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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 OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) hereby announces the audited financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”), together with the 2020 comparative figures in accordance with China Accounting Standards for Business Enterprises. The following financial information is prepared in accordance with China Accounting Standards for Business Enterprises:

FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

(Unless otherwise specified, all amounts are denominated in RMB)

Audited Consolidated Balance Sheet

Item	Note	31 December 2021	31 December 2020
Assets			
Current assets			
Cash at bank and on hand		7,022,572,498.74	7,110,772,454.16
Transactional financial assets		5,625,841,633.95	2,620,898,474.73
Derivative financial assets			
Notes receivable		228,252,631.50	548,498,540.36
Accounts receivable	5	8,757,077,378.05	6,594,103,859.23
Factoring of accounts receivable		3,669,679,060.94	4,241,240,626.01
Prepayments		346,069,599.65	224,425,215.31
Other receivables		484,042,296.38	398,205,694.16

Including: Interest receivable			
Dividends receivable		153,473,105.41	
Inventories		8,436,699,059.69	4,295,262,485.11
Contract assets		10,202,598.50	
Assets held for sale			
Non-current assets due within one year		2,210,937,867.57	
Other current assets		2,908,448,659.96	4,198,014,186.53
Total current assets		39,699,823,284.93	30,231,421,535.60
Non-current assets			
Investments in debt			
Other investments in debt			
Long-term receivables			
Long-term equity investments		1,436,216,842.15	523,754,399.78
Other equity investment		38,707,912.25	
Other non-current financial assets			
Investment properties		235,340,080.78	36,648,535.29
Fixed assets		5,188,754,013.36	3,879,403,505.69
Construction in progress		665,964,066.15	228,887,385.20
Productive biological assets			
Oil and gas assets			
Right-of-use assets		209,678,045.05	68,097,563.78
Intangible assets		1,644,453,450.06	1,745,045,423.43
Development costs			
Goodwill		226,408,877.76	132,571,746.36
Long-term prepaid expenses		26,229,463.77	33,335,296.27
Deferred tax assets		897,868,944.38	704,014,028.34
Other non-current assets		5,679,104,506.34	4,228,456,393.79
Total non-current assets		16,248,726,202.05	11,580,214,277.93
Total assets		55,948,549,486.98	41,811,635,813.53
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		2,858,984,229.49	22,026,317.50
Transactional financial liabilities		244.38	201,236.00
Derivative financial liabilities			
Notes payable	6	11,513,955,689.58	10,775,376,397.87
Accounts payable	7	11,779,280,708.56	7,291,829,266.10

Advances from customers			
Employee remunerations payable		928,635,430.98	649,954,046.76
Taxes payable		725,413,062.43	498,918,207.73
Other payables		3,425,374,535.37	2,011,559,493.31
Including: Interest payable			
Dividends payable			
Contract liabilities		1,147,112,513.32	1,100,531,262.91
Liabilities held for sale			
Non-current liabilities due within one year		171,349,860.51	29,562,279.68
Other current liabilities		5,462,375,607.34	4,339,380,802.73
Total current liabilities		38,012,481,881.96	26,719,339,310.59
Non-current liabilities			
Long-term borrowings		32,382,835.84	
Bonds payable			
Including: Preferred shares			
Perpetual debts			
Lease liabilities		395,949,053.40	28,356,873.04
Long-term payables			
Long-term employee remunerations payable		143,732,252.27	
Provisions		1,417,289,726.72	483,878,615.22
Deferred income		152,987,034.48	99,076,794.22
Deferred tax liabilities		174,217,456.30	74,465,181.93
Other non-current liabilities		28,258,009.23	
Total non-current liabilities		2,344,816,368.24	685,777,464.41
Total liabilities		40,357,298,250.20	27,405,116,775.00
Shareholders' equity			
Share capital		1,362,725,370.00	1,362,725,370.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserves		2,069,245,101.87	2,061,712,990.12
Less : Treasury shares			
Other comprehensive income		93,569,998.57	37,578,293.42
Special reserves			
Surplus reserves		711,971,309.99	692,802,893.38

General risk provisions			
Undistributed profits		6,104,843,404.90	5,624,296,033.51
Total equity attributable to shareholders of the parent		10,342,355,185.33	9,779,115,580.43
Minority interests		5,248,896,051.45	4,627,403,458.10
Total shareholders' equity		15,591,251,236.78	14,406,519,038.53
Total liabilities and shareholders' equity		55,948,549,486.98	41,811,635,813.53

Audited Consolidated Income Statement

Item	Note	2021	2020
1. Total operating revenue		67,562,603,666.81	48,392,870,703.11
Operating revenue	8	67,562,603,666.81	48,392,870,703.11
2. Total operating costs		65,691,393,364.71	45,768,715,855.51
Including : Operating costs	8	54,250,065,251.13	36,756,301,476.78
Taxes and surcharges		399,106,248.38	326,892,814.47
Sales expenses		7,672,002,974.36	6,891,389,066.25
Management expenses		1,326,886,898.17	619,163,555.38
Research and development expenses		1,986,668,028.13	1,284,848,949.46
Financial expenses	9	56,663,964.54	-109,880,006.83
Including: Interest expense	9	40,547,610.76	11,232,002.12
Interest income	9	81,915,216.18	211,191,601.67
Add: Other income		413,902,690.78	370,236,822.37
Investment gain (loss expressed with “-”)	10	507,115,258.30	195,655,206.20
Including: Share of profit of associates and joint ventures	10	150,205,515.55	84,204,976.35
Gain from changes in fair values (loss expressed with “-”)		34,055,721.68	20,697,238.73
Impairment losses on credit (loss expressed with “-”)		9,779,279.79	-21,050,179.77
Impairment losses on assets (loss expressed with “-”)		-61,428,800.86	-18,748,668.13
Gains on disposal of asset (loss expressed with “-”)		6,261,684.40	24,533,842.26
3. Operating profits (loss expressed with “-”)		2,780,896,136.19	3,195,479,109.26
Add: Non-operating income		191,496,961.57	304,252,672.49

