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**HISENSE HOME APPLIANCES GROUP CO., LTD.**

海信家電集團股份有限公司

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

**(Stock Code: 00921)**

## **2020 THIRD QUARTERLY REPORT**

This announcement is made by Hisense Home Appliances Group Co., Ltd. (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (CAP.571) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **I. IMPORTANT NOTICE**

1. The board of directors (the “**Board**”), the supervisory committee, the directors (the “**Directors**”), the supervisors and the senior management of the Company warrant that there are no false representation or misleading statements contained in, or material omissions from, this report; and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness of the information contained herein.
2. Mr. Tang Ye Guo, the person in charge of the Company, Ms. Liang Hong Tao, the person in charge of the accounting department and Ms. Zhou Min, the accounting officer, warrant the truthfulness, accuracy and completeness of the contents of the financial statements in this quarterly report.
3. All Directors attended the Board meeting for considering and approving the 2020 third quarterly report.
4. The financial statements of the Company for the third quarter of 2020 have not been audited by accountants.
5. The full text of the Company’s balance sheet, income statement and cash flow statement are published on the website as designated by the Shenzhen Stock Exchange for release of information: <http://www.cninfo.com.cn>.

### **II. 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

Items	At the end of the six months ended 30 June 2020 (the "Reporting Period")	At the end of 2019	Increase or decrease as compared to last year (%)	
Total assets (RMB)	38,126,068,987.60	33,990,663,543.85	12.17	
Net assets attributable to shareholders of the Company (RMB)	9,189,589,559.52	8,721,593,732.62	5.37	
Items	Amount for the Reporting Period	Increase or decrease as compared to corresponding period last year (%)	From the beginning of the year to the end of the Reporting Period	Increase or decrease as compared to corresponding period last year (%)
Operating revenue (RMB)	13,779,290,339.14	70.96	34,865,990,148.41	29.09
Net profits attributable to shareholders of the Company (RMB)	498,939,918.50	28.19	1,002,247,433.91	-25.70
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	432,463,165.96	97.34	763,724,532.66	-30.44
Net cash flow from operating activities (RMB)	-	-	4,108,185,686.05	65.40
Basic earnings per share (RMB/share)	0.37	27.59	0.74	-25.25
Diluted earnings per share (RMB/share)	0.37	27.59	0.74	-25.25
Weighted average rate of return on net assets (%)	5.48	0.65 percentage point	11.15	-6.04 percentage point

### Extraordinary profit and loss items and amounts

Applicable  Not applicable

Unit: RMB

Item	Amounts	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	-1,147,985.51	
Government grants recognised in the profits or losses (excluding government grants closely related to the Company's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	176,366,164.43	
Profit and losses from assets which entrust others to invest or manage	73,318,547.91	
Other non-operating income and expenses other than the aforementioned items	49,172,887.45	
Less: Effect of income tax	33,864,239.97	
Effect of minority interests (after tax)	25,322,473.06	

Total	238,522,901.25	--
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### III. Table showing total number of shareholders and the shareholding of the top ten holders of ordinary shares at the end of the Reporting Period

Unit: shares

Total number of shareholders of ordinary shares at the end of the Reporting Period	23,143	Total number of preferred shareholders which the right of vote is restored at the end of the Reporting Period	0			
The shareholding of the top ten holders of ordinary shares						
Name of Shareholder	Nature of Shareholder	Percentage to the total issued share capital of the Company	No. of shares held	No. of shares held subject to selling restrictions	Situation of pledged or frozen shares	
					Share status	Quantity
Qingdao Hisense Air-conditioning Company Limited	State-owned legal person	37.92%	516,758,670	0		
HKSCC Nominees Limited <i>Note1</i>	Foreign legal person	33.58%	457,651,069	0		
The Hong Kong Securities Clearing Company (“HKSCC”) <i>Note2</i>	Foreign legal person	4.72%	64,257,766	0		
Shanghai Gaoyi Asset Management Partnership-Gaoyi Linshan No.1 Long-range Fund* (上海高毅資產管理合夥企業(有限合夥)－高毅鄰山1號遠望基金)	Other	2.79%	38,000,000	0		
Cental Huijin Asset Management Ltd.	State-owned legal person	1.95%	26,588,700	0		
Industrial and Commercial Bank of China. – Zhong Ou Time Pioneer Equity Initiative Securities Investment Fund* (中國工商銀行股份有限公司－中歐時代先鋒股票型發起式證券投資基金)	Other	1.15%	15,672,736	0		
Shanghai Pudong Development Bank Co., LTD. - Guangfa High-end Manufacturing Equity Initiative Securities Investment Fund* (廣發高端製造股票型發起式證券投資基金)	Other	0.90%	12,267,641	0		
Zhang Shao Wu	Domestic natural person	0.53%	7,200,000	0		
Industrial and Commercial Bank of China- Bosera Growth Preferred Two-year Closed-end Flexible Allocation of Mixed Securities Investment Fund* (中國工商銀行股份有限公司-博時成長優選兩年封閉運作靈活配置混合型證券投資基金) <i>Note3</i>	Other	0.46%	6,218,850	0		
Agricultural Bank of China - Bosera Yulon Flexible Allocation of Mixed Securities Investment Fund*	Other	0.44%	5,939,244	0		

