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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)*

OVERSEAS REGULATORY ANNOUNCEMENT AND INSIDE INFORMATION

This overseas regulatory announcement is made by Hisense Home Appliances Group Co., Ltd. (the “**Company**”) pursuant to Rules 13.10B and 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following sets out the information published by the Company on the website of the Shenzhen Stock Exchange, for information purpose.

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

Foshan City, Guangdong, the PRC, 24 December 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.

HISENSE HOME APPLIANCES GROUP CO., LTD.
Indicative Announcement on the Changes in the Indirect
Controlling Shareholders' Equity

The Company and all directors of the board of the Company guarantee the truthfulness, accuracy and completeness of this announcement, and that this announcement contains no false representation, misleading statement or material omission.

Important notice:

1. According to the reply 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) ("Qingdao SASAC"), the "Notice on the 'Implementation Plan of the Mixed Ownership Reform of Hisense Company Limited'" (Qingdao SASAC [2020] No.77), the main body of mixed-ownership deepening reform of Hisense Company Limited was Qingdao Hisense Electric Holdings Co., Ltd.* (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 (the "**Capital Increase and Share Expansion**", "**Mixed Reform**"). The original strategic investors shall have the right to participate in the additional issuance. In accordance with the Qingdao SASAC titled "Notice on the Proposed Transfer of Shares in Hisense Company to Qingdao Huatong State-owned Capital Operation (Group) Co. Ltd.*" (Qingdao SASAC [2020] No.78): The 100% equity interest held by Qingdao SASAC in Hisense Company Limited ("Hisense Company") shall be transferred to Qingdao Huatong State-owned Capital Operation (Group) Co. Ltd.* (青島華通國有資本運營(集團)有限公司) ("Huatong Group") at nil consideration. The proposed share transfer at nil consideration will be implemented after the successful introduction of strategic investor(s) to Hisense Electric Holdings through the proposed capital increase and share expansion.
2. During 23 October 2020 to 17 December 2020, Hisense Electric Holdings has officially

issued an announcement on the introduction of strategic investors for the Capital Increase and Share Expansion at the Qingdao Property Rights Exchange* (Project name: Capital Increase of 41.5 million Shares of Qingdao Hisense Electric Holdings Co., Ltd., project no.: QD2020DF500005).

3. On 24 December 2020, Hisense Home Appliances Group Co., Ltd. (the “**Company**”, “**Hisense Home Appliances**”) has received a notice from Hisense Electric Holdings, the Company’s indirect controlling shareholder, confirming Qingdao Xinfeng Information Technology Company Limited* (青島新豐信息技術有限公司) (“**Qingdao Xinfeng**”) as the strategic investor successfully solicited through open tender and competitive negotiation on the Qingdao Property Rights Exchange, while Hisense Electric Holdings has entered into the “Capital Increase Agreement Regarding Qingdao Hisense Electric Holdings Company Limited” (“**Capital Increase Agreement**”) with Qingdao Xinfeng. The Qingdao SASAC issued the “Approval on Indirect Transfer in Relation to Hisense Visual Technology Co., Ltd.* (海信視像科技股份有限公司) and Hisense Home Appliances Group Co., Ltd.” (Qing SASAC [2020] No.165) on 23 December 2020. The indirect transfer of Hisense Visual Technology Co., Ltd.* and the Company involved in the capital increase and share expansion shall be handled in compliance with the law. After the completion of the capital increase and share expansion, Hisense Electric Holdings and Qingdao Hisense Air Conditioning Company Limited*(青島海信空調有限公司) will no longer meet the conditions for the definition of state-owned actual controlling shareholders. Qingdao SASAC agreed to cancel the “CS” mark of their securities accounts.
4. Given that Hisense Electric Holdings, the indirect controlling shareholder of the Company, will no longer meet the conditions for the definition of state-owned actual controlling shareholders after the Capital Increase and Share Expansion, Hisense Electric Holdings and the controlling rights of the Company shall undergo significant changes, and the Company’s beneficial controller will be changed from Qingdao SASAC to no beneficial controller. According to the relevant provisions of the “Administrative Measures for the Acquisition of Listed Companies”, relevant parties involved in the capital increase will not trigger a partial or full tender offer obligation.
5. There may be differences between the sum of the sub-items and the total sum in this announcement due to rounding.

