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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)**

**2019 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 (the “Stock Exchange”).

**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 and Mr. Chen Xiao Lu, the person in charge of the accounting function and Ms. Liang Hong Tao, the person in charge of the accounting department, 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 2019 third quarterly report.
4. The financial statements of the Company for the third quarter of 2019 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 make retrospective adjustment to or restatement of the accounting data of prior years?

Yes No

Reasons for retrospective adjustment or restatement: Correction of accounting errors

Details of the correction of accounting errors can be found in the announcement regarding Correction of Accounting Errors published on the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) on 28 March 2019.

Items	End of this reporting period	End of last financial year		Increase or decrease at the end of this reporting period as compared to the end of last financial year(%)
		Before correction	After correction	After correction
Total assets (RMB)	33,180,264,257.80	21,827,905,038.40	21,827,905,038.40	52.01
Net assets attributable to shareholders of listed company (RMB)	8,281,039,107.99	7,351,824,364.87	7,351,824,364.87	12.64
Items	This reporting period	Increase or decrease as compared to corresponding period last year(%)	The beginning of the year to the end of the reporting period	Increase or decrease (the beginning of the year to the end of the reporting period as compared to corresponding period last year)(%)
Operating revenue (RMB)	8,059,800,454.42	-4.48	27,010,075,764.35	-6.24
Net profits attributable to shareholders of listed company (RMB)	389,209,151.43	9.56	1,348,955,619.78	17.62
Net profits attributable to shareholders of listed company after deducting extraordinary profit and loss (RMB)	219,142,087.51	-16.97	1,097,988,396.07	9.58
Net cash flow from operating activities (RMB)	-	-	2,483,747,187.58	35.12
Basic earnings per share (RMB/share)	0.29	11.54	0.99	17.86
Diluted earnings per share (RMB/share)	0.29	11.54	0.99	17.86
Weighted average rate of return on net assets (%)	4.83	-0.28 percentage point	17.19	0.55 percentage point

Note: The Company has consolidated Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (hereinafter referred to as "Hisense Hitachi") into the Company's financial statements since 30 September 2019: Prior to 30 September 2019, the Company's equity interests in Hisense Hitachi were still calculated in compliance with the equity method. In accordance with the Accounting Standards for Business Enterprises, the Company has consolidated Hisense Hitachi in its accounts since 30 September 2019, the balance sheet of Hisense Hitachi as at 30 September 2019 has been consolidated into the Company's balance sheet as at 30 September 2019, while the detailed items of the income statement and cash flow statement shall be consolidated in October 2019. The impact

on the financial report of the Company on consolidation would be reflected in the audited financial report of the Company. In the first three quarters of 2019, Hisense Hitachi was operating in a satisfactory condition, achieving a growth of 12.52% in revenue as compared to the same period of last year and the net profit attributable to the parent company increased by 19.17% year-on-year.

### NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS.

√Applicable      □ Not applicable

Unit: RMB

Item	Amounts from the beginning of the year to the end of the reporting period	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	148,302,753.78	
Government subsidy recorded in the profits or losses of the current period(except government subsidy which is closely related to the Company's business and is entitled for fixed amounts or fixed percentage based on unified standards promulgated by the government)	132,089,209.29	
Profits and losses from assets which entrust others to invest or manage	25,821,780.81	
Non-operating income and expenses other than the aforementioned items	5,495,596.45	
Less: Effect of income tax	45,625,131.08	
Effect of minority interests (after tax)	15,116,985.54	
Total	250,967,223.71	--

### 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	30,858					
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 <sup>Note1</sup>	Foreign legal person	33.55%	457,243,069	0		
Shanghai Gaoyi Asset Management Partnership-Gaoyi Linshan No.1 Long-range Fund	Other	4.40%	60,000,000	0		
The Hong Kong Securities Clearing Company (HKSCC) <sup>Note2</sup>	Foreign legal person	3.03%	41,266,795	0		

Central Huijin Asset Management Ltd.	State-owned legal person	1.95%	26,588,700	0	
Agricultural Bank of China Limited –Bosera Yulon Flexible Configuration Hybrid Securities Investment Fund	Other	0.54%	7,341,688	0	
Zhang Shao Wu	Domestic natural person	0.53%	7,200,000	0	
Bank of Communications Co., Ltd. - HSBC Jintrust Large Cap Equity Securities Investment Fund	Other	0.53%	7,174,401	0	
Qilu Securities Asset Management –China Minsheng Bank-QiLu Minsheng No.2 Assemble Asset Management Plans	Other	0.51%	6,923,597	0	
Guotai Jun'an Asset Management –China Everbright Bank-Guotai Jun'an Jundeming Mixed Assemble Asset Management Plans	Other	0.36%	4,839,960	0	

