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HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00921)

**CONNECTED TRANSACTION
PURCHASE OF MACHINES**

SALE AGREEMENT

On 9 June 2022, Hisense Visual and Hisense Kitchen & Bathroom, a non-wholly owned subsidiary of the Company, entered into the Sale Agreement, pursuant to which Hisense Visual agreed to sell, and Hisense Kitchen & Bathroom agreed to purchase, a total of 15,314 units of machines and other assets, such as machinery equipment and electronic equipment, for injection moulding, sheet metal business and others, at a consideration of RMB20,639,250.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Hisense Visual is a subsidiary of Hisense Holdings and Hisense Holdings (through its indirect interests in the Company held by Hisense Air-conditioning and Hisense HK) is the controlling shareholder of the Company. Therefore, Hisense Visual is a connected person of the Company. Accordingly, the Sale Agreement and the transactions contemplated under it constitute a connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Sale 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.

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THE SALE AGREEMENT

The terms of the Sale Agreement are set out below:

Date	: 9 June 2022
Parties	: (1) Hisense Visual (2) Hisense Kitchen & Bathroom
Subject matter	: Pursuant to the Sale Agreement, Hisense Visual agreed to sell, and Hisense Kitchen & Bathroom agreed to purchase, the Machines. The original acquisition cost of the Machines paid by Hisense Visual was RMB94,833,284.80. As at 31 December 2021, the net book value of the Machines was RMB15,417,581.89.
Consideration and payment terms	: RMB20,639,250, which is payable by Hisense Kitchen & Bathroom to Hisense Visual by way of 6-month-commercial acceptance bills in the next month after the transfer of the Machines.
Basis of consideration	: The Consideration was determined with reference to the market value of the Machines of RMB20,639,250 as at 31 December 2021 appraised by an independent valuer adopting the cost approach method. The parties to the Sale Agreement took into account the replacement cost and newness rate of the Machines and therefore adopted the appraised value of the Machines as the Consideration. The replacement cost was determined based on the current market price of similar machines and assets in the market, fees such as installation and testing fee and transportation and miscellaneous fee, and the cost of capital during the construction period. The newness rate is determined based on the age limit approach for ordinary equipment and the age limit approach and weighted comprehensive scoring method for material equipment.

REASONS FOR AND BENEFITS OF THE PURCHASE OF MACHINES

The purchase of the Machines is to enhance the Company's scale of injection molding and sheet metal business, to expand the Company's development capacity, and to improve the efficiency and effectiveness of the Company's injection molding and sheet metal supporting business. The Directors (including the independent non-executive Directors) consider that the terms of the Sale Agreement are on normal commercial terms or better, in the ordinary and usual course of business of the Group, 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 Sale Agreement and the transactions contemplated under it. However, Mr. Dai Hui Zhong, Mr. Lin Lan, Mr. Jia Shao Qian, Mr. Fei Li Cheng and Ms. Gao Yu Ling, as connected directors, have abstained from voting on the resolutions for approving the Sale Agreement and the transactions contemplated under it.

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GENERAL

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 Visual

Hisense Visual was established in 1997. It is mainly engaged in the research and development, production and sales of display products, as well as cloud platform services. Hisense Visual is a company listed on the Shanghai Stock Exchange, and its controlling shareholder is Hisense Holdings, which holds 30.002% of its interest. Hisense Holdings has no effective controller and details of its shareholders' interests are as follows:

1. Hisense Group Limited * (海信集團有限公司) (“**Hisense Group**”) holds 26.79% interest in Hisense Holdings. The ultimate beneficial owner of Hisense Group is the State-owned Assets Supervision and Administration Commission of the Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會).
2. Qingdao Xinfeng Information Technology Co., Ltd.* (青島新豐信息技術有限公司) (“**Qingdao Xinfeng**”) holds 24.36% interest in Hisense Holdings and Shanghai Haifeng Shipping Co., Ltd.* (上海海豐航運有限公司) (“**Shanghai Haifeng**”) holds 2.64% interest in Hisense Holdings. Qingdao Xinfeng and Shanghai Haifeng are parties acting in concert and collectively own 27.00% interest in Hisense Holdings. The ultimate beneficial owner of Qingdao Xinfeng and Shanghai Haifeng is Mr. Yang Shaopeng* (楊紹鵬).
3. The position incentive shareholders (崗位激勵股東) (the “**Position Incentive Shareholders**”) of Hisense Holdings hold an aggregate interest of 46.21% in Hisense Holdings. As at the date of this announcement, of this 46.21% interest in Hisense Holdings, (i) 36.25% is owned by the Position Incentive Shareholders of Hisense Holdings who hold interests in Hisense Holdings directly; (ii) 6.89% is owned by Qingdao Yuanli Information Consulting Co., Ltd.* (青島員利信息諮詢股份有限公司) (“**Qingdao Yuanli**”) and partnerships (合夥企業) (the “**Partnerships**”); and (iii) 3.06% is owned by Qingdao Hengxin Chuangshi Electronic Technology Co., Ltd.* (青島恒信創勢電子技術有限公司) (“**Qingdao Hengxin**”). Qingdao Yuanli, Qingdao Hengxin and the Partnerships are companies holding interests in Hisense Holdings on behalf of other Position Incentive Shareholders of Hisense Holdings whose interests in Hisense Holdings are held indirectly.