I. OVERVIEW OF THE EQUITY CHANGES

On 28 May 2020, the Company received a notice forwarded by Hisense Company, the “Notice on the ‘Implementation Plan of the Mixed Ownership Reform of Hisense Company’” issued by Qingdao SASAC, which advised that the “Implementation Plan of the Mixed Ownership Reform of Hisense Company” has been approved by Qingdao SASAC, requiring for implementation in accordance with the requirements of the enterprise reform in compliance with laws and regulations. The mixed ownership reform of Hisense Company takes Hisense Electric Holdings, the Company’s indirect controlling shareholder as the main entity. Hisense Electric Holdings introduces industrial synergies and strategic investors through Capital Increase and Share Expansion 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. The original strategic investors shall have the right to participate in the additional issuance. In accordance with the Qingdao SASAC titled “Notice on the Proposed Transfer of Shares in Hisense Company to Qingdao Huatong State-owned Capital Operation (Group) Co. Ltd.*”: The 100% equity interest held by Qingdao SASAC in Hisense Company shall be transferred to Huatong Group at nil consideration. The proposed share transfer at nil consideration will be implemented after the successful introduction of strategic investor(s) to Hisense Electric Holdings through the proposed capital increase and share expansion. Hisense Electric Holdings engaged the Qingdao Property Rights Exchange to identify strategic investors in public from 23 October 2020 to 17 December 2020. For details, please refer to the announcements of the Company titled “Indicative Announcement on the Proposed Mixed Ownership Reform of the Indirect Controlling Shareholder”, “Indicative Announcement on the Proposed Transfer of Shares in Hisense Company Limited at Nil Consideration” and “Announcement on development of Mixed Ownership Deepening Reform of Indirect Controlling Shareholders” (Announcement Nos.: 2020-035, 2020-036 and 2020-069) published in China Securities Journal* (中國證券報), Securities Times* (證券時報) and www.cninfo.com.cn respectively on 29 May 2020 and 24 October 2020.

On 24 December 2020, the Company received a notice from Hisense Electric Holdings, confirming Qingdao Xinfeng as the strategic investor successfully solicited through open tender and competitive negotiation on the Qingdao Property Rights Exchange. Hisense Electric Holdings has entered into the Capital Increase Agreement with Qingdao Xinfeng, agreeing Qingdao Xinfeng to increase the capital of Hisense Electric Holdings by RMB3,749,732,500 in cash for the subscription of 41.5 million new shares of Hisense

Electric Holdings, accounting for approximately 17.20% of the total share capital of Hisense Electric Holdings subsequent to the Capital Increase and Share Expansion. Prior to the Capital Increase, Qingdao Xinfeng has already held 17.27 million shares of Hisense Electric Holdings with a shareholding ratio of 8.64%, and the aggregate shareholding ratio was 11.83% taking into account the share held by its party acting in concert, Shanghai Haifeng Shipping Company Limited* (上海海豐航運有限公司) (“**Shanghai Haifeng**”). Subsequent to the Capital Increase, Qingdao Xinfeng shall hold 58.77 million shares of Hisense Electric Holdings with a shareholding ratio of 24.36%, and the aggregate shareholding ratio shall be 27% taking into account the share held by its party acting in concert, Shanghai Haifeng.