**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>	457,243,069	Overseas listed foreign shares	457,243,069
Shanghai Gaoyi Asset Management Partnership-Gaoyi Linshan No.1 Long-range Fund	60,000,000	RMB ordinary shares	60,000,000
The Hong Kong Securities Clearing Company (HKSCC) <sup>Note2</sup>	41,266,795	RMB ordinary shares	41,266,795
Central Huijin Asset Management Ltd.	26,588,700	RMB ordinary shares	26,588,700
Agricultural Bank of China Limited –Bosera Yulon Flexible Configuration Hybrid Securities Investment Fund	7,341,688	RMB ordinary shares	7,341,688
Zhang Shao Wu	7,200,000	RMB ordinary shares	7,200,000
Bank of Communications Co., Ltd. - HSBC Jintrust Large Cap Equity Securities Investment Fund	7,174,401	RMB ordinary shares	7,174,401
Qilu Securities Asset Management -China Minsheng Bank-QiLu Minsheng No.2 Assemble Asset Management Plans	6,923,597	RMB ordinary shares	6,923,597
Guotai Jun'an Asset Management –China Everbright Bank-Guotai Jun'an Jundeming Mixed Assemble Asset Management Plans	4,839,960	RMB ordinary shares	4,839,960

*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 HK, a party acting in concert with the controlling shareholder of the Company. By the end of the reporting period, Hisense HK held a total of 124.452 million shares of H shares of the company, representing 9.13% of the total number of shares of the Company.*

2. HKSCC Limited is the nominal shareholder of the Company's non-registered shareholders in A shares through Shenzhen Connect. The shares held by HKSCC Limited are held on behalf of a number of its account participants.

#### IV. SIGNIFICANT MATTERS

##### (I) Details of and reasons for changes of the principal accounting items and financial indicators during the reporting period

√Applicable    □ Not applicable

Unit: RMB

Balance sheet items	Closing balance	Opening balance	Change (%)	Reason for the change
Cash and cash equivalents	9,654,007,614.02	3,648,463,609.61	164.60	Mainly due to the consolidation of Hisense Hitachi at the end of the reporting period
Notes receivable	4,869,519,749.33	2,971,748,608.75	63.86	
Accounts receivable	4,074,710,354.28	3,096,454,625.34	31.59	
Others receivables	484,689,463.75	318,926,986.30	51.98	
Long-term equity investments	456,717,533.18	3,326,783,023.78	-86.27	
Construction in progress	253,049,907.76	84,296,518.04	200.19	
Right-of-use assets	66,450,132.26	46,360,081.84	43.33	
Intangible assets	1,861,589,137.43	714,706,893.47	160.47	
Deferred tax assets	490,280,237.24	93,477,911.35	424.49	
Notes payable	8,331,445,637.11	5,442,369,087.15	53.08	
Contract liabilities	978,081,133.70	716,041,073.75	36.60	
Employee remunerations payable	541,165,289.71	328,800,107.19	64.59	
Taxes payable	366,795,577.94	230,675,886.53	59.01	
Other payables	4,933,258,413.54	1,766,319,446.79	179.30	
Lease liabilities	59,009,739.10	41,146,074.73	43.42	
Accrued liabilities	459,985,431.63	329,557,537.00	39.58	
Minority interests	3,397,727,019.95	537,582,611.86	532.04	
Other current assets	3,079,413,738.89	1,075,958,946.70	186.20	Mainly due to the increase in unexpired wealth management products at the end of the reporting period
Other comprehensive income	24,735,401.98	16,896,290.49	46.40	Mainly due to the changes of other equity in recognized associates
Income statement items	Amount for the period from the beginning of the year to the end of the reporting	Amount for the corresponding period last year	Change (%)	Reason for the change

