

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



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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 26 September 2025 (the “**Announcement**”) regarding, amongst others, the connected transaction in relation to the Acquisition of Target Equity. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors with additional information in relation to the Acquisition as follows:

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the consideration for the Acquisition was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the appraised value of the Target Company and the shareholding percentage of the Target Equity. According to the valuation report (the “**Valuation Report**”) issued by Qingdao Deming Asset Evaluation Co., Ltd* (青島德銘資產評估有限公司) (the “**Independent Valuer**”), an independent valuer, after the valuation of the Target Company using the income approach, the appraised value of the entire equity interests of shareholders of the Target Company as at the valuation benchmark date (which is 30 June 2025) was RMB578.8479 million(audited), and therefore 26.0006% of the appraised value of the entire equity interests of shareholders was RMB150.5039 million(audited). Due to the dividend distribution implemented by the Target Company after the valuation benchmark date, the dividend amount of RMB 56,213,383.05 (already received by Hisense Visual) was deducted from the aforementioned appraised value of the 26.0006% of the equity interests and consequently, the consideration of the Acquisition was RMB94,290,516.95.

Since the discounted future cash flow method under the income approach was adopted by the Independent Valuer in the preparation of the Valuation Report, such valuation constituted a profit forecast under Rule 14.61 of the Listing Rules. This announcement (the “**Supplemental Announcement**”) is made in compliance with Rules 14.60A and 14A.68(7) of the Listing Rules.

SELECTION OF VALUATION APPROACH

Pursuant to the Valuation Report, the Valuer has considered the application of three basic valuation approaches, namely the market approach, income approach and asset-based approach.

The asset-based approach refers to a valuation method that determines the value of the subject entity by evaluating the value of all assets and liabilities on the balance sheet as of the valuation benchmark date, including those on the balance sheet and identifiable off-balance-sheet items. Enterprise value reflects the aggregate value generated by the combined operation of tangible and intangible assets. The Target Company possesses clearly defined asset ownership rights and complete financial records, with all assets and liabilities readily identifiable. The assets subject to valuation could be quantified not only through financial and acquisition records but also verified via on-site inspections. Their values could be determined based on the cost of replacement or acquisition. Therefore, the asset-based approach was applicable for this Valuation.

The income approach capitalizes or discounts expected future earnings to determine the evaluated entity's value. Established in November 1999, the Target Company primarily develops and manufactures household appliance components, alongside OEM products, high-end satellite antennas, automotive parts, TV mounts, and hardware furniture. The Target Company possesses robust metal stamping component manufacturing capabilities, primarily producing parts from cold-rolled/hot-rolled steel sheets, galvanized sheets, stainless steel sheets, and aluminium sheets under 5mm thickness. It maintains a sheet metal processing capacity and scale of 200,000 tons. The Target Company operates stably, with quantifiable expected returns, predictable return periods, and foreseeable associated risks. Therefore, the income approach was applicable for this Valuation.

Given the limited access to transaction information in PRC's domestic property rights trading market and significant variations in product structures and core business compositions among comparable enterprises, it is challenging to obtain sufficient comparable listed companies or comparable transaction cases. Consequently, the market approach was impractical for this Valuation.

Considering the purpose of this Valuation and the characteristics of the subject property, combined with the above analysis, the asset-based approach and income approach were employed for this Valuation.

VALUATION MODEL AND PARAMETERS

Valuation Model

Selection of Specific Income Approach Valuation Method

The income approach refers to the valuation methodology that determines the value of the subject by capitalizing or discounting the expected future earnings of the enterprise being valued. Two commonly used valuation methods under the income approach are the income capitalization method and the discounted future cash flow method. Based on the application prerequisites of these two specific methods, the income capitalization method capitalizes the enterprise's future expected representative and relatively stable earnings. The Valuation adopted the discounted future cash flow method.