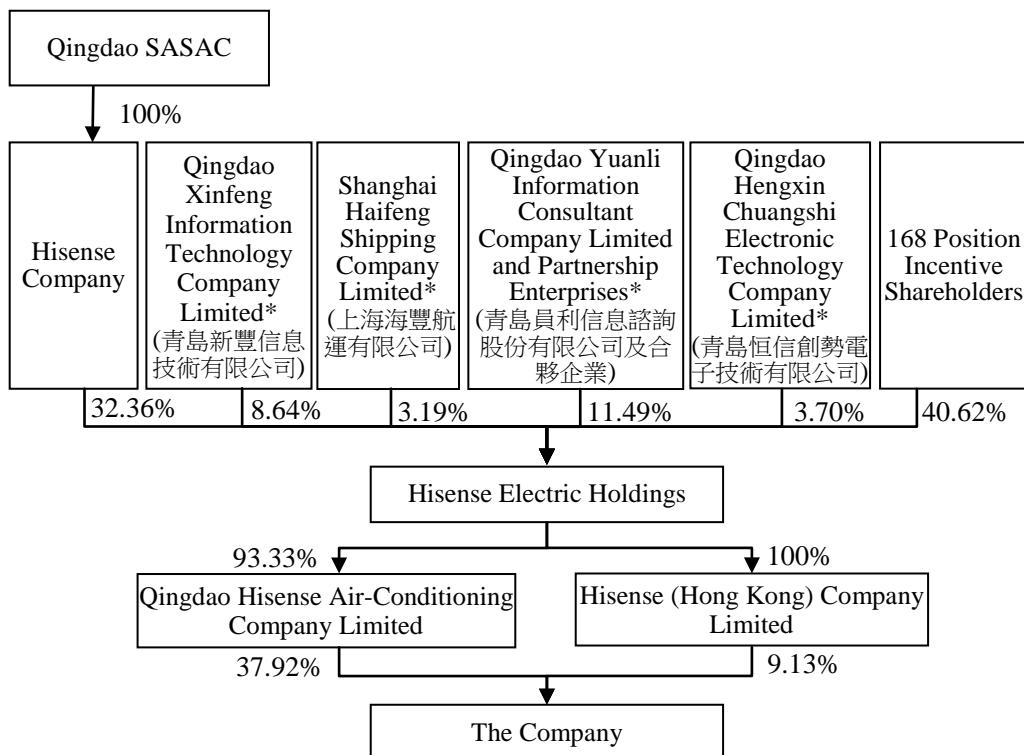
The Qingdao SASAC issued the “Approval on Indirect Transfer in Relation to Hisense Visual Technology Co., Ltd.* (海信視像科技股份有限公司) and Hisense Home Appliances Group Co., Ltd.” on 23 December 2020. The indirect transfer of Hisense Visual Technology Co., Ltd.* and the Company involved in the capital increase and share expansion shall be handled in compliance with the law. After the completion of the capital increase and share expansion, Hisense Electric Holdings and Qingdao Hisense Air Conditioning Company Limited*(青島海信空調有限公司) will no longer meet the conditions for the definition of state-owned actual controlling shareholders. Qingdao SASAC agreed to cancel the “CS” mark of their securities accounts.

The implementation of the Capital Increase and Share Expansion of Hisense Electric Holdings through open tender is in compliance with the state-owned property rights transaction procedures stipulated by the SASAC and Qingdao SASAC, strict audit and valuation are conducted, and the open tender procedure complies with relevant regulations of the Qingdao Property Rights Exchange.