Less: Non-operating expenses		55,856,093.22	14,601,798.35
4. Total profits (loss expressed with “-”)		2,916,537,004.54	3,485,129,983.40
Less: Income tax expenses	11	573,736,027.17	639,095,340.17
5. Net profits (loss expressed with “-”)		2,342,800,977.37	2,846,034,643.23
(1) Classified on a going concern basis		2,342,800,977.37	2,846,034,643.23
1) Net profit from continuing operations (loss expressed with “-”)		2,342,800,977.37	2,846,034,643.23
2) Net profit from discontinued operations (loss expressed with “-”)			
(2) Classification by ownership of equity		2,342,800,977.37	2,846,034,643.23
1) Net profit attributable to shareholders of the parent		972,581,491.39	1,578,882,732.14
2) Profit and loss of minority interests		1,370,219,485.98	1,267,151,911.09
6. Other comprehensive income after tax, net		74,466,916.41	11,321,016.05
Other comprehensive income after tax attributable to owners of the parent, net		55,991,705.15	11,259,792.07
(1) Items not to be reclassified into profit or loss			
1) Changes arising from remeasurement of defined benefit plan			
2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3) Changes in fair value of other equity instruments investment			
4) Changes in the fair value of the Company's own credit risk			
5) Others			
(2) Items to be reclassified into profit or loss		55,991,705.15	11,259,792.07

1) Other comprehensive income that is convertible gains and losses under the equity method		-13,361,344.65	6,933,319.39
2) Changes in fair value of other investments in debt			
3) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provisions for other debt investment			-1,095,858.39
5) Cash flow hedge reserve (effective portion of cash flow hedge profit and loss)			
6) Differences on translation of foreign currency financial statements		50,556,528.80	5,422,331.07
7) Others		18,796,521.00	
Other comprehensive income after tax attributable to minority interests, net		18,475,211.26	61,223.98
7. Total comprehensive income		2,417,267,893.78	2,857,355,659.28
Total comprehensive income attributable to shareholders of the parent		1,028,573,196.54	1,590,142,524.21
Total comprehensive income attributable to minority interests		1,388,694,697.24	1,267,213,135.07
8. Earnings per share :			
(1) Basic earnings per share	12	0.71	1.16
(2) Diluted earnings per share	12	0.71	1.16

Notes:

1. General information

The Company was incorporated in the PRC on 16 December 1992. The Company's overseas public shares (the H Shares) were listed on the Hong Kong Stock Exchange on 23 July 1996, whereas the Company's domestic shares (the "A Shares") were listed on the Shenzhen Stock Exchange on 13 July 1999.

On 29 January 2007, a share reform scheme was set up by the Company for converting the non-freely transferable domestic legal person shares into freely transferable A Shares. The scheme was approved by the holders of the A Shares at a general meeting, and further approved by the Ministry of Commerce of the PRC on 22 March 2007.

On 31 August 2009, the Company constituted a major asset reorganisation and entered into a conditional sale and purchase agreement regarding the acquisition of the white goods assets and business of Hisense Air-Conditioning. The acquisition was approved by the CSRC (China Securities Regulatory Commission) on 23 March 2010. On 10 June 2010, the Company allotted and issued 362,048,187 A Shares to Hisense Air-Conditioning in consideration of the acquisition.

On 18 June 2013, 612,221,909 restricted A Shares held by Hisense Air-Conditioning were no longer subject to selling moratorium and were listed for trading.

On 23 May 2014, the exercise conditions were satisfied for the Company's first exercise period of the first phase of its stock option incentive plan. China Securities Depository and Clearing Corporation Limited Shenzhen branch has approved the registration and the listing of the 4,440,810 new stocks which would be issued upon the exercise of the stock options.

On 19 June 2015, the exercise conditions were satisfied for the Company's second exercise period of the first phase of its stock option incentive plan. China Securities Depository and Clearing Corporation Limited Shenzhen branch has approved the registration and the listing of the 4,229,810 new stocks which would be issued upon the exercise of the stock options.

As at 31 December 2021, the total number of issued shares of the Company was 1,362,725,370 and the registered capital of the Company was RMB1,362,725,370.00, of which Hisense Air-Conditioning held 516,758,670 shares, representing approximately 37.92% of the Company's total issued share capital.

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, kitchen appliances, etc and automotive air conditioner compressor and integrated thermal management system.

The address of the registered office and principal place of business of the Company is No. 8 Ronggang Road, Ronggui Street, Shunde District, Foshan City, Guangdong Province, the PRC.

2. Basis of preparation

The financial statements are prepared based on going-concern assumption and actual transactions and events according to the Accounting Standards for Business Enterprises - Basic Standard (the Ministry of Finance Order No. 33 Issue, the Ministry of Finance Order No. 76 Amendment) issued by the Ministry of Finance, and 42 specific accounting standards, application guidelines for Accounting Standards for Business Enterprises, explanation of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as "**Accounting Standards For Business Enterprises**") issued and revised on 15 February 2006 or later, and the Information Disclosure Regulations for Companies Publicly Issuing Securities No. 15 - General Provisions for Financial Statements (Revised 2014) issued by China Securities Regulatory

Commission.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company's financial accounting is conducted on accrual basis. Except for certain financial instruments, these financial statements take the historical cost as the accounting basis. If an asset is impaired, the provision for impairment shall be accrued in accordance with the relevant provisions.

The Company is listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Besides the relevant regulations as mentioned above, the financial statements of the Company also comply with the applicable disclosure requirements under the Rules Governing Listing of Shares on Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") and the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

3. Changes in accounting policies

There were no changes in accounting policies of the Company during the Reporting Period.

4. Segment information

The Group manages its business by divisions which are organised by a mixture of both business lines and geographical areas.