The discounted future cash flow method is a calculation approach that estimates the subject enterprise's anticipated future earnings, converts them to present value using an appropriate discount rate, and then sums these values to derive the enterprise's valuation. The basic formula is as below:

$$P = \sum_{t=1}^n \frac{F_t}{(1+r_t)^t}$$

In which:

P = Appraised value

F_t = Expected income for the t^{th} future income period

r_t = Discount rate for the t^{th} future income period

n = Income period (or remaining operating period)

Selection of Expected Income

Expected income in the income approach can be expressed as free cash flow (e.g., enterprise free cash flow, equity free cash flow), accounting profit (e.g., profit after tax, earnings before interest and taxes, economic profit, etc.), or cash dividends. Internationally, free cash flow is the most commonly adopted measurement of expected income. The formula of measuring expected income are as below:

Enterprise Free Cash Flow = Net Profit After Tax + Depreciation and Amortization + Interest Expense (net the tax influence) - Capital Expenditures – Net Working Capital Changes

Equity Free Cash Flow = Net Profit After Tax + Depreciation and Amortization - Capital Expenditures - Net Working Capital Change + Increase (Decrease) in Interest-Bearing Debt

There are direct and indirect methods for assessing enterprise value. Since the Target Company has no interest-bearing debt, the direct method was employed in this Valuation. Specifically, the equity free cash flow approach was adopted, using the Target Company's equity free cash flow over a projected period of years as the basis. This cash flow was discounted at an appropriate discount rate to calculate the value of operating assets. The value of excess assets was then added, and the value of non-operating assets is subtracted from the value of surplus liabilities to arrive at the total value of shareholders' equity.

Discounted Future Cash Flow Model

When applying the discounted future cash flow method for enterprise valuation, the forecast analysis of expected income is generally divided into two main segments (the segmented approach):

- A. Income level during the forecast period (the time interval before the enterprise reaches relative operational stability)

B. Income level after the forecast period (the time interval after the enterprise achieves relatively stable operations)

Enterprise Value = Present value of annual earnings during the forecast period + Present value of terminal value

Typically, a more detailed forecast analysis of the enterprise's earnings is required for the time interval before the enterprise achieves relatively stable operations.

The segmented formula for infinite income period is as below:

$$P = \sum_{t=1}^n \frac{F_t}{(1+r)^t} + \frac{F_t \times (1+g)}{r-g} \times \frac{1}{(1+r)^n}$$

In which:

n is the specific forecast period

Given that the Target Company has sustainable operational and developmental capabilities with no foreseeable possibility of liquidation, the infinite-year segmented model was adopted for this Valuation.

Determination of Discount Rate

In accordance with the principle of coordinating the income amount with the discount rate, the income amount for this Valuation is the equity free cash flow. Therefore, the discount rate should be the cost of equity capital (CAPM).

Cost of equity capital is derived from the internationally adopted CAPM Model, which is:

$$\begin{aligned} K_e &= R_{f1} + \beta L \times (R_m - R_{f1}) + r_c \\ &= R_{f1} + \beta L \times MRP + r_c \end{aligned}$$

In which:

K_e = Cost of equity capital;

R_{f1} = The current risk-free rate;

βL : The equity's systematic risk coefficient;

R_m : The market expected return;

MRP: The market risk premium;

r_c : The enterprise-specific risk adjustment coefficient.

Rc includes scale risk and other enterprise-specific risks.

Income Approach Valuation Methodology

Equity Free Cash Flow = Net Profit After Tax + Depreciation and Amortization - Capital Expenditures - Net Working Capital Change + Increase (Decrease) in Interest-Bearing Debt

Discounted Equity Free Cash Flow = Present Value of Equity Free Cash Flow for the Specified Forecast Period + Present Value of Equity Free Cash Flow After the Specified Forecast Period

Total Shareholders' Equity Value = Present Value of Equity Free Cash Flow + Non-Operating Assets + Excess Assets - Non-Operating Liabilities - Excess Liabilities - Interest-Bearing Debt

Capital Expenditures represent expenditures for the renewal of fixed assets and other long-term assets.

Net Working Capital Change is determined based on their relationship with main business revenue.

Interest-Bearing Debt includes bank borrowings and shareholder interest-bearing debt.

Excess Assets and Excess Liabilities are items excluded from working capital deductions.

Forecast Period

The Target Company was established in November 1999. The Company possesses the abilities of manufacturing metal stamping components and the research and development of non-standard automation equipment. It acts not only as an internal supplier, it also actively expands into the international market and stably cooperating with world-renowned enterprises such as IKEA, Milestone, and Sumitomo. The Target Company operates stably with a clear development strategy. As such, the forecast period is determined to be until the end of 2030.