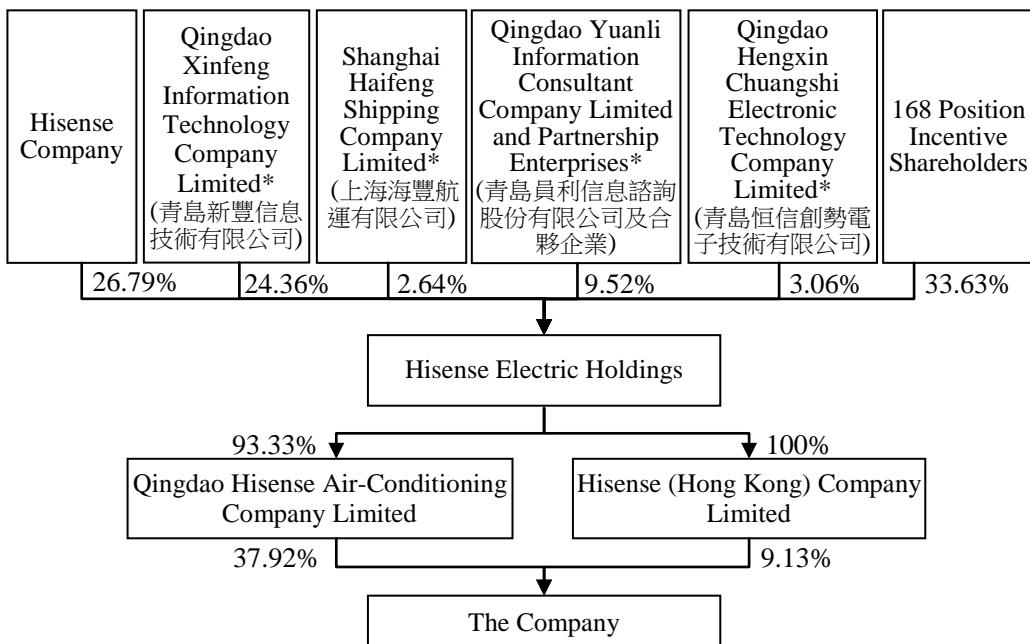
According to the relevant provisions of the “Administrative Measures for the Acquisition of Listed Companies”, relevant parties involved in the capital increase will not trigger a partial or full tender offer obligation.

II. SHAREHOLDING STRUCTURE OF THE COMPANY PRIOR AND SUBSEQUENT TO THE EQUITY CHANGES

Shareholding structure prior to the Equity Changes:



Shareholding structure subsequent to the Equity Changes:



Note: “**Position Incentive Shareholders**” refers to the key employee shareholders who directly or indirectly hold shares of Hisense Electric Holdings. 168 of which are key employee shareholders who directly hold shares, and they do not overlap or cross with key employee shareholders (over 320) who indirectly hold shares through shareholding platforms such as Qingdao Yuanli Information Consultant Company Limited and Qingdao Yuanzhongxing Investment Center (Limited Partnerships), Qingdao

Yuanyongxing Investment Center (Limited Partnerships), Qingdao Yuanxiang No.1 Investment Center (Limited Partnerships), Qingdao Yuanxiang No.2 Investment Center (Limited Partnerships), Qingdao Yuanxiang No.3 Investment Center (Limited Partnerships), Qingdao Yuanxiang No.4 Investment Center (Limited Partnerships), Qingdao Yuanxiang No.5 Investment Center (Limited Partnerships), (Collectively, “**Partnership Enterprises**”), and Qingdao Hengxin Chuangshi Electronic Technology Company Limited* (青島恒信創勢電子技術有限公司). Subsequent to the Capital Increase, there is no situation where a single Position Incentive Shareholder holds more than 7% shares of Hisense Electric Holdings, and there is no acting in concert arrangement between Position Incentive Shareholders.

III. IMPACT OF THE EQUITY CHANGES ON THE COMPANY

(1) Hisense Electric Holdings shall have no beneficial controller

a) No single shareholder (including persons acting in concert) will hold more than 30% of shareholding or controlling over 30% voting rights of Hisense Electric Holdings

After the completion of the Capital Increase and Share Expansion, no single shareholder (including persons acting in concert) will hold more than 30% of shareholding of Hisense Electric Holdings or controlling over 30% voting rights of Hisense Electric Holdings.

b) No single shareholder (including persons acting in concert) can determine the selection of more than half of the board of directors of Hisense Electric Holdings or control the board of directors of Hisense Electric Holdings through the nominated directors

After the completion of the Capital Increase and Share Expansion, the directors of Hisense Electric Holdings shall be nominated by its shareholders according to the capital contribution ratio and as stipulated in the Articles of Association, and elected at the general meeting. Hisense Company (the state-owned shareholder) shall nominate 2 director candidates and the strategic investors Qingdao Xinfeng and Shanghai Haifeng shall nominate 2 director candidates, while over half of the board of directors shall nominate 1 independent director candidate, and the remaining four director candidates shall be nominated as follows:

(i) The four director candidates of the first session of the board of directors of Hisense Electric Holdings after the Mixed Reform shall be nominated from the excellent members of the current key management approved by more than three-fourths of the preparatory team which comprises three members of the current board of directors of Hisense Electric Holdings, two director candidates nominated by Huatong Group and two director candidates nominated by strategic investors. The above nominated four director candidates shall be submitted to the general meeting of Hisense Electric Holdings for election.