(1) Segment information as at and for the year is as follows:

Unit: RMB

Amount for current period	Heating, ventilation and air-conditioner	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	30,402,508,314.77	23,017,878,500.74	7,341,840,221.47		60,762,227,036.98
2. Revenue from inter-segment sales	732,118.01	8,590,026.50	2,529,105,962.70	-2,538,428,107.21	-
3. Gain from investment in associates and joint ventures	1,336,113.05	1,336,113.05	147,533,289.45		150,205,515.55
4. Depreciation and amortisation	597,845,804.89	400,962,498.78	173,200,345.57		1,172,008,649.24
5. Gain from changes in fair value	-	34,348,313.32	-292,591.64		34,055,721.68
6. Impairment losses on credit and assets	-967,761.60	-2,111,566.31	-48,570,193.16		-51,649,521.07
7. Total profit (Total loss)	2,702,306,776.48	234,648,990.75	-20,418,762.69		2,916,537,004.54
8. Total assets	26,654,064,975.95	24,979,775,010.69	16,859,588,692.82	-12,544,879,192.48	55,948,549,486.98
9. Total liabilities	18,534,823,509.91	18,260,015,452.25	13,090,771,062.71	-9,528,311,774.67	40,357,298,250.20
10. Additions to other non-current assets	1,193,536,166.12	231,383,519.65	2,331,129,795.98		3,756,049,481.75

other than long-term equity investments					
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Segment information as at and for the year ended 31 December 2020 is as follows:

Unit: RMB

Amount for last period	Heating, ventilation and air-conditioner	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	23,386,192,179.17	18,709,002,118.33	1,749,450,605.45		43,844,644,902.95
2. Revenue from inter-segment sales	269,673.44	924,293.66	2,054,460,241.91	-2,055,654,209.01	-
3. Gain from investment in associates and joint ventures	1,004,688.61	1,004,688.61	82,195,599.13		84,204,976.35
4. Depreciation and amortisation	608,903,122.66	385,678,345.13	82,612,929.26		1,077,194,397.05
5. Gain from changes in fair value	-	7,953,753.43	12,743,485.30		20,697,238.73
6. Impairment losses on credit and assets	-73,228,986.37	-7,974,328.58	41,404,467.05		-39,798,847.90
7. Total profit (Total loss)	2,334,901,054.06	675,799,231.43	474,429,697.91		3,485,129,983.40
8. Total assets	29,081,028,731.23	23,343,204,319.44	4,024,147,783.73	-14,636,745,020.87	41,811,635,813.53
9. Total liabilities	16,438,688,250.13	16,840,812,935.31	1,945,852,568.88	-7,820,236,979.32	27,405,116,775.00
10. Additions to other non-current assets other than long-term equity investments	1,817,173,405.72	240,366,866.48	-3,205,938.28		2,054,334,333.92

(2) Geographic information

Unit: RMB

Category	2021	2020
Revenues from domestic customers	37,601,996,641.67	29,205,488,972.24
Revenues from overseas customers	23,160,230,395.31	14,639,155,930.71
Total	60,762,227,036.98	43,844,644,902.95
Domestic non-current assets	12,954,700,539.65	11,464,768,117.14
Overseas non-current assets	3,294,025,662.40	115,446,160.79
Total	16,248,726,202.05	11,580,214,277.93

The business of the Company is mainly operated in Mainland China, where the majority of the non-current assets of the Company are held. As such, it is not necessary to present more detailed regional information.

5. Accounts receivable

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	31 December 2021	31 December 2020
Within three months	7,549,514,577.52	5,914,907,293.47
Over three months but within six months	449,245,994.77	379,329,357.17
Over six months but within one year	693,372,760.15	152,580,320.08
Over one year	248,784,996.52	357,966,032.55
Total	8,940,918,328.96	6,804,783,003.27
Less: provision for bad debts	183,840,950.91	210,679,144.04
Book value	8,757,077,378.05	6,594,103,859.23

6. Notes payable

Unit: RMB

Item	31 December 2021	31 December 2020
Bank acceptance notes	8,297,769,116.19	8,275,444,382.48
Commercial acceptance notes	3,216,186,573.39	2,499,932,015.39
Total	11,513,955,689.58	10,775,376,397.87

7. Accounts payable

The ageing of accounts payable is analysed as follows:

Unit: RMB

Item	31 December 2021	31 December 2020
Within one year	11,686,087,910.82	7,214,872,681.32
Over one year	93,192,797.74	76,956,584.78
Total	11,779,280,708.56	7,291,829,266.10

8. Operating revenues and costs

Unit: RMB

Item	2021	2020
Revenue from principal operations	60,762,227,036.98	43,844,644,902.95
Revenue from other operations	6,800,376,629.83	4,548,225,800.16
Total	67,562,603,666.81	48,392,870,703.11
Item	2021	2020
Cost of principal operations	47,781,456,257.13	32,451,870,805.44
Cost of other operations	6,468,608,994.00	4,304,430,671.34
Total	54,250,065,251.13	36,756,301,476.78

9. Financial expenses

Unit: RMB

Item	2021	2020
Interest expenses	40,547,610.76	11,232,002.12
Less: interest income	81,915,216.18	211,191,601.67
Loss on foreign exchange	80,181,325.55	16,919,753.03
Others	17,850,244.41	73,159,839.69
Total	56,663,964.54	-109,880,006.83

10. Investment gain

(1) Particulars of investment gain

Unit: RMB

Item	2021	2020
Gain from long-term equity investment by the equity method	150,205,515.55	84,204,976.35
Gain from disposal of long-term equity investment		
Gain from disposal of transactional financial assets	157,031,168.53	111,450,229.85
Others	199,878,574.22	
Total	507,115,258.30	195,655,206.20

(2) Gain from long-term equity investments by the equity method

Unit: RMB

Investee	2021	2020
Hisense Financial Holdings*(青島海信金融控股有限公司)	-5,188,467.76	24,899,650.46
Hisense Marketing Management *(海信營銷管理有限公司)	2,672,226.10	2,009,377.22
Hisense International *(青島海信國際營銷股份有限公司)	64,315,643.46	57,295,948.67
Associated companies of Sanden company*(三電公司之聯營企業)	88,406,113.75	
Total	150,205,515.55	84,204,976.35

Note: All the investment income calculated by equity method of the Company in this period is generated by non-listed equity investment.

