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XIII. SHARE-BASED PAYMENTS — Continued

1. General information about share-based payments — Continued

(2) Overview on Employee Stock Ownership Plan — Continued

The changes in the Employee Stock Ownership Plan during the period were as follows:

Category of grant targets	Granted during the period		Exercised during the period		Unlocked during the period		Lapsed during the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior management and core personnel					2,058,255.00	13,666,813.20		
Total					2,058,255.00	13,666,813.20		

Note: The third lock-up period of the Company's 2022 Employee Stock Ownership Plan for A Shares expired on 1 June 2026, and the relevant resolution was considered and approved by the Board of Directors on 8 July 2026.

Share options or other equity instruments issued as at the end of the period

Category of grant targets	Other equity instruments issued as at the end of the period	
	Range of exercise prices	Remaining contractual term
Senior management and core personnel	6.64; 10.78	Shall not exceed 18 months at the longest

2. Equity settled share-based payments

Item	The Period
Method for determining fair value of equity instruments on the date of grant	The fair value of restricted shares and the Employee Stock Ownership Plan is determined by subtracting the grant price from the market price on the date of grant.
Important parameters for fair value of equity instruments on the date of grant	Market price on the date of grant
Basis for determining the number of equity instruments with exercisable rights	The Company revises the estimated number of equity instruments that can be released from sale restriction on each balance sheet date during the period of restriction based on the latest available subsequent information such as changes in the number of persons who can be released from sale restriction, achievement of performance targets, and so on.
Reasons for significant discrepancies between estimates of the period and the previous period	Nil
Accumulated amount of equity-settled share-based payment included in the capital surplus	36,235,644.99

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XIII. SHARE-BASED PAYMENTS — *Continued*

3. Share-based payment expenses during the period

Category of grant targets	Equity settled share-based payments
Senior management and core personnel	36,594,191.46
Total	36,594,191.46

XIV. COMMITMENTS AND CONTINGENCIES

1. Important commitments

Unit: RMB'0000

Item	Closing balance	Opening balance
Commitments in respect of investment in subsidiaries and jointly controlled entities (commitment to purchase long-term assets):		
– Authorised but not contracted		
– Contracted but not paid	36,813.09	36,687.65
Commitments in respect of acquisition of the property, plant and equipment of subsidiaries (commitment for external investment):		
– Contracted but not paid		

2. Contingencies

(1) *Contingent liabilities arising from pending litigations and arbitration and their financial impacts*

As at 30 June 2026, the Group was involved, as defendant, in litigations with amount of RMB27,881,852.50, and accrued liabilities of RMB5,892,543.04 had been made.

XV. SUBSEQUENT EVENTS

Nil.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVI. OTHER SIGNIFICANT EVENTS

1. Capital management

The primary objectives of the Group's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group was not subject to externally mandatory capital requirements and monitored its capital structure using the gearing ratio (total liabilities divided by total assets).

As at 30 June 2026 and 31 December 2025, the gearing ratios of the Group were set out as follows:

Item	End of the period	Beginning of the period
Total liabilities	56,398,422,774.82	48,463,742,279.18
Total assets	78,100,427,801.02	69,984,242,341.49
Gearing ratio	72.21%	69.25%

2. Leases

(1) *Different categories of leased assets of the Group are as follows:*

Unit: RMB'0000

Categories of leased assets under operating leases	Closing carrying amount	Opening carrying amount
Buildings and structures	37,474.58	43,530.13
Land use rights	117.11	8.30
Machinery and equipment, etc.	2,894.94	3,023.10
Transportation equipment	19.67	23.15
Total	40,506.30	46,584.68

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVI. OTHER SIGNIFICANT EVENTS — Continued

2. Leases — Continued

(2) The Group as lessor under operating lease

The Group's investment properties are also leased to a number of lessees for different terms. The rental income for the first half of 2026 amounted to RMB43.5857 million (2025 first half: RMB45.0561 million). The minimum lease payments receivable under non-cancellable operating leases at the end of the reporting period are as follows:

Unit: RMB'0000

Item	Amount for the period	Amount for previous period
Within one year	6,055.66	5,880.53
Over one year but within five years	13,854.50	15,588.75
Over 5 years	73.79	
Total	19,983.95	21,469.28

(3) The Group as lessee under operating lease

The Group leases certain leasehold building or structure and others under operating leases with lease terms ranging from one to five years. The operating lease payments for the period ended 30 June 2026 were as follows:

Unit: RMB'0000

Operating lease payments	Amount for the period	Amount for previous period
Building or structures	9,908.97	11,493.12
Others	1,889.86	3,708.03
Total	11,798.83	15,201.15

The Group adopts simplified treatment for short-term leases and leases of low-value assets with a lease period of not more than 12 months. Due to the small amount of related lease payments, the adoption of simplified treatment has relatively small impact on the financial statements.

(4) The total future minimum lease payments under non-cancellable operating leases at the end of reporting period due as follows:

Unit: RMB'0000

Item	Amount for the period	Amount for previous period
Within one year	12,516.95	14,260.65
Over one year but within five years	8,301.98	12,692.94
Over five years	6,163.83	5,515.35
Total	26,982.76	32,468.94

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

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XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT

1. Accounts receivable

(1) Accounts receivable by ageing

Ageing analysis of accounts receivable based on invoice day is as follows:

Ageing	Closing balance	Opening balance
Within three months	780,273,369.89	689,530,265.60
Over three months but within six months	580,075.35	178,080.15
Over six months but within one year	11,945.62	21,604.45
Over one year	107,525,288.38	118,629,562.56
Total	888,390,679.24	808,359,512.76

(2) Accounts receivable by provision for bad debts

Category	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable for which provision for bad debts is separately made					
Accounts receivable for which provision for bad debts is made on a group basis	888,390,679.24	100.00	107,104,002.06	12.06	781,286,677.18
Total	888,390,679.24	100.00	107,104,002.06	12.06	781,286,677.18

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

1. Accounts receivable — Continued

(2) Accounts receivable by provision for bad debts — Continued

(continued)

Category	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	%	Amount	%	
Accounts receivable for which provision for bad debts is separately made					
Accounts receivable for which provision for bad debts is made on a group basis	808,359,512.76	100.00	107,109,397.32	13.25	701,250,115.44
Total	808,359,512.76	100.00	107,109,397.32	13.25	701,250,115.44

1) Accounts receivable for which provision for bad debts is made on a group basis:

Ageing	Closing balance		
	Book balance	Provision for bad debts	%
Ageing group	115,730,161.07	107,104,002.06	92.55
Combination of relationship with transaction object	772,660,518.17		
Total	888,390,679.24	107,104,002.06	12.06

Note: This portfolio is based on the ageing of accounts receivable, relationship with the Company, credit level, etc. as credit risk characteristic and made provision for bad debts based on the expected credit loss.

(3) Provision for bad debts for accounts receivable for the period

Category	Opening balance	Changes during the period			Closing balance
		Provision	Recoveries or reversals	Write-off or charge-off	
Accounts receivable	107,081,692.16	-6,636.13			107,075,056.03
Total	107,081,692.16	-6,636.13			107,075,056.03

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

1. Accounts receivable — Continued

(4) Accounts receivable actually written-off for the period

The parent had no accounts receivable actually written-off during the period.

(5) Top five accounts receivable by debtor in terms of balance as at the end of the period

The total top five accounts receivable by debtor in terms of balance as at the end of the period amounted to RMB759,923,342.69, accounting for 85.54% of the closing balance of accounts receivable. A provision for bad debts of RMB24,988,826.34 in total was made in terms of balance as at the end of the period.

2. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	74,999,306.82	74,999,306.82
Other receivables	734,018,181.50	843,547,935.88
Total	809,017,488.32	918,547,242.70

2.1 Dividends receivable

Item (or investee)	Closing balance	Opening balance
Hisense Bosch	74,999,306.82	74,999,306.82
Total	74,999,306.82	74,999,306.82

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

2. Other receivables — Continued

2.2 Other receivables

(1) Classification of other receivables by nature

Nature of the amount	Book value as at the end of the period	Book value as at the beginning of the period
Other current account	748,736,811.64	858,266,306.37
Total	748,736,811.64	858,266,306.37

(2) Other receivables by ageing

Ageing	Book value as at the end of the period
Within three months	2,242,240.64
Over six months but within one year	416,277.73
Over one year	746,078,293.27
Total	748,736,811.64

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

2. Other receivables — Continued

2.2 Other receivables — Continued

(3) Provision for bad debts of other receivables

	First stage Expected credit loss in the next 12 months	Second stage Lifetime expected credit loss (without credit impairment)	Third stage Lifetime expected credit loss (with credit impairment)	Total
Provision for bad debts				
Balance as at 1 January 2026	18,305.97	142,044.03	14,558,020.49	14,718,370.49
During the period, the book balance of other receivables as at 1 January 2025	-	-	-	-
- transferred to second stage				
- transferred to third stage				
- reversed to second stage				
- reversed to first stage				
Provision for the period	-8,693.39	8,953.04		259.65
Reversal for the period				
Written-off for the period				
Charge-off for the period				
Other changes				
Balance as at 30 June 2026	9,612.58	150,997.07	14,558,020.49	14,718,630.14

Note: Except for separate assessment, the Company assessed whether the credit risk of financial instruments since its initial recognition was significantly increased based on the ageing, and estimated the expected credit loss of other receivables with ageing of over one year in the lifetime.

(4) Provision for bad debts of other receivables

Category	Opening balance	Changes during the period			Closing balance
		Provision	Recoveries or reversals	Write-off or charge-off	
Ageing analysis method	14,718,370.49	259.65			14,718,630.14
Total	14,718,370.49	259.65			14,718,630.14

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

2. Other receivables — Continued

2.2 Other receivables — Continued

(5) Other receivables actually written off during the period

The parent had no other receivables actually written off for the period.

(6) Top five other receivables by debtor in terms of balances as at the end of the period

No.	Nature of the amount	Closing balance	Ageing	Percentage of total other receivables (%) Closing balance	Provision for bad debts Closing balance
Top 1	Other current account payments	372,699,354.39	Over one year	49.78	
Top 2	Other current account payments	160,000,000.00	Over one year	21.37	
Top 3	Other current account payments	84,000,000.00	Over one year	11.22	
Top 4	Other current account payments	29,172,409.80	Over one year	3.90	
Top 5	Other current account payments	28,915,623.15	Over one year	3.86	
Total	-	674,787,387.34		90.13	

3. Long-term equity investments

(1) Breakdown of long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	6,805,224,105.79	59,381,641.00	6,745,842,464.79	6,710,082,017.18	59,381,641.00	6,650,700,376.18
Investments in associates and joint ventures	1,048,573,275.27		1,048,573,275.27	1,010,798,344.98		1,010,798,344.98
Total	7,853,797,381.06	59,381,641.00	7,794,415,740.06	7,720,880,362.16	59,381,641.00	7,661,498,721.16