Income Period

Since the main assets and personnel relied on by the Target Company for its operation are stable, the future operation direction is clear, the main operation direction is clear and the Valuer was not aware of other operational barriers to sustainable business operations; therefore, the income period was determined as infinite.

ASSUMPTIONS OF VALUATION

Pursuant to Rule 14.60A of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

1. Open market assumption: The open market refers to a fully developed and well-functioning market environment. This assumption assumed that assets being traded in the market, or intended to be traded, are exchanged between parties of equal standing. Both parties have sufficient

opportunity and time to access market information, enabling them to make rational judgments about the asset's function, usage, and transaction price.

2. Continuous usage assumption: This assumption assumed that the assets of the evaluated entity will be used according to their current purpose and manner after the Acquisition.
3. Going concern assumption: The assumption assumed that an evaluated entity's operations will continue in accordance with their current operations and that the entity's operations will not be suspended or discontinued for a predictable period of time in the future. The assumption does not take into account the impact of economic activities related to the valuation on the evaluated entity's operation.
4. External environmental assumption: there will be no significant changes to the country's current laws, regulations and policy guidelines. The political, economic, and social environments of the regions where the parties to the Acquisition are located will remain stable. There will be no major changes in interest rates, exchange rates, tax bases and rates, or policy-driven fees and charges.
5. It is assumed that the management of the evaluated entity has responsibly fulfilled its obligations in operating the business and has competently managed the relevant assets. The evaluated entity has not engaged in any activities that violate national laws or regulations during its operations.
6. The Valuation does not consider whether potential future dependencies, guarantees, and special transaction methods—such as those that might lead to additional estimated prices—could affect the Valuation conclusion.

SELECTION OF VALUATION RESULTS

Pursuant to the Valuation Report, the Valuer has considered the valuation results derived from the income approach and asset-based approach.

The income approach valuation comprehensively reflected the value of the Target Company's human capital, management expertise, business model, and brand reputation. The asset-based approach valuation, derived by summing all identifiable assets, failed to account for the excess profits generated by the enterprise's management team, technical capabilities, brand equity, and business model. Consequently, the asset-based valuation was understated.

Beyond its book-recorded assets, the Target Company possessed significant intangible assets that constituted vital components of its shareholder equity value. These include market leadership in niche products cultivated through years of operation, advantageous supplier relationships, established sales channel networks, an exceptional management team, and accumulated social goodwill.

As such, in this Valuation, the income approach reflects the market value of the Target Company's overall profitability derived from its comprehensive factors, including the value accumulated through years of building core competitive advantages. Compared to the asset-based approach, its conclusion is

more reasonable. Considering the purpose of this valuation, the income approach valuation result was adopted as the final conclusion.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in the Supplemental Announcement are as follows:

Name	Qualification
ShineWing Certified Public Accountants	Chinese Certified Public Accountants
Qingdao Deming Asset Evaluation Co., Ltd* (青島德銘資產評估有限公司)	Independent valuer

Each of ShineWing Certified Public Accountants and the Independent Valuer has given and has not withdrawn its respective written consent to the publication of this Supplemental Announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of ShineWing Certified Public Accountants and the Independent Valuer is a third party independent of the Group and is not a connected person of the Group. As at the date of the Supplemental Announcement, neither ShineWing Certified Public Accountants nor the Independent Valuer has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

A report from ShineWing Certified Public Accountants, the auditor of the Company, dated 10 October 2025 and a letter from the Board dated 17 October 2025 are included in Appendix I and Appendix II to this Supplemental Announcement, respectively, for the purpose of Rules 14.60A of the Listing Rules.

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

By order of the Board
Hisense Home Appliances Group Co., Ltd.
Gao Yu Ling
Chairperson

Foshan City, Guangdong, the PRC, 17 October 2025

As at the date of this announcement, the Company's executive directors are Ms. Gao Yu Ling, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Ms. Fang Xue Yu and Mr. Dai Hui Zhong, the Company's independent non-executive directors are Mr. Li Zhi Gang, Mr. Tsoi Wing Sing and Mr. Xu Guo Jun, and the Company's employee representative director is Mr. Yin Bi Tong.