11. Income tax expenses

Unit: RMB

Item	2021	2020
Current income tax expenses	807,118,837.42	692,236,605.62
Including: PRC enterprise income taxes	781,494,087.49	690,580,998.53
Hong Kong profit taxes	1,893.93	1,655,607.09

Deferred tax expenses	-233,382,810.25	-53,141,265.45
Total	573,736,027.17	639,095,340.17

The reconciliation from income tax calculated based on the applicable tax rates and total profits to the income tax expenses is as follows:

Unit: RMB

Item	2021
Total profits	2,916,537,004.54
Income tax expenses calculated at statutory (or applicable) tax rates	729,134,251.13
Tax effects of different tax rates applicable to certain subsidiaries	-235,095,200.26
Adjustments of income tax in previous period	1,835,972.39
Effects of non-taxable incomes	-19,317,839.57
Effects of non-deductible costs, expenses and losses	109,996,340.61
Effects of deductible losses not recognised as deferred tax assets in previous period	-63,545,488.02
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	205,574,771.81
Change in balance of deferred tax assets/ liability at the beginning of the period due to tax rate adjustment	
Effects of additional deduction relating to costs of research and development	-154,033,199.83
Others	-813,581.09
Income tax expenses	573,736,027.17

Certain subsidiaries have been either recognised as “high technology” companies, or in other cases in accordance with other local laws and regulations, and are entitled to a preferential tax rate of 15% or 20% (2020: 15% or 20%).

Hong Kong profits tax is calculated at the rate of 8.25% on the estimated assessable profits up to HK\$2,000,000 and 16.5% on the excess of HK\$2,000,000 on the estimated assessable profits (2020: 16.5%).

Except as disclosed above, other subsidiaries of the Company which are established and operated in the PRC are subject to enterprise income tax at a standard rate of 25% (2020: 25%).

12. Earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company divided by the weighted average number of issued ordinary shares of the Company:

Unit: RMB

Item	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	972,581,491.39	1,578,882,732.14

Weighted average number of issued ordinary shares of the Company	1,362,725,370.00	1,362,725,370.00
Basic earnings per share	0.71	1.16

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company adjusted for dilutive potential ordinary shares divided by the adjusted weighted average number of ordinary shares of the Company in issue. The Company has no dilutive potential ordinary shares, and therefore the diluted earnings per share were same as the basic earnings per share.

13. Dividends

The Board proposed to pay a cash dividend of RMB2.14 (tax inclusive) per 10 shares held by all shareholders on the basis of the total number of 1,362,725,370 shares of the Company as at the date of this announcement, without bonus issue and issue of shares by way of conversion of capital reserve. (2020: a cash dividend of RMB3.47 (tax inclusive) per 10 shares was declared and paid).

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

Heating, Ventilation and Air-conditioner (“HVAC”) Industry: During the Reporting Period, the performance of the HVAC industry varied by products. Central air-conditioning products reversed the decline of the past two years, and according to the statistics shown on the website at www.aicon.com.cn, the domestic central air-conditioner market increased by over 25% during the Reporting Period. Domestic residential air-conditioning products continued the downward trend in sales volume and prices. According to the AVC (奧維雲網) inferential statistics, the cumulative retail volume of domestic residential air-conditioners decreased by 8.7% on a year-on-year basis in 2021, while the cumulative retail sales decreased by 1.2% on a year-on-year basis. As we entered the post COVID-19 pandemic era and coupled with the “dual carbon” policy, green, healthy and intelligent are the keynotes of the development of home appliances. In addition, the development of HVAC products are in the direction of energy conservation, environmental protection, comfortability, health, intelligence and being scenario-based when technology is concerned.

Refrigerator and Washing Machine Industry: During the Reporting Period, the demand in the refrigerator market remained weak. According to the AVC inferential statistics, the cumulative sales volume of domestic refrigerator industry decreased by 2.1% on a year-on-year basis in 2021. In light of the sluggish growth of scale coupled with the adverse impact of the significant increase in raw material costs, the profit margin of enterprises was squeezed and “actively optimising product mix and focusing on mid to high end products” became the industry consensus. Products followed the trend of high-end and intelligence. The washing machine market achieved stable sales volume

and growth in sales amount. According to the AVC inferential statistics, the cumulative retail volume of domestic washing machines increased by 0.8% on a year-on-year basis in 2021, while the cumulative retail sales increased by 7.3% on a year-on-year basis. Focusing on high-end intelligent laundry service, high-end, quality and healthy products continued to be the mainstream development trend of washing machine products.

Automotive Air Conditioner Compressor and Integrated Thermal Management Industry: During the Reporting Period, the growth of automobile production scale slowed down, but the performance of new energy vehicles was eye-catching, with the global production of new energy vehicles increased by more than 57% on a year-on-year basis. The continuous development of the vehicle market led to the continued growth of automotive air conditioning compressor and integrated thermal management market. The domestic new energy vehicle market also experienced rapid development and has shifted from being policy-driven to market-driven. The electrification of automobile air-conditioning compressors and the development of automotive air conditioners towards integrated thermal management systems remained unchanged.

