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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)*

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 22 January 2021 in relation to, inter alia, the Existing Business Co-operation Agreement regarding the sale and purchase of electrical appliances, raw materials, parts and components, supply of moulds, and the provision by or to the Group of various services.

Based on (i) the historical transaction amount incurred for the purchase of electrical appliances by the Group and the provision of technical support services to the Group from 22 January 2021 up to 30 November 2021; and (ii) the increase in the expected transaction amount for the purchase of electrical appliances by the Group and the provision of technical support services to the Group in 2021 and 2022 due to the further cooperation between the Group and the Johnson Hitachi Group, the Board expected that the Original Annual Caps for the purchase of electrical appliances by the Group and the provision of technical support services to the Group under the Existing Business Co-operation Agreement may not be sufficient to the meet the needs of the Group's business. On 27 December 2021, the Company and Johnson Hitachi entered into the Business Co-operation Agreement to terminate and supersede the Existing Business Co-operation Agreement and to provide for the revised Annual Caps for the purchase of electrical appliances by the Group and the provision of technical support services to the Group (which are Transactions numbered (5) and (7) as elaborated below). Furthermore, the Business Co-operation Agreement provides that the historical transaction amount under the Existing Business Co-operation Agreement will be carried forward to the Business Co-operation Agreement. Save for the aforesaid, all the other annual caps and material terms of the Existing Business Co-operation Agreement remain unchanged and are repeated in the Business Co-operation Agreement.

As at the date of this announcement, as (i) Hisense Hitachi is a subsidiary of the Company; and (ii) Johnson Hitachi is the holding company of two substantial shareholders of Hisense Hitachi (namely, Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited (江森自控日立空調貿易 (香港) 有限公司) and Johnson Controls-Hitachi Air Conditioning Taiwan Co., Ltd (台灣日立江森自控股份有限公司)), Johnson Hitachi Group are connected persons of the Company at the subsidiary level under Chapter 14A of the Hong Kong Listing Rules. Therefore, the Transactions will constitute continuing connected

transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Board has approved the Business Co-operation Agreement and the Transactions. The Directors (including the independent non-executive Directors) have also confirmed that the terms of the Business Co-operation Agreement and the Transactions are fair and reasonable, the Business Co-operation Agreement and the Transactions are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Hong Kong Listing Rules, the Business Co-operation Agreement and the Transactions are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements.

BACKGROUND

Reference is made to the announcement dated 22 January 2021 in relation to, *inter alia*, the Existing Business Co-operation Agreement regarding the sale and purchase of electrical appliances, raw materials, parts and components, supply of moulds, and the provision by or to the Group of various services.

Based on (i) the historical transaction amount incurred for the purchase of electrical appliances by the Group and the provision of technical support services to the Group from 22 January 2021 up to 30 November 2021; and (ii) the increase in the expected transaction amount for the purchase of electrical appliances by the Group and the provision of technical support services to the Group in 2021 and 2022 due to the further cooperation between the Group and the Johnson Hitachi Group, the Board expected that the Original Annual Caps for the purchase of electrical appliances by the Group and the provision of technical support services to the Group under the Existing Business Co-operation Agreement may not be sufficient to meet the needs of the Group's business. On 27 December 2021, the Company and Johnson Hitachi entered into the Business Co-operation Agreement to terminate and supersede the Existing Business Co-operation Agreement and to provide for the revised Annual Caps for the purchase of electrical appliances by the Group and the provision of technical support services to the Group (which are Transactions numbered (5) and (7) as elaborated below). Furthermore, the Business Co-operation Agreement provides that the historical transaction amount under the Existing Business Co-operation Agreement will be carried forward to the Business Co-operation Agreement. Save for the aforesaid, all the other annual caps and material terms of the Existing Business Co-operation Agreement remain unchanged and are repeated in the Business Co-operation Agreement.

BUSINESS CO-OPERATION AGREEMENT

Date: 27 December 2021

Parties: The Company; and
Johnson Hitachi

Term:

The Business Co-operation Agreement shall commence from the date of signing of the Business Co-operation Agreement until 31 December 2022. It can be terminated before its expiration by mutual agreement of the parties.