APPENDIX I – REPORT FROM SHINEWING CERTIFIED PUBLIC ACCOUNTANTS

The following is the text of a report received from the Company’s auditor, ShineWing Certified Public Accountants, Chinese Certified Public Accountants, for inclusion in this Supplemental Announcement.

The Board of Directors

Hisense Home Appliances Group Co., Ltd.

**No. 8 Ronggang Road, Ronggui, Shunde, Foshan,
Guangdong Province, The People’s Republic of China**

REPORT ON CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN HISENSE (GUANGDONG) KITCHEN AND BATH SYSTEM CO., LTD.

To the board of directors of Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as the “Company”)

We have examined the calculation of the discounted future estimated cash flows on which the valuation prepared by Qingdao Deming Asset Evaluation Co., Ltd in respect of the entire equity interest in Hisense (Guangdong) Kitchen and Bath System Co., Ltd. (海信(廣東)廚衛系統股份有限公司) (the “**Target Company**”) involved in the proposed equity transfer as at 30 June 2025 is based (the “**Valuations**”). The Valuations based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and reference to the Valuations will be included in an Supplementary announcement dated 17 October 2025 issued by the Company in connection with the connected transaction involving the acquisition of a partial equity interest in the Target Company (the “**Announcement**”).

Directors’ Responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Announcement (the “**Assumptions**”), based on which the discounted future estimated cash flows and the Valuations are prepared.

Professional Ethics and Quality Management

Our firm has complied with the requirements for independence and other ethical requirements in “Code of Ethics for Chinese Certified Public Accountants” issued by CICPA. These requirements are founded on essential ethical principles, including integrity, objectivity and impartiality, independence, professional competence and due care, confidentiality, and proper professional conduct.

Our firm applies the requirements of Standard on Quality Management for Accounting Firms 5101 “Engagement Quality Management” issued by the Ministry of Finance of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuations is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Chinese Certified Public Accountants' Other Assurance Engagements Standard 3101 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Ministry of Finance of China. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the entire equity interests in the Target Company. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuations and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

ShineWing Certified Public Accountants

Chinese Certified Public Accountants:
Xu Shi Yang

Chinese Certified Public Accountants:
Zhang Shi Bing

Beijing, PRC

10 October 2025

APPENDIX II – LETTER FROM THE BOARD

The following is the full text of the letter dated 17 October 2025, prepared by the Board for inclusion in this Supplemental Announcement.

17 October 2025

Listing Division

The Stock Exchange of Hong Kong Limited

12th Floor, Two Exchange Square

8 Connaught Place, Central, Hong Kong

Dear Sirs,

THE CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF TARGET EQUITY – PROFIT FORECAST

We refer to the announcement of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) dated 26 September 2025 in relation to, amongst others, the connected transactions in relation to the Acquisition of Target Equity. Unless the context otherwise requires, terms defined in the announcement shall have the same meanings in this letter when used herein.

We refer to the valuation report dated 23 September 2025 prepared by Qingdao Deming Asset Evaluation Co., Ltd* (青島德銘資產評估有限公司) (the “**Independent Valuer**”), an independent valuer, which shows the appraised value of the entire equity interests of shareholders of the Target Company as at the valuation benchmark date (which is 30 June 2025) was RMB578.8479 million (audited) based on the income approach (the “**Valuation Report**”). The aforesaid valuation of the Target Company (the “**Valuation**”) is regarded as a profit forecast (the “**Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

We hereby confirm that we have considered various aspects including the bases and assumptions based upon which the discounted future cash flow in the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also reviewed the calculations for the discounted future cash flow in the Valuation Report. We have also considered the report from ShineWing Certified Public Accountants, the auditor of the Company, as set out in Appendix I to the further announcement dated 17 October 2025 regarding the calculations of the discounted future cash flow in the Valuation upon which the Forecast has been made.

On the basis of the foregoing, in accordance with the requirements of Rule 14.60A of the Listing Rules, we confirmed that the Forecast has been made after due and careful enquiry by us.

Yours faithfully,
By order of the Board
Hisense Home Appliances Group Co., Ltd.
Gao Yu Ling
Chairperson

**For identification purpose only*