II. ANALYSIS OF THE COMPANY'S OPERATION

During the Reporting Period, the Company achieved operating revenue of RMB67.563 billion, representing a year-on-year increase of 39.61%. As for product types, the operating revenue of the HVAC business amounted to RMB30.403 billion, representing a year-on-year increase of 30.00% while the operating revenue of the refrigerator and washing machine business amounted to RMB23.018 billion, representing a year-on-year increase of 23.03%. Further, the operating revenue of other businesses amounted to RMB7.342 billion, representing a year-on-year increase of 319.67%. Meanwhile, the Group's domestic sales business recorded an operating revenue of RMB37.602 billion, representing a year-on-year increase of 28.75%, and the export sales business recorded an operating revenue of RMB23.160 billion, representing a year-on-year increase of 58.21%. Net profits attributable to shareholders of the Company reached RMB973 million, representing a year-on-year decrease of 38.40%, such an increase was mainly attributable to the operating loss of residential air-conditioning. Earnings per share were RMB0.71. The Company continued to strengthen its capital management and improved its cash cycle by 1.82 days on a year-on-year basis under comparable calibers

The major performance of each business is as follows:

1. HVAC Business

During the Reporting Period, both the central air-conditioner business and residential air-conditioner business achieved growth of over 20%, and Hisense Hitachi achieved a year-on-year increase in operating revenue of 38.11%. Major tasks were as follows: **(1) firmly implementing the Company's strategy of making good and high quality products, and actively fulfilling its ESG development philosophy:** The Company continued to strengthen its technological advantages

and deeply cultivated green intelligent products. Hisense Hitachi's "Key Technology Research and Application of Intelligent Energy-saving and Low-carbon Internet of Things Multi-connected Air-conditioning Unit" won the Science and Technology Award of the China National Light Industry Council. The Company actively responded to the call of the state's dual carbon policy. In the "11.28 Air-conditioner Purification Festival (11.28 全民空淨節)" in 2021, Hisense central air-conditioner was awarded the "Nanshan Award (南山獎)" again, the highest honour in the air purification industry, and it was also awarded the "11.28 Air-conditioner Purification Festival Outstanding Contribution Award (11.28 全民空淨節-卓越貢獻獎)". This showed that the product competitiveness of the Company's central air-conditioners is unanimously recognised in the industry. The Company's residential air-conditioning business focused on new fresh air products. It presided over the formulation of the industry evaluation standard of "Room Air-Conditioners with Fresh Air Ventilation Function", and continued to upgrade the air-conditioners with new fresh air, while striving to create an all-weather natural air-conditioners to protect the health of users. **(2) Continuously advancing the strategy of intelligent home appliances:** The Company improved the technical layout of intelligent home appliances to further strengthen the intelligence level and intelligent interaction capability of its products, and to further enhance the user interaction experience. The Company released the industry's first scenario-based central air-conditioners, namely, the "Hisense central air conditioner artificial intelligence household series", to realize the interaction scenario through the intelligent panel, thereby providing users with multi-scenarios customized intelligent solutions bringing artificial intelligence technology to empower intelligent and healthy lifestyle. **(3) Actively exploring overseas business:** The Company strengthened the coordination of manufacturing and sale, and enhanced the competitiveness of overseas products, resulting in a new high in the exporting scale of HVAC air-conditioning products and a stable growth in the exporting share.

2. Refrigerator and Washing Machine Business

During the reporting period, the profitability of the Company's refrigerator and washing machine business declined on a year-on-year basis due to factors such as soaring raw material prices. Amidst the operating pressure, the Company focused on the refrigerator and washing machine business and strove to optimize its product mix. Major tasks were as follows: **(1) Improving the product matrix and focusing on enhancing product competitiveness:** The Company continued to focus on satisfying user needs and improving user experience by launching the "ultra-thin" refrigerator products. During the Reporting Period, the Company launched the Hisense vacuum-ultra-thin refrigerator and Rongshen WILL SPACE ultra-space series refrigerators to meet the user needs for "small size and large capacity". The Company further enriched its high-end product matrix and further enhanced its product competitiveness. According to the AVC inferential statistics, a number of the Company's high-end products have entered the Top 20 best-sellers list and the offline annual cumulative market share of Ronshen high-end refrigerators increased by 3.2% on a year-on-year basis. In terms of washing machines, the Company has developed a washing and drying package based on its core "steaming, ironing and washing" technology and has improved the high-end all-metal inner drum three-dimensional power products and a series of high-end health care

products to provide users with a better washing and caring experience. With its outstanding performance in technological innovation and laundry care, Hisense Washing Machine won the “2021 China Washing Machine and Dryer Industry Health Care Leading Brand Award (2021年度中國洗衣機·乾衣機行業健康洗護領軍品牌獎)” and Hisense G30 Washing and Drying Package won the “2021 China Washing Machine and Dryer Industry High-end Drying and Care Leading Product Award (2021年度中國洗衣機·乾衣機行業高端烘護領軍產品獎)”. **(2) Actively exploring overseas business:** The Company strengthened the coordination of manufacturing and sale and enhanced the competitiveness of overseas products, resulting in a new high in the exporting scale of refrigerator products. According to the statistics shown on the website of www.chinaiol.com, the Company’s cumulative refrigerator exporting ranked first in the industry in 2021.

3. Automobile Air Conditioner Compressor and Integrated Thermal Management Business

During the Reporting Period, the Company initially completed the business integration of Sanden Company and has since focused on the “electrification, intelligence, networking and sharing” of automobiles. The Company remapped the global sales network of Sanden Company in automobile air conditioner compressors and integrated thermal management system by regions, and formulated customer strategies. In accordance with the principle of dual-engine drive of technology and market, the Company has formulated the future technology roadmap and technology pre-research projects for Sanden Company. It also optimized the supply chain of Sanden Company and consolidated the advantages of customer resources. Major tasks were as follows: **(1) Formulating global customer development strategy and consolidating the advantages of customer resources:** In the second half of 2021, the Company made several key customer visits to consolidate the advantages of Sanden Company customer resources through enhanced communication, formulated a global customer development strategy and enhanced subsequent business cooperation. **(2) Improving the product management mechanism and adhering to the technology-leading development strategy:** The Company has optimized product management structure and strengthened the unified and global product planning, and product management capabilities. It also integrated and optimized global R&D resources, clarified the division of labor and positioning, increased R&D investment, strengthened technology pre-research to provide stable product support for the improvement and long-term development of Sanden Company. **(3) Leveraging synergies to enhance product competitiveness:** Leveraging the synergies within the Group, the Company introduced excellent supplier resources for Sanden Company by taking advantage of its global supply chain resources and implemented global procurement of bulk materials to help Sanden Company reduce procurement costs. It also integrated logistics resources to reduce logistics costs and greatly shortened the shipping and product delivery cycles. In addition, the Company introduced cost analysis tools to continuously optimize product cost; and launched a number of manufacturing efficiency improvement efforts by drawing on the efficiency improvement experience of the Group’s home appliances.