Subject matters:

The Transactions will be conducted in the ordinary and usual course of business of the parties, on normal commercial terms and on terms not less favourable to the parties than terms available to or from (as appropriate) Independent Third Parties. The Business Co-operation Agreement does not restrict the rights of the parties (as the case may be) to sell or purchase products or services contemplated under the Business Co-operation Agreement from any other purchasers or suppliers (as the case may be).

The Business Co-operation Agreement is a framework agreement between the parties on the maximum transaction amount in relation to the Transactions. The parties will enter into specific contracts for the Transactions, based on the results of the negotiation of the parties. The contents of the specific contracts shall be in line with the principles on transaction amount and the agreed terms as stated in the Business Co-operation Agreement. The specific contracts shall at least contain the following terms: models and quantities of the relevant products (services) for the sale and purchase of electrical appliances, supply of raw materials, parts and components, moulds, pricing principles, quality standards and assurances, settlement methods, delivery methods, technical services and obligations in the event of default, etc.

Either party can authorise and delegate its subsidiaries to perform the corresponding obligations and enjoy the corresponding rights under the Business Co-operation Agreement. Specific contracts shall be entered into between the subsidiaries of the parties separately and the transaction amount in respect of such specific contracts shall be negotiated and implemented based on the agreed terms in the Business Co-operation Agreement.

Payment term(s) for the Transactions shall be in accordance with the payment term(s) as stipulated in the specific contract(s) to be signed by the relevant parties thereto.

The Company's internal policy regarding continuing connected transactions:

The Company has established the connected transaction management policy (關連交易管理辦法) (the “**CT Management Policy**”) for the purpose of ensuring that connected transactions will be conducted in a fair, equal and public manner, on normal commercial terms and not prejudicial to the interests of the Company and its independent Shareholders.

According to the rules of the CT Management Policy, before a definitive transaction is conducted, the Company will compare the pricing of similar transactions with or quotations obtained from at least three randomly selected Independent Third Parties. Commencement of the definitive transaction with the connected party/parties is conditional upon the Company’s assurance that the price of such continuing connected transaction, according to the principles of fairness and reasonableness, is no less favourable to the Group than those offered by Independent Third Parties in order to ensure fairness of the price of the continuing connected transaction as well as the interests of the Company and the independent Shareholders as a whole.

Following the requirements under the CT Management Policy, the operation departments of the Group will compare the terms of the proposed continuing connected transaction to similar transactions with Independent Third Parties or quotations offered by Independent Third Parties (as the case may be) prior to the execution of the relevant orders or contracts. Before an order or a definitive contract for a transaction is placed, accepted or entered into

by the Group, the operation departments of the Group will, depending on the circumstances at that time, either obtain the pricing of similar transactions from at least three Independent Third Parties through public channels, or invite at least three Independent Third Parties who are interested in the transaction to provide or offer their quotations, for the purpose of comparing the pricing of similar transactions. If the operation department of the relevant business sector is of the view that the terms of the proposed orders or contracts are less favourable to the Group than those with or offered by Independent Third Parties, it will report to the senior management who will negotiate with the connected party on the terms of the relevant orders or contracts. If, after negotiation, the connected party cannot offer terms which are no less favourable to the Group than those with or offered by Independent Third Parties, the Group will not execute the relevant orders or contracts.

The finance department and securities department of the Company are responsible for the collection and summarisation of all information in relation to the continuing connected transactions from each operation department (including but not limited to the control list for the continuing connected transactions, and transaction invoices and contracts) and will prepare a summary report regarding the conduct of the continuing connected transactions periodically and make timely report to the senior management regarding the operating status of the continuing connected transactions of the Group. They will also conduct a monthly review on the terms of the continuing connected transaction and compare such terms with those of the similar transactions with Independent Third Parties. In addition, the Company conducts annual review on the execution of the continuing connected transactions of the Group.

The legal affairs department of the Company is responsible for reviewing and approving the Business Co-operation Agreement and the specific contracts contemplated under the Business Co-operation Agreement.

The Transactions contemplated under the Business Co-operation Agreement are in connection with the following aspects:

(1) Supply of electrical appliances

The Group has agreed to supply electrical appliances to Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

Pricing for the supply of electrical appliances is determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar transactions from at least three independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the supply of electrical appliances by the Group to Johnson Hitachi Group amounted to RMB217,512,580.78 (exclusive of VAT and audited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31

December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the supply of electrical appliances by the Group to Johnson Hitachi Group are subject to the Annual Cap of RMB420,370,000 and RMB567,480,000, respectively (exclusive of VAT).