(中國農業銀行股份有限公司-博時裕隆靈活配置混合型證券投資基金) <sup>Note3</sup>					
The shareholding of the top ten holders of ordinary shares not subject to selling restrictions					
Name of Shareholder	Number of shares held not subject to selling restrictions	Class of shares			
		Class of shares	Quantity		
Qingdao Hisense Air-conditioning Company Limited	516,758,670	RMB ordinary shares	516,758,670		
HKSCC Nominees Limited <sup>Note1</sup>	457,651,069	Overseas listed foreign shares	457,651,069		
The Hong Kong Securities Clearing Company (“HKSCC”) <sup>Note2</sup>	64,257,766	RMB ordinary shares	64,257,766		
Shanghai Gaoyi Asset Management Partnership-Gaoyi Linshan No.1 Long-range Fund* (上海高毅資產管理合夥企業(有限合夥) – 高毅鄰山1號遠望基金)	38,000,000	RMB ordinary shares	38,000,000		
Cental Huijin Asset Management Ltd.	26,588,700	RMB ordinary shares	26,588,700		
Industrial and Commercial Bank of China LTD. – Zhong Ou Time Pioneer Equity Initiative Securities Investment Fund* (中國工商銀行股份有限公司 – 中歐時代先鋒股票型發起式證券投資基金)	15,672,736	RMB ordinary shares	15,672,736		
Shanghai Pudong Development Bank Co., LTD. - Guangfa High-end Manufacturing Equity Initiative Securities Investment Fund* (廣發高端製造股票型發起式證券投資基金)	12,267,641	RMB ordinary shares	12,267,641		
Zhang Shao Wu	7,200,000	RMB ordinary shares	7,200,000		
Industrial and Commercial Bank of China - Bosera Growth Preferred Two-year Closed-end Flexible Allocation of Mixed Securities Investment Fund* (中國工商銀行股份有限公司-博時成長優選兩年封閉運作靈活配置混合型證券投資基金) <sup>Note3</sup>	6,218,850	RMB ordinary shares	6,218,850		
Agricultural Bank of China - Bosera Yulon Flexible Allocation of Mixed Securities Investment Fund* (中國農業銀行股份有限公司-博時裕隆靈活配置混合型證券投資基金) <sup>Note3</sup>	5,939,244	RMB ordinary shares	5,939,244		

*Note 1: HKSCC Nominees Limited is the nominee holder of the shares held by non-registered H shareholders of the Company. The shares held by HKSCC Nominees Limited are held on behalf of a number of its account participants, including Hisense (Hong Kong) Company Limited, a party acting in concert with the controlling shareholder of the Company, which held a total number of 124,452,000 H shares as of the end of the Reporting Period, representing 9.13% of the total number of the shares of the Company.*

*Note 2: HKSCC is the nominee holder of the shares held by non-registered A shareholders of the Company through Shenzhen-Hong Kong Stock Connect. The shares held by HKSCC are held on behalf of a number of its account participants.*

*Note 3: The managers of Industrial and Commercial Bank of China - Bosera Growth Preferred Two-year Closed-end Flexible Allocation of Mixed Securities Investment Fund\* and Agricultural Bank of China - Bosera Yulon Flexible Allocation of Mixed Securities Investment Fund\* are Bosera Fund Management Company.*

*Save as disclosed 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(《上市公司收購管理辦法》).*

#### IV. SIGNIFICANT MATTERS

## 1. Details of and reasons for significant changes of the principal accounting items and financial indicators during the Reporting Period

