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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)**

**CONTINUING CONNECTED TRANSACTION  
ENTERING INTO THE SECOND BUSINESS CO-OPERATION AGREEMENT**

Reference is made to the announcement of the Company dated 9 January 2023 in relation to, among other things, the Business Co-operation Agreement (the “**Announcement**”). On 30 October 2023 (after trading hours), the Company and Johnson Hitachi entered into the second business co-operation agreement (the “**Second Business Co-operation Agreement**”) in relation to the supply of moulds (the “**Additional Transaction**”). Unless otherwise indicated, capitalised terms herein shall have the same meaning as defined in the Announcement.

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

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

**ENTERING INTO THE SECOND BUSINESS CO-OPERATION AGREEMENT**

Reference is made to the Announcement of the Company dated 9 January 2023 in relation to, among other things, the Business Co-operation Agreement. On 30 October 2023 (after trading hours), the Company and Johnson Hitachi entered into the Second Business Co-operation

Agreement in relation to the Additional Transaction.

## **Principal Terms of the Second Business Co-operation Agreement**

**Date:** 30 October 2023

**Parties:** The Company; and  
Johnson Hitachi

**Term:** The Second Business Co-operation Agreement shall commence from the date of signing of the Second Business Co-operation Agreement until 31 December 2023. It can be terminated before its expiration by mutual agreement of the parties.

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

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

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

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

## **The Additional Transaction**

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

***Pricing:***

Pricing for the supply of moulds is determined by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of similar transactions from at least three Independent Third Parties.

***Historical amount:***

For (i) the year ended 31 December 2022; and (ii) the nine months ended 30 September 2023, the aggregate transaction amount for the supply of moulds by the Group to Johnson Hitachi Group amounted to RMB nil (exclusive of VAT and audited) and RMB nil (exclusive of VAT and unaudited), respectively.

***Proposed Annual Cap:***

For the period commencing from the date of the Second Business Co-operation Agreement to 31 December 2023, the Additional Transaction regarding the supply of moulds by the Group to Johnson Hitachi Group are subject to the annual cap (the “**Annual Cap**”) of RMB15,000,000 (exclusive of VAT). The above Annual Cap was determined with reference to: the projected level of the supply of moulds by the Group to Johnson Hitachi Group for the financial year ending 31 December 2023.

**The Company’s internal policy regarding continuing connected transactions**

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

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

Following the requirements under the CT Management Policy, the operation department of the Group will compare the terms of the proposed continuing connected transaction to those of similar transactions with Independent Third Parties or quotations offered by Independent Third Parties (as the case may be) prior to the execution of the relevant orders or contracts. Before an order or a definitive contract for a transaction is placed, accepted or entered into by the Group, the operation department of the Group will, depending on the circumstances at that time, either obtain the pricing of similar transactions from at least three Independent Third Parties through public channels, or invite at least three Independent Third Parties who are interested in the transaction to provide or

offer their quotations, for the purpose of comparing the pricing of similar transactions. If the operation department of the relevant business sector is of the view that the terms of the proposed orders or contracts are less favourable to the Group than those with or offered by Independent Third Parties, it will report to the senior management who will negotiate with the connected party on the terms of the relevant orders or contracts. If, after negotiation, the connected party cannot offer terms which are no less favourable to the Group than those with or offered by Independent Third Parties, the Group will not execute the relevant orders or contracts.

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

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

## **REASONS FOR AND BENEFITS OF THE ADDITIONAL TRANSACTION**

The sale of moulds by the Group to Johnson Hitachi Group helps to satisfy the development needs of the business co-operation between the Group and Johnson Hitachi Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second Business Co-operation Agreement, the Additional Transaction and the Annual Cap in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Second Business Co-operation Agreement and the Additional Transaction and therefore none of them is required to abstain from voting on the board resolutions approving the Second Business Co-operation Agreement and the Additional Transaction.

## **INFORMATION RELATING TO THE COMPANY AND JOHNSON HITACHI**

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

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

## IMPLICATIONS UNDER THE HONG KONG LISTING RULES

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

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

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

Foshan City, Guangdong, the PRC, 30 October 2023

*As at the date of this announcement, the Company's executive directors are Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Mr. Hu Jian Yong, Mr. Xia Zhang Zhua and Ms. Gao Yu Ling; and the Company's independent non-executive directors are Mr. Zhong Geng Shen, Mr. Cheung Sai Kit and Mr. Li Zhi Gang.*