

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CONNECTED TRANSACTION PROPERTY FRAMEWORK AGREEMENT

THE PROPERTY FRAMEWORK AGREEMENT

The Board is pleased to announce that, on 15 October 2021, the Company (as purchaser) and Hisense Real Estate (as vendor) entered into the Property Framework Agreement pursuant to which the Company agrees to purchase, and Hisense Real Estate agrees to sell, the Properties at the Consideration of not more than RMB117 million (subject to the price to be determined with reference to the actual floor area to be approved by the relevant government authorities). The Properties are intended to be used as staff quarters.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Hisense Real Estate is a non-wholly owned subsidiary of Hisense Holdings and approximately 59.76% owned by Hisense Holdings, and Hisense Holdings is a controlling shareholder of the Company. Therefore, Hisense Real Estate is a connected person of the Company. Accordingly, the Property Framework Agreement and the transactions contemplated under it constitute a connected transaction under Chapter 14A of the Listing Rules. However, since all the percentage ratios are more than 0.1% but less than 5%, the Property Framework Agreement and the transactions contemplated under it are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

The Board is pleased to announce that, on 15 October 2021, the Company (as purchaser) and Hisense Real Estate (as vendor) entered into the Property Framework Agreement pursuant to which the Company agrees to purchase, and Hisense Real Estate agrees to sell, the Properties at the Consideration of not more than RMB117 million (subject to the price to be determined with reference to the actual floor area to be approved by the relevant government authorities).

THE PROPERTY FRAMEWORK AGREEMENT AND THE PROPERTIES

The terms of the Property Framework Agreement and details of the Properties are set out below:

Date : 15 October 2021

Parties	<ul style="list-style-type: none"> : The Company as purchaser Hisense Real Estate as vendor
Subject matter	<ul style="list-style-type: none"> : The Project is a new property development developed by Hisense Real Estate for first-hand sale to the public and located at No. 567 Liaoyang West Road, Shibei District, Qingdao, Shandong, the PRC (which is currently under construction). <p>The Properties are part of the properties on the 14th to 21st floors of block 2 of the Project, comprising a total of 127 units with a total planned gross floor area of 5,141.14 square metres (subject to the actual floor area to be approved by the relevant government authorities), which are intended to be used as staff quarters of the Group.</p> <p>The Properties will be delivered with interior decoration. The conditions of delivery will be set out in the specific business contracts.</p>
Consideration	<ul style="list-style-type: none"> : Not more than RMB117 million (subject to the price to be determined with reference to the actual floor area to be approved by the relevant government authorities).
Payment terms	<ul style="list-style-type: none"> : The Group will make a lump sum payment with its own funds and the specific payment method will be determined in accordance with the payment terms agreed in the specific business contracts signed by both parties. The specific time of payment will be no earlier than the time of payment required for the sale of properties by Hisense Real Estate to independent third parties.
Specific business contracts	<ul style="list-style-type: none"> : Each of the Company and Hisense Real Estate can authorise its subsidiaries to perform and take up the obligations and benefits under the Property Framework Agreement and they will use their best endeavours to enter into a specific business contract for each of the Properties before 31 December 2021. <p>If there is any inconsistency between the Property Framework Agreement and the specific business contracts, the Property Framework Agreement prevails.</p> <p>As at the date of this announcement, Hisense Real Estate expects to deliver the Properties by June 2024.</p> <p>The Project is a new property development developed by Hisense Real Estate for first-hand sale to the public. The Consideration, which is based on the comparable properties in the market and the selling price of the properties under the Project offered by Hisense Real Estate to the public, is determined by arm's length negotiations between the parties to the transaction in accordance with the principles of fairness and reasonableness. The purchase price of the land under the Project is approximately RMB924 million.</p>

The specific business contracts will set out specific terms such as registration, price adjustment due to discrepancy between the gross floor area and actual floor area, termination, delayed delivery and remedies.

As at the date of this announcement, the value of the Properties is approximately RMB125 million, being the selling price of the Properties offered to third parties independent of the Company and its connected person.

INFORMATION ON THE COMPANY AND HISENSE REAL ESTATE

The Company

The Company and its subsidiaries are principally engaged in research and development, manufacturing and marketing of electrical products such as refrigerators, household air-conditioners, central air-conditioners, freezers, washing machines, kitchen appliances, etc and automotive air conditioner compressor and integrated thermal management system.