	period			
Non-operating income	76,868,196.32	56,520,713.42	36.00	Mainly due to the year to year increase in subsidy received
Statement of cash flow items	Amount for the period from the beginning of the year to the end of the reporting period	Amount for the corresponding period last year	Change (%)	Reason for the change
Cash received from recovery of investments	1,055,036,600.00	12,542,200.00	8,311.89	Mainly due to the year to year increase in dividend received
Cash received from investment income	25,821,780.81	40,109,497.52	-35.62	Mainly due to the year to year decrease in income received from wealth management products
Cash received relating to other investing activities	5,349,389,197.39	2,430,000,000.00	120.14	Mainly due to the consolidation of the balance of Cash Flow Statement of Hisense Hitachi at the end of the reporting period
Cash paid relating to other investing activities	3,990,000,000.00	1,930,000,000.00	106.74	Mainly due to the year to year increase in purchase of wealth management products

## (II) Development of significant matters and analysis of their impacts and solutions

Applicable     Not applicable

The board of Directors of the Company convened a meeting on 5 March 2019 in order to review and approve “The Resolution on transfer of equity interests of Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (青島海信日立空調系統有限公司) and amendments to articles of association of Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.”, with the approval of the board of Directors of the Company, the Company entered into the Equity Transfer Agreement with Unitecs Corporation (株式會社聯合貿易), in relation to receive 0.2% equity interests of Hisense Hitachi held by Unitecs Corporation with a consideration of RMB25 million. Upon completion of the transfer, the Company will hold 49.2% equity interests of Hisense Hitachi while Unitecs Corporation will hold 1.8% equity interests. Moreover, the amendments to certain terms listed in the articles of association of Hisense Hitachi was approved, in relation to adjusting the board composition of Hisense Hitachi and the agreement of each directors appointed by Shareholders. Upon the completion of the equity transfer and the amendments to the articles of association of Hisense Hitachi, the Company shall consolidate Hisense Hitachi into the Company’ s accounts. Details can be found in the announcement regarding Major Transaction published on the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) on 6 March 2019.

The aforesaid matters were considered and approved at the 2019 second extraordinary general meeting held by the Company on 29 August 2019, and the relevant approval procedures for industrial and commercial changes were completed in September 2019, the Company has consolidated Hisense Hitachi into the Company’ s accounts since 30 September 2019.

The progress in implementation of share repurchase

Applicable      Not applicable

The progress in implementation of share repurchase by centralized competitive bidding

Applicable      Not applicable

**(III) Undertakings not yet performed after the due date during the reporting period by the Company's beneficial controller(s), shareholder(s), acquirer(s), or the Company**

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), acquirer(s) or the Company.

**(IV) Securities investment**

Applicable      Not applicable

During the reporting period, there were no securities investments.

**(V) Particulars of entrusted wealth management**

Applicable     Not applicable

Unit: RMB (in ten thousand)

Product type	Source of funding for entrusted wealth management	Subscription amount of entrusted wealth management	Amount of undue principal and revenue	Overdue balance
Bank wealth management products	Self-owned funds	263,000.00	255,000.00	-

**(VI) Derivatives investment**

Applicable      Not applicable

Unit: RMB (in ten thousand)

Name of operators of derivatives investment	Connection	Whether or not a connected transaction	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	7109.23	1 January 2019	30 September 20	7109.23	17485.64	14991.56		9603.31	1.16	-51.79

			contracts			19							
Total				7109.23	--	--	7109.23	17485.64	14991.56		9603.31	1.16	-51.79
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)				29 March 2019									
Date of the announcement disclosing the approval of derivatives investment during shareholders' meetings (if any)				Not applicable									
Risk analysis of positions in derivatives and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk etc.) during the reporting period				<p>The derivatives business conducted by the Company mainly are the forward foreign exchange contracts entered into for the purpose of avoiding the risk of foreign exchange fluctuations related to the overseas sales receivables. The Company determines a reasonable range of foreign exchange rates to achieve the hedging purpose.</p> <p>The Company has formulated the "Management Measures for the Foreign Exchange Capital Business" 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 business of foreign exchange derivatives. 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 of derivatives' fair value shall be disclosed				<p>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 recognized 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 recognized a gain on change in fair value of the derivatives of RMB 2.0968 million, investment gain amounted to RMB -2.6147 million, resulting in a total profits or losses of RMB -0.5179 million.</p>									
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				<p>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.</p>									
Specific opinions of independent Directors on the derivatives investment and risk control of the Company				<p>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.</p>									

**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 2019

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