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Hisense 海信家電

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)

CONNECTED TRANSACTION CAPITAL INJECTION AGREEMENT IN RELATION TO HISENSE FINANCIAL HOLDINGS CO., LTD.

CAPITAL INJECTION AGREEMENT

The Board announces that on 28 September 2020 (after trading hours), the Company entered into the Capital Injection Agreement with (i) Hisense Financial Investment; (ii) Hisense Electronic Equipment; and (iii) Hisense International, each being an existing equity holder of Hisense Financial Holdings, pursuant to which the Existing Equity Holders would inject a total of RMB100,000,000 additional registered capital into Hisense Financial Holdings in proportion to their respective equity interests in Hisense Financial Holdings.

As at the date of this announcement, Hisense Financial Holdings is 29% owned by Hisense Financial Investment, 27% owned by Hisense Electronic Equipment, 24% owned by the Company and 20% owned by Hisense International.

Pursuant to the Capital Injection Agreement, the Company will inject RMB24,000,000 as additional registered capital of Hisense Financial Holdings.

Following the Capital Injection, the total registered capital of Hisense Financial Holdings will be increased from RMB1,000,000,000 to RMB1,100,000,000. The Company holds and will continue to hold 24% of the equity interest in Hisense Financial Holdings before and after the Capital Injection. Each of the Existing Equity Holders will finance its capital commitment under the Capital Injection Agreement by self-owned funds.

HONG KONG LISTING RULE IMPLICATIONS

As at the date of this announcement, as (i) Hisense Group (through its indirect interest in the Company held by Hisense Air-conditioning and Hisense HK) is the controlling shareholder of the Company; and (ii) each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a subsidiary of Hisense Group, each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a connected person of the Company according to the Hong Kong Listing Rules. As Hisense Financial Investment, Hisense Electronic Equipment and Hisense International collectively

holds 76% of the equity interest in Hisense Financial Holdings, Hisense Financial Holdings is also a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Capital Injection is a connected transaction of the Company.

As the highest applicable percentage ratio for the transactions contemplated under the Capital Injection Agreement is more than 0.1% but less than 5%, the Capital Injection Agreement is subject to reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from approval by the independent shareholders of the Company.

CAPITAL INJECTION AGREEMENT

Date

28 September 2020 (after trading hours)

Parties

- (i) The Company;
- (ii) Hisense Financial Investment;
- (iii) Hisense Electronic Equipment; and
- (iv) Hisense International

As at the date of this announcement, as (i) Hisense Group (through its indirect interest in the Company held by Hisense Air-conditioning and Hisense HK) is the controlling shareholder of the Company; and (ii) each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a subsidiary of Hisense Group, each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a connected person of the Company according to the Hong Kong Listing Rules.

Registered capital and equity interests in Hisense Financial Holdings

Pursuant to the Capital Injection Agreement, the Existing Equity Holders would inject a total of RMB100,000,000 additional registered capital into Hisense Financial Holdings in proportion to their respective equity interests in Hisense Financial Holdings.

As at the date of this announcement, Hisense Financial Holdings is 29% owned by Hisense Financial Investment, 27% owned by Hisense Electronic Equipment, 24% owned by the Company and 20% owned by Hisense International.

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Following the Capital Injection, the total registered capital of Hisense Financial Holdings will be increased from RMB1,000,000,000 to RMB1,100,000,000. The Company holds and will continue to hold 24% of the equity interest in Hisense Financial Holdings before and after the Capital Injection.

Prior to and immediately after the Capital Injection, the Existing Equity Holders' equity interests in the registered capital of Hisense Financial Holdings are as follows:

Name of the Existing Equity Holder	Prior to the completion of the Capital Injection		Capital Injection contemplated under the Capital Injection Agreement (RMB)	Immediately after the completion of the Capital Injection	
	Registered capital of Hisense Financial Holdings (RMB)	Equity interest (%)		Registered capital of Hisense Financial Holdings (RMB)	Equity interest (%)
Hisense Financial Investment	290,000,000	29%	29,000,000	319,000,000	29%
Hisense Electronic Equipment	270,000,000	27%	27,000,000	297,000,000	27%
The Company	240,000,000	24%	24,000,000	264,000,000	24%
Hisense International	200,000,000	20%	20,000,000	220,000,000	20%
Total	1,000,000,000	100%	100,000,000	1,100,000,000	100%

Basis of consideration

The amount of capital contribution under the Capital Injection Agreement was determined after arm's length negotiation among the parties to the Capital Injection Agreement with reference to the capital requirement of Hisense Financial Holdings.