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

3. Long-term equity investments — Continued

(2) Investments in subsidiaries

Investees	Opening balance (Carrying amount)	Provision for impairment Opening balance	Movements in the current period			Closing balance (Carrying amount)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Increase in share-based payments		
Hisense Ronshen (Guangdong) Refrigerator Co., Ltd.	10,920,739.90				753,564.60	11,674,304.50	
Guangdong Kelon Air Conditioner Co., Ltd.	221,618,359.00	59,381,641.00				221,618,359.00	59,381,641.00
Hisense Ronshen (Guangdong) Freezer Co., Ltd.	2,954,471.89				10,139.91	2,964,611.80	
Hisense (Guangdong) Kitchen and Bath System Co., Ltd.	7,179,639.53				751,892.75	7,931,532.28	
Foshan Shunde Rongshen Plastic Co., Ltd.	56,257,123.60				300,913.07	56,558,036.67	
Foshan Shunde Wangao Import & Export Co., Ltd.	600,000.00					600,000.00	
Hisense Ronshen (Yingkou) Refrigerator Co., Ltd.	84,000,000.00					84,000,000.00	
Jiangxi Kelon Industrial Development Co., Ltd.	147,763,896.00					147,763,896.00	
Hisense Ronshen (Yangzhou) Refrigerator Co., Ltd.	4,203,730.39				58,246.73	4,261,977.12	
Zhuhai Kelon Industrial Development Co., Ltd.	189,101,850.00					189,101,850.00	
Shenzhen Kelon Procurement Co., Ltd.	97,806,500.00					97,806,500.00	
Kelon Development Co., Ltd.	11,200,000.00					11,200,000.00	
Hisense (Chengdu) Refrigerator Co., Ltd.	239,807.69				9,592.31	249,400.00	
Hisense (Beijing) Electric Appliances Co., Ltd.	92,101,178.17					92,101,178.17	
Hisense Air-Conditioning Co., Ltd.	616,470,040.53				-2,602,195.03	613,867,845.50	
Qingdao Hisense Mould Co., Ltd.	361,281,308.23				291,628.37	361,572,936.60	
Hisense Refrigerator Co., Ltd.	829,647,212.28				4,926,162.19	834,573,374.47	
Foshan Hisense Kelon Property Development Co., Ltd.	6,115,791.32				108,788.68	6,224,580.00	
Qingdao Hisense Bosch Air-Conditioning Systems Co., Ltd.	2,627,865,611.58				408,731.13	2,628,274,342.71	
Qingdao Gorenje Electrical Co., Ltd.	22,030,880.40				388,268.46	22,419,148.86	
Hisense (Shandong) Kitchen and Bath Co., Ltd.	7,526,300.05				-25,389.59	7,500,910.46	

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

3. Long-term equity investments — Continued

(2) Investments in subsidiaries — Continued

Investees	Opening balance (Carrying amount)	Provision for impairment Opening balance	Movements in the current period			Closing balance (Carrying amount)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Increase in share-based payments		
Qingdao Hisense Commercial Cold Chain Co., Ltd.	15,869,011.49				1,146,947.35	17,015,958.84	
Guangdong Hisense Refrigerator Marketing Co., Ltd.	39,662,380.95				2,527,114.03	42,189,494.98	
Hisense (Zhejiang) Air-Conditioner Co., Ltd.	827,804.83				36,604.25	864,409.08	
Qingdao Hisense Air-conditioner Marketing Co., Ltd.	44,757,489.50				-3,615,555.96	41,141,933.54	
Guangdong Kelon Mould Co., Ltd.	1,291,369.86				136,289.97	1,427,659.83	
Jiangmen Hisense Home Appliances Co., Ltd.	3,762,296.74				374,915.53	4,137,212.27	
Qingdao Hisense Bosch Air- conditioner Marketing Co., Ltd.	46,746,296.95				-2,202,650.67	44,543,646.28	
Qingdao Johnson Controls Air-Conditioning Co., Ltd.	355,554.93				42,090.00	397,644.93	
Qingdao Hisense Central Air Conditioning Technology Co., Ltd.	4,613,201.66				-427,230.76	4,185,970.90	
Qingdao Yiyang Venture Capital Management Co., Ltd.	5,000,000.00					5,000,000.00	
Hisense Home Appliances (Hunan) Co., Ltd.	315,375,000.00		84,625,000.00			400,000,000.00	
HS&A (SINGAPORE) PTE. LTD.	775,473,750.00					775,473,750.00	
Hisense Bosch Air-conditioner (Hunan) Co., Ltd.	81,778.71				-81,778.71		
Hisense Tianrui (Shandong) Maglev Technology Co., Ltd.			7,200,000.00			7,200,000.00	
Total	6,650,700,376.18	59,381,641.00	91,825,000.00		3,317,088.61	6,745,842,464.79	59,381,641.00

