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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 FIRST 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 “**Supervisory Committee**”), the directors (the “**Directors**”), the supervisors (the “**Supervisors**”) and the senior management (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 2020 first quarterly report.
4. The financial statements of the Company for the first 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 make retrospective adjustment to or restatement of the accounting data of prior years due to changes in accounting policies and correction of accounting errors?

Yes No

Items	This reporting period	The period last year	Increase or decrease of this reporting period as compared to the corresponding period last year (%)
Operating revenue (RMB)	7,585,620,733.19	8,686,763,509.65	-12.68
Net profits attributable to shareholders of listed company (RMB)	43,550,392.57	421,644,890.03	-89.67
Net profits attributable to shareholders of listed company after deducting extraordinary profit and loss (RMB)	-37,404,936.92	390,578,128.46	Not Applicable
Net cash flow from operating activities (RMB)	51,278,516.92	219,895,563.30	-76.68
Basic earnings per share (RMB/share)	0.03	0.31	-90.32
Diluted earnings per share (RMB/share)	0.03	0.31	-90.32
Weighted average rate of return on net assets (%)	0.50	5.57	5.07 percentage point decrease
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(%)
Total assets (RMB)	33,148,515,955.91	33,990,663,543.85	-2.48
Net assets attributable to shareholders of listed company (RMB)	8,754,788,164.11	8,721,593,732.62	0.38

Extraordinary 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)	-553,383.40	
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)	71,702,920.38	
Gain or loss arising from entrusted investment or entrusted asset management	20,697,764.37	
Non-operating income and expenses other than the aforementioned items	11,034,519.33	
Less: Effect of income tax	14,965,489.41	

Effect of minority interests (after tax)	6,961,001.78	
Total	80,955,329.49	--

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		39,507					
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 ^{Note1}	Foreign legal person	33.55%	457,193,069	0			
The Hong Kong Securities Clearing Company (HKSCC) ^{Note2}	Foreign legal person	2.33%	31,721,103	0			
Cental Huijin Asset Management Ltd.	State-owned legal person	1.95%	26,588,700	0			
Bank of Communications – HSBC Jintrust Fund Management Stock Securities Investment Fund* (交通銀行股份有限公司-滙豐晉信大盤股票型證券投資基金)	Other	0.90%	12,321,501	0			
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) ^{Note3}	Other	0.85%	11,553,288	0			
Zhang Shao Wu	Domestic natural person	0.53%	7,200,000	0			
Northeast Securities Co., Ltd.	State-owned legal person	0.47%	6,383,543	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) ^{Note3}	Other	0.46%	6,218,850	0			
Guotai Junan Securities Capital Management-China Everbright Bank-Guotai Junan Jundeming Mixed Collective Asset Management Plan* (國泰君安證券資管-光大銀行-國泰君安君得明混合型集合資產管理計劃)	Other	0.35%	4,740,000	0			
The shareholding of the top ten holders of ordinary shares not subject to selling restrictions							
Name of Shareholder		Number of shares held		Class of shares			

	not subject to selling restrictions	Class of shares	Quantity
Qingdao Hisense Air-conditioning Company Limited	516,758,670	RMB ordinary shares	516,758,670
HKSCC Nominees Limited ^{Note1}	457,193,069	Overseas listed foreign shares	457,193,069
The Hong Kong Securities Clearing Company (HKSCC) ^{Note2}	31,721,103	RMB ordinary shares	31,721,103
Cental Huijin Asset Management Ltd.	26,588,700	RMB ordinary shares	26,588,700
Bank of Communications - HSBC Jintrust Fund Management Stock Securities Investment Fund* (交通銀行股份有限公司-滙豐晉信大盤股票型證券投資基金)	12,321,501	RMB ordinary shares	12,321,501
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) ^{Note3}	11,553,288	RMB ordinary shares	11,553,288
Zhang Shao Wu	7,200,000	RMB ordinary shares	7,200,000
Northeast Securities Co., Ltd.	6,383,543	RMB ordinary shares	6,383,543
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) ^{Note3}	6,218,850	RMB ordinary shares	6,218,850
Guotai Junan Securities Capital Management-China Everbright Bank- Guotai Junan Jundeming Mixed Collective Asset Management Plan* (國泰君安證券資管-光大銀行-國泰君安君得明混合型集合資產管理計劃)	4,740,000	RMB ordinary shares	4,740,000

Note 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. By the end of the Reporting Period, Hisense (Hong Kong) Company Limited held a total of 124,452,000 H shares of the Company as at representing 9.13% of the total number of shares of the Company.