III. ANALYSIS TO PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

(I) 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

Item	2021	2020	Increase or decrease as compared to last year (%)	2019
Operating revenue (RMB)	67,562,603,666.81	48,392,870,703.11	39.61	37,453,043,968.74
Net profits attributable to shareholders of listed company (RMB)	972,581,491.39	1,578,882,732.14	-38.40	1,793,669,013.19
Net profits after deducting non-recurring profit and loss attributable to shareholders of listed company (RMB)	666,126,470.35	1,096,068,604.60	-39.23	1,226,400,481.95
Net cash flow from operating activities (RMB)	4,313,780,760.27	5,962,707,809.84	-27.65	2,005,337,052.56
Basic earnings per share (RMB/share)	0.71	1.16	-38.79	1.32
Diluted earnings per share (RMB/share)	0.71	1.16	-38.79	1.32
Weighted average rate of return on net assets (%)	9.64	16.99	-7.35 percentage points	22.21
Item	At the end of 2021	At the end of 2020	Increase or decrease as compared to last year (%)	At the end of 2019
Total assets (RMB)	55,948,549,486.98	41,811,635,813.53	33.81	33,990,663,543.85
Net assets attributable to shareholders of listed company (RMB)	10,342,355,185.33	9,779,115,580.43	5.76	8,721,593,732.62

Note: On May 31, 2021, the Company completed the approval procedures and the equity payment for the acquisition of Sanden Company, and Sanden Company was included in the Company's consolidated financial statements. As of the end of the Reporting Period, the settlement audit of Sanden Company has been completed. The balance sheet at the end of this Reporting Period included the balance sheet data of Sanden Company, and the income statement and cash flow statement for this Reporting Period included the statement data of Sanden Company from June to December 2021. Excluding the effect of consolidation of Sanden Company, the Company achieved an operating revenue of RMB62.449 billion for the Reporting Period, representing a year-on-year increase of 29.05%, and net profit attributable to shareholders of the Company was RMB1.128 billion, representing a year-on-year decrease of 28.58%.

(II) NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: RMB

Item	2021	2020	2019	Description
Profits or losses from disposal of non-current assets (including the part written off for	3,535,383.13	23,149,183.27	161,553,026.75	

Item	2021	2020	2019	Description
provision for impairment on assets)				
Government grants recognised in the profits or losses (excluding government grants closely related to the Company's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	219,822,004.71	236,769,593.38	207,585,345.39	
Profit and losses from assets which entrust others to invest or manage	103,919,806.78	103,945,862.69	55,224,136.96	
Except for effective hedging operations related to the Company's normal business operations, gain or loss from changes in fair values of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment gain from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other investments in debt	39,567,358.88	10,010,794.53		
Other non-operating income and expenses other than the aforementioned items	57,837,694.36	204,984,818.62	13,629,718.63	
Other profit and loss items that satisfy the definition of non-recurring profit and loss		10,012,040.17	50,909,442.00	
Less: Effect of income tax	78,433,576.30	61,586,354.09	2,786,974.99	
Effect of minority interests (after tax)	39,793,650.52	44,471,811.03	-81,153,836.50	
Total	306,455,021.04	482,814,127.54	567,268,531.24	

(III) ANALYSIS OF PRINCIPAL BUSINESS

1. Analysis of operating revenue, operating costs and gross profit margin

Unit: RMB

Item	Revenue from major operating businesses	Costs of major operating businesses	Gross profit margin (%)	Increase or decrease in revenue from major operating businesses as compared to corresponding period last year (%)	Increase or decrease in costs of major operating businesses as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
Home appliances manufacturing industry	60,762,227,036.98	47,781,456,257.13	21.36	38.59	47.24	-4.62
By products						
HVAC	30,402,508,314.77	22,412,241,525.76	26.28	30.00	36.81	-3.67
Refrigerators and washing machines	23,017,878,500.74	19,166,515,895.96	16.73	23.03	30.51	-4.78
Others	7,341,840,221.47	6,202,698,835.41	15.52	319.67	348.25	-5.38
By region						
Domestic	37,601,996,641.67	26,597,217,725.01	29.27	28.75	38.74	-5.09
Overseas	23,160,230,395.31	21,184,238,532.12	8.53	58.21	59.50	-0.74
By sales model						
Direct sales	39,818,677,809.46	33,976,712,046.62	14.67	43.10	50.10	-3.98

Distribution	20,943,549,227.52	13,804,744,210.51	34.09	30.74	40.63	-4.63
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Note: The significant increase or decrease in revenue and cost of main business of other major products as compared to the same period of the previous year was mainly due to the increase in sales scale of each of the Company's other major products and the consolidation of Sanden Company during the Reporting Period. On a comparable basis, the revenue of the Company's other major products was RMB2.229 billion in 2021, representing a year-over-year increase of 27.39%.