√ Applicable    □ Not applicable

Unit: RMB

Balance Sheet Items	Closing balance at the end of the Reporting Period	Opening balance at the beginning of the Reporting Period	Change (%)	Reasons of change
Transactional financial assets	3,051,369,725.00	2,120,000,000.00	43.93	Mainly due to the increase of the investment of wealth management products at the end of the Reporting Period
Other non-current assets	3,620,436,334.41	2,148,329,801.65	68.52	Mainly due to the increase of fixed term deposit at the end of the Reporting Period
Short-term borrowings	-	100,083,424.66	-100.00	Mainly due to the repayment of the short-term bank loans borrowed by a subsidiary at the end of the Reporting Period
Income Statement Items	Closing balance at the end of the Reporting Period	Opening balance at the beginning of the Reporting Period	Change (%)	Reasons of change
Management expenses	486,262,310.00	362,450,465.12	34.16	Mainly due to the consolidation of the financial results of Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (“ <b>Hisense Hitachi</b> ”) into those of the Company (the “ <b>Consolidation of Hisense Hitachi</b> ”) for the Reporting Period
Research and development expenses	895,047,090.83	577,277,776.16	55.05	Mainly due to the increase of research and development expenses and the Consolidation of Hisense Hitachi for the Reporting Period
Financial expenses	-88,438,420.87	20,196,288.36	Not applicable	Mainly due to the increase of interest income
Investment income	124,325,574.32	776,197,880.25	-83.98	Mainly due to the profits of Hisense Hitachi being recognised by equity method and listed under investment gain in the corresponding period last year before the consolidation of Hisense Hitachi
Non-operating income	115,891,017.16	76,868,196.32	50.77	Mainly due to the increase of received government subsidies during the Reporting Period
Income tax expenses	421,582,055.94	138,610,313.54	204.15	Mainly due to the Consolidation of Hisense Hitachi for the Reporting Period
Cash Flow Statement Items	Amount for the Reporting Period	Amount for the corresponding period last year	Change (%)	Reasons of change
Cash received from	28,232,092,745.11	20,123,036,276.34	40.30	Mainly due to the Consolidation of

sales of goods and rendering of services				Hisense Hitachi for the Reporting Period
Cash paid for purchases of commodities and receipt of services	17,413,975,118.40	12,461,364,757.36	39.74	Mainly due to the Consolidation of Hisense Hitachi for the Reporting Period
Cash paid for taxes and surcharges	1,494,622,657.43	922,489,688.99	62.02	Mainly due to the Consolidation of Hisense Hitachi for the Reporting Period
Cash received from recovery of investments	27,930,000.00	1,055,036,600.00	-97.35	Mainly due to the profits of Hisense Hitachi being recognised by equity method and dividends were received in the corresponding period last year before the consolidation of Hisense Hitachi
Cash received from investment income	73,318,547.91	25,821,780.81	183.94	Mainly due to the increase of investment income received from expired wealth management products for the Reporting Period
Cash received relating to other investing activities	8,567,031,261.05	5,349,389,197.39	60.15	Mainly due to the increase in recovery of expired wealth management products and fixed term deposit in the Reporting Period
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	340,150,674.37	190,148,883.24	78.89	Mainly due to the Consolidation of Hisense Hitachi for the Reporting Period
Cash paid relating to other investing activities	10,870,000,000.00	3,990,000,000.00	172.43	Mainly due to the increase of purchase of wealth management products and additional fixed term deposit in the Reporting Period
Cash paid for distribution of dividends, profit or payment of interest expenses	974,639,945.05	436,720,006.86	123.17	Mainly due to the Consolidation of Hisense Hitachi for the Reporting Period
Cash paid relating to other financing activities	1,177,699,994.80	848,189,982.80	38.85	Mainly due to the increase of margin required to pledge for issuing bank acceptance bills during the Reporting Period

## 2. Development of significant matters and analysis of their impacts and solutions

√ Applicable      □ Not applicable

On 28 May 2020, the Company received a letter from the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government\* (青島市人民政府國有資產監督管理委員會) (the "Qingdao SASAC") as forwarded by Hisense Company Limited titled "Notice on the 'Implementation Plan of the Mixed Ownership Reform of Hisense Company Limited'" (Qingdao SASAC [2020] No.77). The subject entity of the Mixed Ownership Reform is Qingdao Hisense Electric Holdings Company Limited\* (青島海信電子產業控股股份有限公司)

(“Hisense Electric Holdings”). The Capital increase and share expansion from the public listing on the Qingdao Property Rights Exchange\* (青島市產權交易所) will introduce industrial synergies and strategic investors which are beneficial to the international development of Hisense and the forming of a more diversified shareholding structure and a market-oriented governance structure of the company. For details, please refer to the Indicative Announcement on the Proposed Mixed-ownership Deepening Reform of Indirect Controlling Shareholders (announcement no: 2020-035) dated 29 May 2020 published by the Company on China Securities Journal(中國證券報), Securities Times(證券時報), and www.cninfo.com.cn.

The Company received a notice from Hisense Electric Holdings on 23 October 2020 that Hisense Electric Holdings has engaged the Qingdao Property Rights Exchange\* (青島市產權交易所) to identify strategic investors in public. On 23 October 2020, the Qingdao Property Rights Exchange\* published an announcement titled Capital Increase of 41.5 million Shares of Qingdao Hisense Electric Holdings Co., Ltd. (project no.: QD2020DF500005, listing period of which shall be from 23 October 2020 to 17 December 2020). For details, please refer to the Announcement on development of Mixed Ownership Deepening Reform of Indirect Controlling Shareholders (announcement no: 2020-069) dated 24 May 2020 published by the Company on China Securities Journal, Securities Times, and www.cninfo.com.cn.