(ii) Since the beginning of the second session of the board of directors of Hisense Electric Holdings after the Mixed Reform, more than two-thirds of the board of directors of Hisense Electric Holdings shall approve to nominate four director candidates from the excellent members of the current key management and submit them to the general meeting of Hisense Electric Holdings for election.

Therefore, no single shareholder (including persons acting in concert) can determine the selection and control of more than half of the board of directors of Hisense Electric Holdings.

c) Each of the shareholders and Hisense Electric Holdings, and none of them are persons acting in concert

Subsequent to the Capital Increase and Share Expansion, no acting in concert agreement or an agreement similar to the acting in concert arrangement shall be entered into between Hisense Company, the strategic investors (except Qingdao Xinfeng and Shanghai Haifeng which are acting in concert), each of the Employee Incentive Shareholders, each of the shareholders and Hisense Electric Holdings, and none of them are persons acting in concert. The current directors and senior management of Hisense Company appointed by Qingdao Municipal Committee, as well as the current directors appointed by Hisense Company to Hisense Electric Holdings to represent state-owned shareholders, will no longer retain the status municipal management cadres to represent state-owned shareholders, will not hold any positions in Hisense Company, and will no longer be employees of Hisense Company. All professional managers working for Hisense Electric Holdings shall no longer represent state-owned shareholders. Meanwhile, after the Mixed Reform, directors, supervisors and senior management of Hisense Company (the state-owned shareholder), will not overlap with the directors and supervisors appointed to Hisense Electric Holdings. Hisense Company and Hisense Electric Holdings undertook in writing that there will be no acting in concert agreement after the Mixed Reform and there will be no persons acting in concert.

After the completion of the Capital Increase and Share Expansion, although the total shareholding ratio of Employee Incentive Shareholders exceeds 40%, there are over 480 shareholders who are Employee Incentive Shareholders, and their shareholdings are extremely dispersed. The maximum shareholding ratio of a single shareholder in Hisense Electric Holdings does not exceed 7%, and there is no acting in concert agreement. First of all, in the existing Articles of Association of Hisense Electric Holdings and the Articles of Association after the Mixed Reform, it is clearly stipulated that the Employee Incentive Shareholders shall not be persons acting in concert. Secondly, the Employee Incentive Shareholders shall vote according to their intentions when participating in voting. The

existing mechanism of Hisense Electric Holdings and the voting mechanism in Hisense Electric Holdings's Articles of Association after the Mixed Reform all stipulated that the voting intention of natural persons who hold shares through the shareholding platform shall be reported to the general meeting of Hisense Electric Holdings through statistical calculation, rather than regarding the shareholding platform as one shareholder who votes according to one voting intention. Moreover, the current mechanism approved by the general meeting of Hisense Electric Holdings and its Articles of Association after the Mixed Reform clearly stipulated that the basic principles of Hisense's unique employee share incentive mechanism are "determining the number of shares according to the positions, shares will follow the positions and will be withdrawn after resignation from the position, thus forming an incentive cycle". The most prominent feature of this scheme is the incentive cycle, under which the shares held are, non-inheritable and non-freely transferable. The ultimate purpose is to motivate key employees to stay with the company, instead of fixing the allocation of employee incentive shares to specific shareholders. Shares must be withdrawn when the Employee Incentive Shareholders resign from their positions, and key employees on the job shall not hold more than the prescribed shareholding standard, which will not cause concentration of equity to minority shareholders, so Employee incentive Shareholders will not become shareholders acting in concert.

d) State-owned shareholder has one vote in vetoing the decision of privatization control of Hisense Electric Holdings