Note 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 participant.

Note 3: The fund managers of 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) and 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) are both Bosera Fund Management Co., Ltd.*

Save as disclosed above, the Company is not aware of whether any shareholders is connected with each other or any of them is 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	Opening balance	Change (%)	Reason for the change
Notes receivable	733,378,588.13	1,095,849,666.16	-33.08	Mainly due to the decrease of the collection of payments in notes during this reporting period
Other non-current assets	2,864,295,232.34	2,148,329,801.65	33.33	Mainly due to the increase of fixed term deposit at the end of this reporting period
Short-term borrowings	370,491,791.68	100,083,424.66	270.18	Mainly due to the increase of short-term borrowings of the subsidiaries of the Company at the end of this reporting period
Employee remunerations payable	408,726,404.37	620,495,237.41	-34.13	Mainly due to the decrease of employee remunerations payable at the end of this reporting period which result from the scale down during this reporting period
Other comprehensive income	15,962,540.27	26,318,501.35	-39.35	Mainly due to the decrease of recognized other equity changes of associate companies during this reporting period
Income Statement items	Closing balance	Opening balance	Change (%)	Reason for the change
Taxes and surcharges	43,895,861.24	70,302,584.85	-37.56	Mainly due to the decrease of city maintenance and construction tax and the educational surcharges during this reporting period
Management expenses	167,943,577.38	122,628,797.65	36.95	Mainly due to the item contains financial data of Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (“Hisense Hitachi”) during this reporting period
Research and development expenses	275,527,711.33	175,400,225.39	57.09	Due to the increase of research and development investment
Investment gain	26,354,734.00	196,479,330.06	-86.59	Mainly due to the profits of Hisense Hitachi in the same period of last year is accounted by equity method and recognized as investment income
Non-operating incomes	49,519,333.15	11,861,786.54	317.47	Mainly due to the increase of received government subsidies during this reporting period
Cash Flow Statement items	The balance form the year beginning to the end of this reporting period	The balance of last period	Change (%)	Reason for the change
Cash received from sales of goods and rendering of services	7,742,250,847.74	5,907,524,074.58	31.06	Mainly due to the item contains financial data of Hisense Hitachi during this reporting period
Cash paid for purchases	5,747,596,862.32	4,091,890,423.25	40.46	Mainly due to the item contains

of commodities and receipt of services				financial data of Hisense Hitachi during this reporting period
Cash paid to and for employees	1,163,596,013.44	893,433,079.07	30.24	Mainly due to the item contains financial data of Hisense Hitachi during this reporting period
Cash received relating to other investing activities	2,538,707,519.43	460,000,000.00	451.89	Mainly due to the item contains financial data of Hisense Hitachi and the increase of the expired wealth management products during this reporting period
Cash paid relating to other investing activities	2,950,000,000.00	300,000,000.00	883.33	Mainly due to the item contains financial data of Hisense Hitachi and the increase in purchase of wealth management products during this reporting period

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

Applicable Not applicable

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 (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's wealth management product	Self-owned funds	237,000.00	219,000.00	0.00
Total		237,000.00	219,000.00	0.00

During the reporting period, the Company did not have high-risk entrusted wealth management with single amount or low security, poor liquidity and no insurance, and there was no expectation that the entrusted wealth management could not recover the principal or other circumstances that might lead to impairment.

5. 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 contracts	0.00	1 January 2020	31 March 2020	0.00	16,729.95	1,417.02		15,312.93	1.75	-113.84
Total				0.00	--	--	0.00	16,729.95	1,417.02		15,312.93	1.75	-113.84
Source of derivatives investment funding				Export trade payment									
Litigation involved (if applicable)				N/A									
Date of the announcement disclosing the approval of derivatives investment by the Board (if any)				15 April 2020									
Date of the announcement disclosing the approval of derivatives investment during shareholders' meetings (if any)				N/A									
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				<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 -1.16 million, investment gain amounted to RMB0.02 million,</p>									

of derivatives' fair value shall be disclosed	resulting in a total profits or losses of RMB-1.14 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.

6. Illustration on adjustments of financial statements

1) Illustration on financial statements at the beginning of the year when the New Revenue Standard or the New Leasing Standard applied for the first time in the year 2020

Applicable Not applicable

2) Illustration on retrospective prior period adjustment when the New Revenue Standard or the New Leasing Standard applied for the first time in the year 2020

Applicable Not applicable

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 April 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 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.