Each of the Existing Equity Holders will finance its capital commitment under the Capital Injection Agreement by self-owned funds.

Completion

As soon as possible after the signing of the Capital Injection Agreement, all parties shall complete the filing procedures with the relevant industry and commerce authorities of the PRC in respect of the Capital Injection and the corresponding amendments to the articles of association of Hisense Financial Holdings. The board of directors and supervisory committee of Hisense Financial Holdings shall remain unchanged.

Pursuant to the Capital Injection Agreement, each of the Existing Equity Holders shall pay their respective contributions under the Capital Injection to Hisense Financial Holdings within 15 days after the completion of the registration with the relevant industry and commerce authorities of the PRC in relation to the Capital Injection.

INFORMATION RELATING TO THE GROUP, THE EXISTING EQUITY HOLDERS AND HISENSE FINANCIAL HOLDINGS

The Group is principally engaged in research and development, manufacturing and marketing of electrical products such as refrigerators, household air-conditioners, central air-conditioners, freezers, washing machines and kitchen appliances.

Hisense Financial Investment was incorporated in 2017 and has a registered capital of RMB270,000,000. Its legal representative is Mr. Tang Ye Guo and its registered address is at 399 Songling Road, Laoshan District, Qingdao City, Shandong Province. The principal business of Hisense Financial Investment includes: external investment of self-owned assets, equity investment, asset management, investment management and business information

consultation. The ultimate beneficial owner of Hisense Financial Investment is State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會).

Hisense Electronic Equipment was incorporated in 2009 and has a registered capital of RMB50,000,000. Its legal representative is Mr. Tang Ye Guo and its registered address is at Room 201, No.1 Building, Hisense Information Industrial Park, 218 Qian Wan Gang Road, Qingdao Economic and Technological Development Zone, Qingdao City. The principal business of Hisense Electronic Equipment includes: sales, servicing and agent of special purpose electrical appliances, consumer electronics, communication equipment, air conditioners, energy saving products, explosion protected products, household appliances, integrated micro modular data center, micro module system of data center, uninterruptible power supply system, automatic switch, power supply and distribution equipment (AC power distribution cabinet/box, communication AC/DC power distribution cabinet). The ultimate beneficial owner of Hisense Electronic Equipment is State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會).

Hisense International was incorporated in 2008 and has a registered capital of RMB30,000,000. Its legal representative is Mr. Lin Lan and its registered address is at 218 Qian Wan Gang Road, Qingdao Economic and Technological Development Zone, Qingdao City. The principal of Hisense International includes: the operation and agent of import and export of goods, import and export of technology; planning of corporate marketing; carrying on sino-foreign joint venture and cooperative production business; and carrying on the business of “The Three-plus-one Trading-mix”. Hisense International is 12.67% owned by the Company. The ultimate beneficial owner of Hisense International is State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會).

Hisense Financial Holdings was incorporated in 2017. Its legal representative is Mr. Tang Ye Guo and its registered address is at 168 Ningdong Road, Blue New Zone, Economic Development District, Jimo City, Qingdao City, Shandong Province. The business scope of Hisense Financial Holdings includes: engaging in asset management, investment management, equity investment, equity investment management, venture capital investment, and venture capital investment management with its own capital, security business investment management, entrusted management of equity investment fund, technology investment and technology consultation in financial software, business management and consultation, business information consultation, commencement of debt investment, short-term financial investment, investment planning and consultation which targeted on the entity’s economic project within the approved regions. The Company holds 24% equity interest in Hisense Financial Holdings. The ultimate beneficial owner of Hisense Financial Holdings is State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會).