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; (ii) the prevailing market demand of central air-conditioners; and (iii) the projected level of production and sales of central air-conditioners by the Group to Johnson Hitachi Group for the financial years ending 31 December 2021 and 31 December 2022.

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was also determined with reference to the following forecast of the year-on-year growth rate of the sales of central air-conditioners by the Group to Johnson Hitachi Group: (i) approximately 93% for the year ending 31 December 2021; and (ii) approximately 35% for the year ending 31 December 2022.

(2) Supply of raw materials, parts and components

The Group has agreed to supply raw materials, parts and components to Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

Pricing for the supply of raw materials, parts and components is determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar transactions from at least three independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the supply of raw materials, parts and components by the Group to Johnson Hitachi Group amounted to RMB9,063,700.12 (exclusive of VAT and audited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the supply of raw materials, parts and components by the Group to Johnson Hitachi Group are subject to the Annual Cap of RMB15,490,000 and RMB20,120,000, respectively (exclusive of VAT).

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; (ii) the prevailing market demand of central air-conditioners; and (iii) the projected level of production and sales of central air-conditioners by the Group to Johnson Hitachi Group for the financial years ending 31 December 2021 and 31 December

2022.

As stated in the Company's announcement dated 22 January 2021, the supply of raw materials, parts and components by the Group to Johnson Hitachi Group is a business ancillary to the sale of central air-conditioners by the Group to Johnson Hitachi Group. The supply time of raw materials, parts and components is longer than the supply time of electrical appliances. In addition, supplying raw materials, parts and components to Johnson Hitachi Group is conducive to the sale of electrical appliances. The year-on-year growth rate of the sales of raw materials, parts and components by the Group to Johnson Hitachi Group is anticipated to be: (i) approximately 71% for the year ending 31 December 2021; and (ii) approximately 30% for the year ending 31 December 2022.

(3) Supply of moulds

The Group has agreed to supply moulds to Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

The pricing of the supply of moulds will be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar moulds supplied to at least three Independent Third Parties selected from time to time.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the supply of moulds by the Group to Johnson Hitachi Group amounted to approximately RMB nil (exclusive of VAT and audited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the supply of moulds by the Group to Johnson Hitachi Group are subject to the Annual Cap of RMB790,000 and RMB790,000, respectively (exclusive of VAT).

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was determined with reference to the projected level of the supply of moulds by the Group to Johnson Hitachi Group for the financial years ending 31 December 2021 and 31 December 2022.

(4) Provision of information system services to Johnson Hitachi Group

The Group has agreed to provide information system services to Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

The fees payable for the information system services are determined by commercial negotiations according to the principles of fairness and reasonableness between the parties with reference to the market price for the provision of similar services to at least three

independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the provision of information system services by the Group to Johnson Hitachi Group amounted to RMB64,053.45 (exclusive of VAT and audited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the provision of information system services by the Group to Johnson Hitachi Group are subject to the Annual Cap of RMB100,000 and RMB100,000, respectively (exclusive of VAT).

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; and (ii) the projected level of the provision of information system services by the Group for the financial years ending 31 December 2021 and 31 December 2022.

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was also determined with reference to the forecast of the year-on-year growth rate of the provision of information system services by the Group to Johnson Hitachi Group at approximately 67% for the year ending 31 December 2021. It is expected that the transaction amount for the year ending 31 December 2022 will be maintained at a level similar to 2021.

(5) Purchase of electrical appliances

The Group has agreed to purchase electrical appliances from Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

Pricing for the purchases of electrical appliances is determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar transactions from at least three independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the purchase of electrical appliances by the Group from Johnson Hitachi Group amounted to RMB19,252,051.70 (exclusive of VAT and audited). For the period from 22 January 2021 to 30 November 2021 (both days inclusive), the aggregate transaction amount amounted to approximately RMB5,400,000 (exclusive of VAT and unaudited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions

regarding the purchase of electrical appliances by the Group from Johnson Hitachi Group are subject to the revised Annual Cap of RMB10,000,000 and RMB100,000,000, respectively (exclusive of VAT).

The above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; (ii) the prevailing market demand of central air-conditioners; and (iii) the projected level of the production and sales of central air-conditioners of the Group for the financial years ending 31 December 2021 and 31 December 2022. The significant increase in the annual cap for 2022 mainly takes into account the growth in sales scale to be achieved by further collaboration between the Group and the Johnson Hitachi Group in 2022.