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

3. Long-term equity investments — Continued

(3) Investments in associates and joint ventures

Investees	Opening balance (Carrying amount)	Provision for impairment Opening balance	Movements in the current period								Closing balance (Carrying amount)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment or other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Changes in exchange rate		
I. Joint ventures												
Hisense Marketing Management Co., Ltd.	50,866,451.23				-10,718,111.03		9,912,222.90				50,060,563.10	
Qingdao Hisense Global Asia Holding Co., Ltd.	24,523,607.19				-11,213,370.17	3,727,321.75	547,702.65				17,585,261.42	
Subtotal	75,390,058.42				-21,931,481.20	3,727,321.75	10,459,925.55				67,645,824.52	
II. Associates												
Qingdao Hisense Jinlong Holdings Co., Ltd.	423,484,228.88				3,305,433.52						426,789,662.40	
Qingdao Hisense International Marketing Co., Ltd.	306,608,858.47				68,463,376.40	-40,873,505.79	5,692,446.40				339,891,175.48	
Qingdao Hisense Intelligent Electronics Co., Ltd.	149,446,748.00				-83,876.02						149,362,871.98	
Hisense Star Ocean Technology (Hangzhou) Co., Ltd.	55,868,451.21				-5,803,475.88	14,818,765.56					64,883,740.89	
Subtotal	935,408,286.56				65,881,458.02	-26,054,740.23	5,692,446.40				980,927,450.75	
Total	1,010,798,344.98				43,949,976.82	-22,327,418.48	16,152,371.95				1,048,573,275.27	

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT — Continued

4. Operating revenue and operating costs

Breakdown of operating revenue and operating costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations	2,316,450,928.26	2,250,736,087.65	2,483,784,140.31	2,181,205,775.33
Other operations	103,834,780.50	86,867,371.96	146,637,657.16	129,122,152.32
Total	2,420,285,708.76	2,337,603,459.61	2,630,421,797.47	2,310,327,927.65

5. Investment gain

Item	Amount for the period	Amount for the previous period
Gain from long-term equity investment under the cost method	632,457,113.56	1,288,297,080.00
Gain from long-term equity investment under the equity method	43,949,976.82	114,114,617.03
Gain from investments in wealth management products	9,322,441.78	18,629,731.41
Total	685,729,532.16	1,421,041,428.44

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2026 to 30 June 2026

(Unless otherwise stated, all amounts are denominated in Renminbi)

XVIII. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1. Breakdown of non-recurring profit or loss for the period

Item	Amount for current period	Notes
Gain or loss from disposal of non-current assets (Including the offsetting part of the provision for impairment of assets already provisioned)	38,806,621.32	
Government grants included in the gain or loss for current period (excluding those government grants that are closely related to the Company's normal business operations, that are in line with national policies, that are enjoyed according to defined criteria, and that have a sustained impact on the Company's profit or loss)	44,813,912.16	
Gain or loss from changes in fair value of financial assets and liabilities held by non-financial enterprises and gain or loss from the disposal of financial assets and liabilities, except for the effective hedging business related to the Company's normal business operations	140,478,226.60	
Gain or loss arising from entrusted investment or entrusted asset management	189,690,770.70	
Gain or loss arising from debt restructuring	2,043,267.01	
Other non-operating income and expense other than the aforementioned items	-1,996,280.43	
Subtotal	413,836,517.36	
Less: Effect of income tax	79,547,384.86	
Effect of minority interests (after tax)	8,708,465.75	
Total	325,580,666.75	

2. Return on net asset and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent	9.05	1.21	1.21
Net profit attributable to ordinary shareholders of the parent after deducting non-recurring profit or loss	7.27	0.97	0.97

Hisense Home Appliances Group Co., Ltd.

17 August 2026