The audited consolidated financial information of Hisense Financial Holdings is as follows:

	For the year ended 31 December 2018 (RMB million)	For the year ended 31 December 2019 (RMB million)
Net profit before taxation	74.24	117.98
Net profit after taxation	64.75	107.84

According to the unaudited consolidated financial statements of Hisense Financial Holdings, the unaudited consolidated total assets and net assets of Hisense Financial Holdings as at 30 June 2020 were approximately RMB10,854.27 million and RMB1,225.78 million, respectively.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Capital Injection meets the business needs of Hisense Financial Holdings and is conducive to the further improvement of the business scale of Hisense Financial Holdings, which is expected to further enhance its competitiveness and lead to the increase in the investment income of the Company.

Mr. Tang Ye Guo, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui Zhong, Mr. Duan Yue Bin and Mr. Fei Li Cheng, being Directors, have abstained from voting on the relevant board resolution for approving the Capital Injection Agreement and the connected transaction contemplated under it, given that they are also the directors or senior management of Hisense Group and/or some of its subsidiaries (including Hisense Financial Investment, Hisense Electronic Equipment and Hisense International). Save as disclosed, none of the other Directors has material interests in the Capital Injection.

The Directors (including the independent non-executive Directors) consider that although the Capital Injection is not in the ordinary and usual course of business of the Company, the Capital Injection is concluded after arm's length negotiations and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

HONG KONG LISTING RULE IMPLICATIONS

As at the date of this announcement, as (i) Hisense Group (through its indirect interest in the Company held by Hisense Air-conditioning and Hisense HK) is the controlling shareholder of the Company; and (ii) each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a subsidiary of Hisense Group, each of Hisense Financial Investment, Hisense Electronic Equipment and Hisense International is a connected person of the Company according to the Hong Kong Listing Rules. As Hisense Financial Investment, Hisense Electronic Equipment and Hisense International collectively holds 76% of the equity interest of Hisense Financial Holdings, Hisense Financial Holdings is also a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Capital Injection is a connected transaction of the Company.

As the highest applicable percentage ratio for the transactions contemplated under the

Capital Injection Agreement is more than 0.1% but less than 5%, the Capital Injection Agreement is subject to reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from approval by the independent shareholders of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“A Shares”	domestic ordinary shares of the Company with a nominal value of RMB1.00 each and are listed on the Shenzhen Stock Exchange
“Board”	the board of Directors
“Capital Injection”	the injection of registered capital in the aggregate amount of RMB100,000,000 into Hisense Financial Holdings by the Existing Equity Holders in proportion to their respective equity interests in Hisense Financial Holdings
“Capital Injection Agreement”	the capital injection agreement dated 28 September 2020 entered into between the Existing Equity Holders in relation to the Capital Injection
“Company”	Hisense Home Appliances Group Co., Ltd. (海信家電集團股份有限公司), a company incorporated in the PRC with limited liability, whose shares are listed on the Stock Exchange and the Shenzhen Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Equity Holders”	the existing equity holders of Hisense Financial Holdings, namely, Hisense Financial Investment, Hisense Electronic Equipment, the Company and Hisense International
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and are listed on the Stock Exchange

“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, and holds approximately 37.92% of the Shares as at the date of this announcement
“Hisense Electronic Equipment”	Qingdao Hisense Electronic Equipment Co., Ltd.* (青島海信電子設備股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Financial Holdings”	Hisense Financial Holdings Co., Ltd. (青島海信金融控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Financial Investment”	Qingdao Hisense Financial Investment Co., Ltd.* (青島海信金融投資股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Group”	Hisense Company Limited (海信集團有限公司), a company incorporated in the PRC with limited liability
“Hisense HK”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and indirectly controlled by Hisense Group, and holds approximately 9.13% of the Shares as at the date of this announcement
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares
“Shareholder(s)”	the holder(s) of the Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

** For identification purposes only*

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

Foshan City, Guangdong, the PRC, 28 September 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.