(6) Purchase of raw materials, parts and components

The Group has agreed to purchase raw materials, parts and components from Johnson Hitachi Group during the term of the Business Co-operation Agreement.

Pricing:

Pricing for the purchases of raw materials, parts and components is determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar transactions from at least three independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the purchase of raw materials, parts and components by the Group from Johnson Hitachi Group amounted to RMB516,331,483.39 (exclusive of VAT and audited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the purchase of raw materials, parts and components by the Group from Johnson Hitachi Group are subject to the Annual Cap of RMB892,800,000 and RMB1,182,360,000, respectively (exclusive of VAT).

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; (ii) the prevailing market demand of central air-conditioners; (iii) the projected level of production and sales of central air-conditioners of the Group for the financial years ending 31 December 2021 and 31 December 2022; and (iv) the Group's expected increase in the proportion of the purchase of raw materials, parts and components by the Group from Johnson Hitachi Group.

As stated in the Company's announcement dated 22 January 2021, the above Annual Cap was also determined with reference to the following forecast of the year-on-year growth rate of the purchase of raw materials, parts and components by the Group from Johnson Hitachi Group: (i) approximately 73% for the year ending 31 December 2021; and (ii) approximately

32% for the year ending 31 December 2022.

(7) Provision of technical support services to the Group

Johnson Hitachi Group has agreed to provide technical support services to the Group during the term of the Business Co-operation Agreement.

Pricing:

The fees payable by the Group for receiving the technical support services are determined by commercial negotiations according to the principles of fairness and reasonableness between the parties with reference to the market prices for the provision of similar transactions from at least three independent third parties.

Historical amount:

For the period from 1 January 2020 to 31 December 2020 (both days inclusive), the aggregate transaction amount for the provision of technical support services to the Group by Johnson Hitachi Group amounted to RMB18,875,349.53 (exclusive of VAT and audited). For the period from 22 January 2021 to 30 November 2021 (both days inclusive), the aggregate transaction amount amounted to approximately RMB24,930,000 (exclusive of VAT and unaudited).

Proposed Annual Cap:

For (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, the Transactions regarding the provision of technical support services to the Group by Johnson Hitachi Group are subject to the revised Annual Cap of RMB25,050,000 and RMB31,590,000, respectively (exclusive of VAT).

The above Annual Cap was determined with reference to: (i) similar transactions between the Group with Johnson Hitachi Group in the past; and (ii) the projected level of technical projects for the financial years ending 31 December 2021 and 31 December 2022. With the further cooperation between the Group and the Johnson Hitachi Group, the fees paid by the Group for the technical support services provided by the Johnson Hitachi Group will also increase.

REASONS FOR AND BENEFITS OF THE BUSINESS CO-OPERATION AGREEMENT

The reciprocal purchase and supply of electrical appliances between the Group and Johnson Hitachi Group

The sale of central air-conditioners by the Group to Johnson Hitachi Group helps to increase the sales scale and the sales revenue of the Group. The purchase of air-conditioners by the Group from Johnson Hitachi Group satisfies the business needs of the Group and enhance the sales scale of the Group.

The supply of raw materials, parts and components by the Group

The supply of raw materials, parts and components by the Group to Johnson Hitachi Group

is a business ancillary to the sale of central air-conditioners by the Group to Johnson Hitachi Group, which satisfies the business needs of the Group and increases the sales revenue of the Group.

The provision of moulds and information system services by the Group

The sale of moulds and provision of information system services by the Group to Johnson Hitachi Group help to satisfy the development needs of the business co-operation between the Group and Johnson Hitachi Group.

The purchase of raw materials, parts and components by the Group

The major types of raw materials, parts and components purchased by the Group from Johnson Hitachi Group are compressors. The Group is engaged in the production of central air-conditioners, which requires the use of compressors, being the important parts and components for its production. The manufacturing capacity and quality of compressor products of Johnson Hitachi Group are higher and the compressor products are of assured quality. The purchase of compressor products from Johnson Hitachi Group is advantageous to the Group in ensuring the quality and functions of the products of the Group, and can enhance the product competitiveness of the Group.