2. Expenses

Unit: RMB

Expense Item	2021	2020	Increase or decrease as compared to corresponding period last year (%)	Reason for the significant changes
Sales expense	7,672,002,974.36	6,891,389,066.25	11.33	No significant changes
Management expense	1,326,886,898.17	619,163,555.38	114.3	Mainly due to the growth of the Company's scale and the consolidation of Sanden Company in the Reporting Period
Research and development expenses	1,986,668,028.13	1,284,848,949.46	54.62	Mainly due to increased investment in research and development
Finance expense	56,663,964.54	-109,880,006.83	N/A	Mainly due to the decrease in interest income

3. Cash Flow

Unit: RMB

Item	2021	2020	Increase or decrease as compared to corresponding period last year (%)
Sub-total of cash inflows from operating activities	60,633,707,570.46	41,196,926,173.02	47.18
Sub-total of cash outflows from operating activities	56,319,926,810.19	35,234,218,363.18	59.84
Net cash flows from operating activities	4,313,780,760.27	5,962,707,809.84	-27.65
Sub-total of cash inflows from investing activities	17,544,425,926.76	12,102,168,856.45	44.97
Sub-total of cash outflows from investing activities	21,967,714,447.82	16,002,723,454.97	37.27
Net cash flows from investing activities	-4,423,288,521.06	-3,900,554,598.52	N/A
Sub-total of cash inflows from financing activities	5,920,569,096.47	411,836,500.00	1337.6
Sub-total of cash outflows from financing activities	4,445,646,368.95	2,924,294,190.93	52.02
Net cash flows from financing activities	1,474,922,727.52	-2,512,457,690.93	N/A
Net increase in cash and cash equivalents	1,261,974,222.42	-447,904,024.01	N/A

Explanations on the main contributing factors for significant year-on-year changes of the relevant figures:

Applicable Not applicable

The increase in cash inflows from operating activities was mainly due to the growth in the Company's size during the Reporting Period.

The increase in cash outflows from operating activities was mainly due to the growth in the Company's size during the Reporting Period.

The year-on-year increase in cash inflows from investing activities was mainly due to the increase in the collection of wealth management and time deposits after maturity during the Reporting Period.

The year-on-year increase in cash outflows from investing activities was mainly due to the increase in wealth management purchases and new time deposits during the Reporting Period.

The increase in cash inflows from financing activities was mainly due to the increase in borrowings from subsidiaries and changes in guarantee deposits on bills during the Reporting Period.

The increase in cash outflows from financing activities was mainly due to the repayment of loans by subsidiaries during the Reporting Period.

(IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product Type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 31 December 2021	Amount of undue principal and return as at 31 December 2021	Overdue balance return as at 31 December 2021
Wealth management products of banks	Self-owned funds	596,000.00	558,000.00	0.00
Total		596,000.00	558,000.00	0.00

During the Reporting Period, the Company has invested in various wealth management products of banks. The Company did not have high-risk entrusted wealth management product which has significant individual amount, or low security, poor liquidity or no assurance on investment principal, and the Company was not aware of any circumstances indicating the possibility that the principal of the entrusted wealth management could not be recovered or other circumstances that might lead to impairment of the Group's entrusted wealth management.

(V) MAJOR SUBSIDIARIES AND COMPANIES IN WHICH THE COMPANY HAS EQUITY INTEREST

Major Subsidiaries and Participating Companies Affecting 10% or More of the Company's Net Profit

Name of company	Company type	Major business	Registered capital	Total assets (RMB ten thousand)	Net assets (RMB ten thousand)	Operating revenue (RMB ten thousand)	Operating profit (RMB ten thousand)	Net profit attributable to

						thousand)		shareholders of the Company (RMB ten thousand)
Hisense Hitachi	Subsidiary	Production and sale of commercial air-conditioners	USD150 million	1,855,684.31	756,851.46	1,841,158.12	315,343.98	241,894.40

IV. OUTLOOK

(I) The Company's development strategy

With the mission of "committing to technological innovation, leading the intelligent core of advanced manufacturing, and making hundreds of millions of families happy with high quality products and services", the Company abides by the values of "customer first, pragmatic innovation, honesty and integrity, sustainable management", and is committed to creating high quality products and become the most trusted brand for consumers worldwide.

The Company will actively promote the strategy of smart new life, give full play to the home appliance category and Hisense Group's leading edge of intelligent technology, continue to upgrade the home appliance smart terminal, improve the intelligent scene and ecological construction, realize the seamless connection from smart home to smart community and smart city, create a simple and loving quality of life, and build a perfect picture of smart new life. The Company will continue to increase investment in integrated thermal management systems for automobiles from strategic height, realize the leap from an automotive parts and components supplier to a system solutions provider.

(II) Business highlights for 2022

In 2022, the Company will continuously adhere to the strategic thought of "doing longer and better", focus on the following key tasks, strive to build product strength, marketing strength, manufacturing capability and brand strength, and build the ability of sustainable and healthy development of the Company.

1. Enhancing marketing capabilities and accelerating growth in scale: Vigorously developing key markets, focusing on emerging channels, adhering to high-end promotion routes, increasing brand promotion efforts, and continuing to improve sales structure to achieve long-term steady growth in scale and profitability.

2. Focusing on the new intelligent living strategy and improving the intelligence level of home appliance products: Focusing on improving the intelligence level of and intelligent interaction capabilities of products, significantly increasing the proportion of intelligent home appliance products in the network products to create a very simple and useful interaction experience.

3. Implementing advanced manufacturing strategy, strengthening supply chain synergy and enhancing global delivery capability: Improving global industrial layout, strengthening the order placing system, continuously enhancing the delivery capability of supply chain, and optimizing the synergy of supply chain structure and informatization to realize high quality delivery of orders.

4. Improving the quality management standards of the whole process and reducing quality loss: Paying close attention to quality, refining the management standards, improving quality standards and building reputation for quality through the whole life cycle quality control from supply chain, production and manufacturing, factory inspection, logistics supervision and market feedback.

5. Strengthening independent brand strategy, continuing to focus on sports marketing, and promoting healthy growth in overseas market: Continuing to strengthen the strategic direction of "Hisense brand", strengthening the synergy of production and sales, and promoting new breakthroughs in overseas business development; taking the opportunity of Hisense becoming the official sponsor of the 2022 Qatar World Cup to continue to make efforts in sports marketing and actively expand the scale of overseas sales.