According to the requirement of Qing SASAC [2020] File No.77, "Municipal state-owned capital shareholder has one vote in vetoing the decision of non-state-owned shareholders to privatize and control Hisense Electric Holdings". Such requirement is also reflected in the company's Articles of Association after the Mixed Reform of Hisense Electric Holdings, that is, "State-owned shareholder has one vote in vetoing over non-state-owned shareholders' decision to privatize and control company. The decision-making items of the privatization control of company refer to: (1) Decision-making matters where any single shareholder (including persons acting in concert) holds more than 30% of the company's total share capital; (2) Decision-making matters where the number of directors appointed by any single shareholder (including persons acting in concert) exceeds half of the board seats."

Therefore, after the Capital Increase and Share Expansion, Hisense Electric Holdings shall have no beneficial controller, resulting in Hisense Home Appliances from being actually controlled by Qingdao SASAC to having no beneficial controller. Hisense Company will no longer be an indirect controlling shareholder of Hisense Home Appliances.

(2) Synergies with strategic investors

The strategic investor identified by Hisense Electric Holdings through open tender on Qingdao Property Rights Exchange is Qingdao Xinfeng, and its beneficial controller Yang Shaopeng is the beneficial controller of SITC International Holdings Company Limited, a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 01308 (“**SITC International**”, together with Qingdao Xinfeng, Shanghai Haifeng and its related parties are referred to as “**SITC**”) controlling 51.74% equity interests in SITC International. SITC is a leading shipping logistics company based in Asia, headquartered in Hong Kong, and has begun to expand its business to markets outside of Asia such as Africa. Its development strategy is based on self-operation and asset-light models, establishing sea-land integrated logistics channels and facilities, continuously improving the high-frequency and high-density maritime liner network, providing customers with tailor-made logistics services, and providing specialized, refined, special and new differentiated services. SITC currently operates 70 trade routes, covering over 70 major ports in 13 countries and regions, and has established more than 35 joint ventures in 9 countries in cooperation with world-renowned logistics and production companies or powerful local port and terminal facility operators. The resources of SITC in international shipping, warehousing, and logistics services have a favourable industrial synergy in assisting Hisense’s international development strategies, helping Hisense handle local public relations, introducing overseas technologies, products and talents, and expanding overseas government markets and corporate customer markets.

At the same time, as a long-term strategic investor of Hisense Electric Holdings, SITC will help Hisense Electric Holdings further optimize its shareholding structure, improve the structure of the board of directors and legal entities governance structure, and promote the decision-making and operation of general meetings of Hisense Electric Holdings and the board of directors to be more market-oriented.

A more flexible market mechanism will also be introduced for the company, stimulate its vitality, improve efficiency, and accelerate the company’s international development strategy with the help of industrial synergy with strategic investors, and bring better development prospects to the company.

IV. BASIC INFORMATION OF THE NEW SHAREHOLDER OF HISENSE ELECTRIC HOLDINGS INTRODUCED BY THE CAPITAL INCREASE AND SHARE EXPANSION

Name of enterprise: Qingdao Xinfeng Information Technology Company Limited* (青

島新豐信息技術有限公司)

Unified Social Credit Identifier: 91370211336455068E

Type: Limited liability company (Hong Kong-Macau-Taiwan invested, non-wholly owned)

Address: No.358, Longgangshan Road, Qingdao City, (Shandong) Pilot Free Trade Zone, the PRC

Registered capital: RMB2,409,570,000

Legal representative: Yang Shaopeng

Date of establishment: 2015-09-07

Scope of operation: engaging in investment activities with its own funds; data processing services; data processing and storage support services; computer and office equipment maintenance; technical services, technology development, technical consulting, technical exchanges, technology transfer, and technology promotion.

Beneficial controller: Yang Shaopeng

Persons acting in concert: Since both Qingdao Xinfeng and Shanghai Haifeng share the same beneficial controller, Yang Shaopeng, therefore Qingdao Xinfeng and Shanghai Haifeng constitute a relationship acting in concert. After the completion of the capital increase, Qingdao Xinfeng and Shanghai Haifeng shall together hold 27% shares of Hisense Electric Holdings.