Hisense Real Estate

Hisense Real Estate is a company incorporated in the PRC and is approximately 59.76% owned by Hisense Holdings. It is principally engaged in real estate development, renovation and decoration design, real estate construction, real estate agency consulting, information services, replacement, sale and leasing of real estate, property rights agency (limited to real estate agency operation branches), economic and technical consulting. It owns the development and operation management rights of the Project. No additional cost will be required for the construction of the Properties from the Group.

The controlling shareholder of Hisense Real Estate is Hisense Holdings. Hisense Holdings has no effective controller and its single largest shareholders are Qingdao Xinfeng Information Technology Co., Ltd.* (青島新豐資訊技術有限公司) and Shanghai Haifeng Shipping Co., Ltd.* (上海海豐航運有限公司), which are parties acting in concert and collectively own 27.00% interest in Hisense Holdings. The remaining interest in Hisense Holdings is (i) 26.79% owned by Hisense Group Limited* (海信集團有限公司), and (ii) 46.21% owned by Qingdao Yuanli Information Consulting Co., Ltd.* and partnerships* (青島員利資訊諮詢股份有限公司及合夥企業), Qingdao Hengxin Chuangshi Electronic Technology Co., Ltd.* (青島恒信創勢電子技術有限公司) and position incentive shareholders (崗位激勵股東), collectively. Qingdao Yuanli Information Consulting Co., Ltd. and partnerships* (青島員利資訊諮詢股份有限公司及合夥企業), and Qingdao Hengxin Chuangshi Electronic Technology Co., Ltd.* (青島恒信創勢電子技術有限公司) are companies holding interest in Hisense Holdings on behalf of other position incentive shareholders (崗位激勵股東).

REASONS FOR AND BENEFITS OF THE PROPERTY FRAMEWORK AGREEMENT

In order to meet the operation needs of the Group and improve the environment of its staff quarters, the Board decided to purchase the Properties as staff quarters. The Directors (including the independent non-executive Directors) consider that the terms of the Property Framework Agreement are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Property Framework Agreement and the transactions contemplated under it. However, Mr. Duan Yue Bin, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui

Zhong and Mr. Fei Li Cheng, as directors of Hisense Holdings, have abstained from voting on the resolutions for approving the Property Framework Agreement and the transactions contemplated under it.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Hisense Real Estate is a non-wholly owned subsidiary of Hisense Holdings and approximately 59.76% owned by Hisense Holdings, and Hisense Holdings is a controlling shareholder of the Company. Therefore, Hisense Real Estate is a connected person of the Company. Accordingly, the Property Framework Agreement and the transactions contemplated under it constitute a connected transaction under Chapter 14A of the Listing Rules. However, since all the percentage ratios are more than 0.1% but less than 5%, the Property Framework Agreement and the transactions contemplated under it are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	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 PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“Consideration”	not more than RMB 117 million (subject to the price to be determined with reference to the actual floor area to be approved by the relevant government authorities)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hisense Holdings”	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
“Hisense Real Estate”	Qingdao Hisense Real Estate Company Limited* (青島海信房地產股份有限公司), a company incorporated in the PRC with limited liability
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the Hisense-Liaoyang Road No. 7 property project located at No. 567 Liaoyang West Road, Shibei District, Qingdao, Shandong, the PRC
“Properties”	the subject properties are part of the properties on the 14 th to 21 st floors of block 2 of the Project, comprising a total of 127 units with a total planned gross floor area of 5,141.14 square metres (subject to the actual floor area to be approved by the relevant government authorities)
“Property Framework Agreement”	the property framework agreement dated 15 October 2021 entered into between the Company and Hisense Property in relation to the acquisition of the Properties at No. 7 Hisense-Liaoyang Road
“Shareholder(s)”	the shareholder(s) of the Company
“%”	per cent

English translations of the names in Chinese or another language in this announcement which are marked with “” are for identification purposes only.*

By order of the Board
Hisense Home Appliances Group Co., Ltd.
Duan Yue Bin
Chairman

Foshan City, Guangdong, the PRC, 15 October 2021

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