6. Adhering to the technology leading development strategy and actively deploying new energy series products: Adhering to the technology leading development strategy, actively developing high voltage new energy series products to meet the needs of the rapidly developing new energy vehicle industry; continuously deepening integrated thermal management core components layout, continuing to invest in core products such as ultra-high voltage compressors, new generation vehicle thermal management systems and new refrigerants to lay the foundation for further development.

7. Sticking to prudent operation and preventing capital risks: Continuing to adhere to prudent operation, strengthening capital risk control, optimizing accounting period management, reducing abnormal capital occupation and improving capital turnover efficiency.

(III) Risks faced by the Group include:

1. Macroeconomic cyclical fluctuation risk: There are more uncertainties in current global and domestic macro environments due to the impact of the Federal Reserve's monetary policy shift and the spread of COVID-19 mutations. If the macroeconomic growth continues to slow down, it may lead to a lack of consumer momentum, which will in turn affect the consumer demand for home appliances.

2. Risk of fluctuations in raw material prices: If the prices of raw materials increase further, the Company's product costs will be adversely affected. The rising labor and service costs and installation and maintenance costs may also adversely affect the Company's profitability.

3. Supply chain risk: The increasing risk of global supply chain disruption and shortage of core components have adversely affected the Company's production cost and delivery capacity.

4. Exchange rate fluctuation risk: If the RMB exchange rate fluctuates sharply, it will directly affect the cost competitiveness of the Company's overseas products, thereby affecting the profitability of its overseas business.

5. Market risks brought about by protectionism and trade barriers: In order to protect their own economic interests, some countries and regions have imposed higher tariffs and compulsory certification, resulting in increased operating costs which may indirectly affect the competitiveness and profitability of the Company's overseas business.

FINAL DIVIDEND

The Board proposed to pay all shareholders a cash dividend of RMB2.14 (tax inclusive) per 10 shares held by the shareholders (the “**Proposed Dividend**”) on the basis of the total number of 1,362,725,370 shares of the Company as at the date of this announcement, without bonus issue and issue shares by way of conversion of capital reserve (For the year ended 31 December 2020, the Company paid to all shareholders a cash dividend of RMB3.47 (tax inclusive) per 10 shares held by the shareholders on the basis of the total number of 1,362,725,370 shares of the Company as at 31 December 2020).

The Proposed Dividend is subject to approval by the shareholders at the 2021 annual general meeting (the “**Annual General Meeting**”). Subject to the approval of the Proposed Dividend by the shareholders, the Proposed Dividend is expected to be paid on or about 15 August 2022. The total amount of profits to be so distributed is expected to be RMB291,623,229.18. Details of the payment of the Proposed Dividend will be announced after the conclusion of the Annual General Meeting.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

Since part of the purchase and the majority of the overseas sales of the Group during the Reporting Period were denominated in foreign currency, the Group is exposed to certain risk of exchange rate fluctuation. The Group has used financial instruments such as import/export documentary bills and forward contracts for exchange rate hedging purpose.

AUDIT COMMITTEE

The eleventh session of the audit committee of the Company has reviewed the financial results of the Group for the year ended 31 December 2021.

CAPITAL EXPENDITURE

The Group expects that the capital expenditure for 2022 will be approximately RMB226.31 million.

The Group has sufficient funds to meet the funding requirement for purposes such as capital expenditure plans and daily operations.

GEARING RATIO

As at 31 December 2021, the Group's gearing ratio (calculated according to the formula: total liabilities/total assets) was 72.13% (2020: 65.54%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules as its code for securities transaction by directors of the Company. After having made specific enquiries to the directors, all the directors confirmed that they had acted in full compliance with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS LLP

The figures in respect of the consolidated balance sheet and consolidated income statement of the Company, and the related notes thereto, for the Reporting Period as set out in this announcement have been agreed by ShineWing Certified Public Accountants LLP, the auditor of the Company, to the amounts set out in audited consolidated financial statements of the Company for the Reporting Period. The work performed by ShineWing Certified Public Accountants LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ShineWing Certified Public Accountants LLP on this announcement.

CORPORATE GOVERNANCE CODE

To the best knowledge and information of the Company, during the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND 2021 ANNUAL REPORT

This announcement is published on the websites of the Company (<http://hxjd.hisense.cn/>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The 2021 annual report of the Company

will be despatched to the shareholders of the Company and will also be available on the websites of the Company and the Hong Kong Stock Exchange stated above in due course.

This announcement is published in both English and Chinese. If there is any conflict between the English and the Chinese versions, the Chinese version shall prevail.

DEFINITIONS

In the announcement, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“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 main board of the Hong Kong Stock Exchange and the Shenzhen 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 Holdings, which holds approximately 37.92% of the issued shares of the Company as at the date of this announcement
“Hisense Financial Holdings”	Qingdao 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 Holdings
“Hisense Hitachi”	Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (青島海信日立空調系統有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Hisense Group”	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 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 Holdings
“Hisense Marketing Management”	Hisense Marketing Management Co., Ltd.* (海信營銷管理有限公司), a company incorporated in the PRC with limited

	liability and 50% owned by the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sanden Company”	Sanden Holdings Corporation, a joint stock corporation organised under the laws of Japan, whose shares are listed on the First Section of the Tokyo Stock Exchange
“USD”	United States dollars, the lawful currency of the United States of America

**For identification purposes only*

By order of the Board

Hisense Home Appliances Group Co., Ltd.

Dai Hui Zhong

Chairman

Foshan City, Guangdong, the PRC, 30 March 2022

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. Lin Lan, Mr. Fei Li Cheng, Mr. Xia Zhang Zhua and Ms. Gao Yu Ling; and the Company’s independent non-executive directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.