V. MAJOR TERMS OF THE CAPITAL INCREASE AGREEMENT

(1) Parties to the agreement

Party A: Hisense Electric Holdings

Party B: Hisense Company

Party C: Shanghai Haifeng

Party D: Qingdao Xinfeng

(2) Content of the Capital Increase

Each party agrees that Hisense Electric Holdings will issue 41,500,000 additional shares with a nominal value of RMB1 per share. The total share capital of Hisense Electric Holdings will increase from 199,774,624 shares to 241,274,624 shares, while the registered capital will increase from RMB199,774,624 to RMB241,274,624. The issue price of the newly issued share is determined to be RMB90.355 per share based on the transaction price listed on the Qingdao Property Rights Exchange. Qingdao Xinfeng will subscribe for all 41,500,000 additional shares with RMB3,749,732,500 in cash.

Qingdao Xinfeng shall remit its total investment (deducting the already paid security deposit) to the bank account designated by Qingdao Property Rights Exchange in one lump sum within 5 working days from the date when the payment conditions precedent are satisfied. The security deposit paid by Qingdao Xinfeng will be automatically transferred to its total investment in Hisense Electric Holdings after the aforementioned remittance is completed.

(3) Agreement on matters after the Capital Increase

The board of directors of Hisense Electric Holdings will comprise of nine directors, of which, Hisense Company shall nominate 2 director candidates, strategic investors Qingdao Xinfeng and Shanghai Haifeng shall nominate 2 director candidates, while over half of the board of directors shall nominate 1 independent director candidate, and the remaining four director candidates shall be nominated as follows:

(a) The four director candidates of the first session of the board of directors of Hisense Electric Holdings after the Mixed Reform shall be nominated from the excellent members of the current key management approved by more than three-fourths of the preparatory team which comprises three members of the current board of directors of Hisense Electric Holdings, two director candidates nominated by Huatong Group and two director candidates nominated by strategic investors. The above nominated four director candidates shall be submitted to the general meeting of Hisense Electric Holdings for election.

(b) Since the beginning of the second session of the board of directors of Hisense Electric Holdings after the Mixed Reform, more than two-thirds of the board of directors of Hisense Electric Holdings shall approve to nominate four director candidates from the excellent members of the current key management and submit them to the general meeting of Hisense Electric Holdings for election.

(4) Signing time and effective conditions of the agreement

The signing time of the Capital Increase Agreement: 22 December 2020.

Conditions for the Capital Increase Agreement to take effect: The Capital Increase Agreement take effect from the date when the parties affix their official seals. If national laws and regulations have other provisions on the entry into force of the agreement, those provisions shall prevail.

(5) Payment conditions precedent

Hisense Electric Holdings has obtained the approval file from the state-owned assets supervision and administration department on the indirect transfer of shares of listed companies by state-owned shareholders.

(6) Disposal of equity

Each of the parties confirmed and agreed that Qingdao Xinfeng shall not transfer the equity acquired by the Capital Increase within six years after the completion of the Capital Increase.

VI. OTHER RELEVANT INSTRUCTIONS

The Capital Increase and Share Expansion of Hisense Electric Holdings will not cause Hisense Home Appliances to violate the statutory shareholding requirements and undertaking that related parties violate the original shareholding commitment.

The Capital Increase and Share Expansion of Hisense Electric Holdings is subject to the completion of the related follow-up procedures such as industrial and commercial registration changes. After Hisense Electric Holdings completes the industrial and commercial registration changes, the Capital Increase and Share Expansion will finally be completed. The Company's designated media for information disclosure are China Securities Journal, Securities Times and www.cninfo.com.cn. All publicly disclosed information of the Company shall be subject to the official announcement published on the above-mentioned designated media. Investors are advised to pay attention to investment risks.

Announcement is hereby given.

The Board of Directors of Hisense Home Appliances Group Co., Ltd.

24 December 2020

** For identification purposes only*