The provision of technical support services to the Group

The provision of technical support services to the Group by Johnson Hitachi Group helps to strengthen the level of technical aspects of the central air-conditioners of the Group, enhance the product competitiveness and maintain the leading advantage of products.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Business Co-operation Agreement, the Transactions and the Annual Caps in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Business Co-operation Agreement and the Transactions and therefore none of them is required to abstain from voting on the board resolutions approving the Business Co-operation Agreement and the Transactions.

INFORMATION RELATING TO THE COMPANY AND JOHNSON HITACHI

The Company 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, kitchen appliances, etc. and automotive air conditioner compressors and integrated thermal management system.

Johnson Hitachi is limited company incorporated in the United Kingdom with its registered address at 9/10 The Briars, Waterberry Drive, Waterlooville, England, PO7 7YH. Johnson Hitachi is the holding company of Johnson Controls-Hitachi (“**JCH**”) and mainly manages investment activities of its subsidiaries. JCH is the joint venture between Johnson Hitachi and Hitachi Global Life Solutions, Inc. and it mainly engages in the research and development, manufacturing and sale of equipment of central air-conditioners and related products. Johnson Controls, Inc. and Hitachi, Ltd. hold 60% and 40% of interest in Johnson Hitachi, respectively.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, as (i) Hisense Hitachi is a subsidiary of the Company; and (ii) Johnson Hitachi is the holding company of two substantial shareholders of Hisense Hitachi (namely, Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited (江森自控日立空調貿易 (香港) 有限公司) and Johnson Controls-Hitachi Air Conditioning Taiwan Co., Ltd (台灣日立江森自控股份有限公司)), Johnson Hitachi Group are connected persons of the Company at the subsidiary level under Chapter 14A of the Hong Kong Listing Rules. Therefore, the Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Board has approved the Business Co-operation Agreement and the Transactions. The Directors (including the independent non-executive Directors) have also confirmed that the terms of the Business Co-operation Agreement and the Transactions are fair and reasonable, the Business Co-operation Agreement and the Transactions are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Hong Kong Listing Rules, the Business Co-operation Agreement and the Transactions are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements.

DEFINITIONS

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

“Annual Cap(s)”	the annual cap(s) for the Transactions for (i) the period commencing from the date of the Business Co-operation Agreement to 31 December 2021; and (ii) the financial year ending 31 December 2022, details of which are set out in this announcement;
“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;
“Business Co-operation Agreement”	the Business Co-operation Agreement (業務合作協議) entered into between the Company and Johnson Hitachi dated 27 December 2021 in relation to the sale and purchase of electrical appliances, raw materials, parts and components, supply of moulds, and the provision by or to the Group of various services;
“Company”	Hisense Home Appliances Group Co., Ltd., a company incorporated in the PRC with limited liability, whose shares are listed on the main board of both the Stock Exchange and the Shenzhen Stock Exchange;

“connected person(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules;
“Director(s)”	director(s) of the Company;
“Existing Business Co-operation Agreement”	the Business Co-operation Agreement (業務合作協議) entered into between the Company and Johnson Hitachi dated 22 January 2021 in relation to the sale and purchase of electrical appliances, raw materials, parts and components, supply of equipment and moulds, and the provision by or to the Group of various services;
“Group”	the Company and its subsidiaries;
“H Shares”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and are listed on the Stock Exchange;
“Hisense Hitachi”	Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd., a company incorporated in the PRC with limited liability;
“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;
“Johnson Hitachi”	Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd., a company incorporated in the United Kingdom;
“Johnson Hitachi Group”	Johnson Hitachi and its subsidiaries;
“Independent Third Parties”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates;
“Original Annual Caps”	the original annual caps for the purchase of electrical appliances by the Group and the provision of technical support services to the Group under the Existing Business Co-operation Agreement;
“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)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Transactions”	the transactions in respect of the sale and purchase of electrical appliances, raw materials, parts and components, supply of moulds, and the provision by or to the Group of various services contemplated under the Business Co-operation Agreement; and
“VAT”	value-added tax.

By order of the Board
Hisense Home Appliances Group Co., Ltd.
Dai Hui Zhong
Chairman

Foshan City, Guangdong, the PRC, 28 December 2021

As at the date of this announcement, the Company’s executive Directors are Mr. Dai Hui Zhong, Mr. Lin Lan, Mr. Jia Shao Qian, 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.