The Position Incentive Shareholders of Hisense Holdings are the core staff of Hisense Holdings under its incentive plan who hold interests in Hisense Holdings directly or indirectly. They are, including but not limited to, the directors, senior management staff, core management staff and key staff of Hisense Holdings. The Position Incentive Shareholders of Hisense Holdings who hold interests in Hisense Holdings directly do not overlap with those who hold interests in Hisense Holdings indirectly through Qingdao Yuanli, Qingdao Hengxin and the Partnerships. Moreover, there is no acting in concert arrangement among the Position Incentive Shareholders of Hisense Holdings.

Qingdao Hengxin was incorporated on 14 December 2012. The Partnerships consist of thirteen partnerships which were established from 2016 to 2021. Qingdao Yuanli, Qingdao Hengxin and the Partnerships act as interests holding vehicles for the relevant Position Incentive Shareholders of Hisense Holdings and they do not have any operations.

Qingdao Yuanli was incorporated on 22 June 2010. As interests holding vehicles for the relevant Position Incentive Shareholders of Hisense Holdings, Qingdao Yuanli is not engaged in any operating activities.

Hisense Kitchen & Bathroom

Hisense Kitchen & Bathroom is a company incorporated in the PRC on 24 November 1999 and a non-wholly owned subsidiary of the Company. Hisense Kitchen & Bathroom is 60.06%, 13.94% and 26.00% owned by the Company, Qingdao Yuanli and Hisense Visual, respectively. It is principally engaged in the research and development, manufacture and sale of range hoods, gas stoves, electric ovens, water heaters, steamers, microwave ovens, dishwashers, disinfection cabinets, water softeners, water purifiers, water treatment equipment, gas heating water heaters, gas heating water equipment, electric heaters, electric fans and kitchen and sanitary systems; production and operation of metal products (excluding gold and silver products), plastic products (excluding waste plastics), moulds, CD and DVD cleaning supplies, TV stands, electronic parts and accessories, automation equipment, communication wiring equipment, live satellite TV receiving antennas, bamboo products, wood products, and provide after-sales services and technical consultation services related to the above products.

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”	RMB20,639,250
“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 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 a subsidiary of Hisense Holdings, and holds approximately 37.92% of the Shares as at the date of this announcement
“Hisense HK”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Holdings, and holds approximately 9.13% of the Shares as at the date of this announcement
“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 Kitchen & Bathroom”	Hisense (Guangdong) Kitchen & Bathroom System* (海信(廣東)廚衛系統股份有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company, which is 60.06% owned by the Company
“Hisense Visual”	Hisense Visual Technology Co., Ltd.* (海信視像科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange and is an indirect subsidiary of Hisense Holdings
“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
“Machines”	a total of 15,314 units of machines and other assets, such as machinery equipment and electronic equipment, for injection moulding, sheet metal business and others
“PRC”	the People’s Republic of China
“Sale Agreement”	the sale agreement dated 9 June 2022 entered into by Hisense Visual and Hisense Kitchen & Bathroom, pursuant to which Hisense Visual agreed to sell, and Hisense Kitchen & Bathroom agreed to purchase, the Machines

“Share(s)”	share(s) of RMB1.00 each in the capital of the Company, comprising (i) the domestic ordinary shares of the Company with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange; and (ii) the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each which are listed on the Hong Kong Stock Exchange
“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.
Dai Hui Zhong
Chairman

Foshan City, Guangdong, the PRC, 13 July 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. 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.