The progress in implementation of share repurchase

Applicable       Not applicable

The progress in implementation of share repurchase by centralized competitive bidding

Applicable       Not applicable

**3. Undertakings not yet performed after the due date during the Reporting Period by the Company, shareholder(s), beneficial controller(s), acquirer(s), director(s), supervisor(s), senior management or other connected party(ies)**

Applicable       Not applicable

During the Reporting Period, there were no incidents of undertaking not yet performed after the due date by the Company’s beneficial controller(s), shareholder(s), connected party(ies), acquirer(s) and the Company.

**4. Entrusted wealth management**

Applicable       Not applicable

Unit: RMB ten thousand

Product type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 30 September 2020	Amount of undue principal and return as at 30 September 2020	Overdue balance return as at 30 September 2020
Wealth management products of banks	Self-owned funds	348,000.00	305,000.00	-
Total		348,000.00	305,000.00	-

During the Reporting Period, the Company did not have high-risk entrusted wealth management the

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

## 6. Derivatives investment

√ Applicable      □ Not applicable

Unit: RMB ten thousand

Name of operator or derivatives investment	Connected relationship	Whether it is a connected transaction or not	Type of derivatives investment	Initial investment of derivatives investment	Effective Date	Expiry Date	Investment at the beginning of the Reporting Period	Amount of purchase during the Reporting Period	Amount of disposal during the Reporting Period	Amount of provision for impairment (if any)	Investment at the end of the Reporting Period	Proportion of investment to the net asset of the Company at the end of the Reporting Period(%)	Actual amount of profit and loss during the Reporting Period
Bank	No	No	Forward foreign exchange contracts	-	1 January 2020	30 September 2020	-	72,881.08	31,517.49	-	41,363.59	4.50	15.28
Total				-	--	--	-	72,881.08	31,517.49	-	41,363.59	4.50	15.28
Source of derivatives investment funding				Export trade payment									
Litigation involved (if applicable)				Not applicable									
Date of the announcement disclosing the approval of derivatives investment by the Board (if any)				14 April 2020									
Date of the announcement disclosing the approval of derivatives investment at shareholders' meetings (if any)				Not applicable									
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk etc.)				<p>The derivatives business of the Company mainly represents the forward foreign exchange contracts used to avoid the risk of foreign exchange fluctuations related to the overseas sales receivables. The Company locks in the foreign exchange rates within a reasonable range to achieve the hedging purpose.</p> <p>The Company has formulated the "Foreign Exchange Management Procedures and Measures" and "the Internal Control System for Forward Foreign Exchange Capital Transactions". The measures specifically regulate the basic principles, operation rules, risk control measures and internal controls that shall be followed when engaging in the foreign exchange derivatives business. In respect of actual business management, the Company manages the derivatives business before, during and after the operation based on the management measures for the derivatives business.</p>									
Changes in market price or product fair value of invested derivatives during the reporting period, where specific methods and relevant assumptions and parameters used in the analysis				The assessment of the fair value of the derivatives carried out by the Company mainly represents the outstanding foreign exchange forward contracts entered into by the Company and banks, which are recognised as transactional financial assets or liabilities based on the difference between the quotation of the outstanding foreign exchange forward contracts and the forward exchange rate as at the end of the period. During the reporting period, the Company recognised a gain on change in fair value of the derivatives of RMB 1.3647 million, investment loss									



of derivatives' fair value shall be disclosed	amounted to RMB1.2119 million, resulting in a total profits of RMB0.1528 million.
Explanations of any significant changes in the Company's accounting policies and specific accounting and auditing principles on derivatives between the reporting period and the last reporting period	During the reporting period, there were no material changes in the accounting policy and specific accounting and auditing principles for the Company's derivatives business as compared to last reporting period.
Specific opinions of independent Directors on the derivatives investment and risk control of the Company	Opinion of independent Directors: Commencement of foreign exchange derivatives business by the Company was beneficial to the Company in the prevention of exchange rate fluctuation risks. The Company has devised the Internal Control System for Forward Foreign Exchange Capital Transactions to strengthen internal control and enhance the management of foreign exchange risks by the Company, and the targeted risk control measures adopted were practicable.

**This quarterly report is prepared in Chinese and English respectively. In case of inconsistency, the Chinese text of this quarterly report shall prevail over its English text.**

By order of the Board of  
**Hisense Home Appliances Group Co., Ltd.**  
**Tang Ye Guo**  
Chairman

Foshan City, Guangdong, the PRC, 28 October 2020

*As at the date of this announcement, the Company's executive directors are Mr. Tang Ye Guo, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui Zhong, Mr. Duan Yue Bin and Mr. Fei Li Cheng; and the Company's independent non-executive directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.*