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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
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

ESTABLISHMENT OF A JOINT VENTURE COMPANY

On 21 December 2023 (after trading hours), the Parties, namely the Company and Hisense Visual, entered into the Joint Venture Agreement, pursuant to which the Parties agreed to establish the JV Company in Qingdao City of the PRC. The registered capital of the JV Company will be RMB318,300,000, of which the Company has agreed to contribute RMB159,150,000, being 50% of the registered capital of the JV Company, and Hisense Visual has agreed to contribute the remaining RMB159,150,000.

The scope of business of the JV Company will include: corporate headquarters management; import and export agency; the import and export of goods; import and export of technology; marketing planning; sale of Class II medical devices; sale of intelligent home consumption equipment, sale of optical communication equipment, information system integration services, sale of information security equipment, sale of network equipment, development of rail transportation operation and management system, sale of rail transportation specialized equipment, key systems and components; and investment activities with its own funds (subject to the scope of business approved by the relevant authority in the PRC and shown in the business license of the JV Company).

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 interest 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 establishment of the JV Company constitutes a connected transaction under Chapter 14A of the Listing Rules. However, since all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the establishment of the JV Company are more than 0.1% but less than 5%, the establishment of the JV Company is subject to reporting, announcement and annual review requirements but exempt from the circular (including

independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Joint Venture Agreement are set out as follows:

Date: 21 December 2023 (after trading hours)

Parties: The Company; and

Hisense Visual

Please refer to the section headed "Information about the Parties" below for background and information of the above parties.

Registered capital of the JV Company: The registered capital of the JV Company will be RMB318,300,000

Capital contribution: (a) the Company will contribute RMB159,150,000 in cash, representing 50% of the registered capital of the JV Company; and

(b) Hisense Visual will contribute RMB159,150,000 in cash, representing 50% of the registered capital of the JV Company.

The capital contribution should be completed within 15 working days from the date when the bank account information of the JV Company becomes available after the JV Company has obtained the business license.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiation between the Parties having taken into account the expected capital requirements of the JV Company. It is contemplated that the capital contribution payable by the Company will be self-financed by the Company. Save as disclosed above, the Company has no other capital commitment to the JV Company as at the date of this announcement.

Corporate governance structure: The board of directors of the JV Company will consist of six directors, among which each of the Parties is entitled to nominate three directors, to be elected by the shareholders of the JV Company at the general meeting.

No supervisory committee will be formed in the JV Company while one supervisor will be elected by the shareholders of the JV Company.

The JV Company will have one general manager, who will be appointed or removed by the board of the JV Company.

Scope of business: The scope of business of the JV Company will include: corporate headquarters management; import and export agency; the import and export of goods; import and export of technology; marketing planning; sale of Class II medical devices; sale of intelligent home consumption equipment, sale of optical communication equipment, information system integration services, sale of information security equipment, sale of network equipment, development of rail transportation operation and management system, sale of rail transportation specialized equipment, key systems and components; and investment activities with its own funds (subject to the business scope approved by the relevant authority in the PRC and shown in the business license in the JV Company).

Effectiveness of the Joint Venture Agreement: The Joint Venture Agreement shall come into effect on the date on which it is duly signed by the Parties and the seals of the Parties are affixed.

As at the date of this announcement, the JV Company has not yet been established and thus has not commenced any business operations. As the Company will hold 50% equity interest in the JV Company, the JV Company will not be accounted for as a subsidiary of the Company and hence, its financial results will not be included in the Group's consolidated financial statements.

INFORMATION ABOUT THE PARTIES

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 and it is listed on the Shanghai Stock Exchange with Hisense Holdings as its controlling shareholder. 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) 27.92% is owned by the Position Incentive Shareholders of Hisense Holdings who hold interests in Hisense Holdings directly; (ii) 15.23% 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 17 partnerships which were established from 2016 to 2022. 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.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The establishment of the JV Company between the Company and Hisense Visual is conducive to promoting the Company's globalisation development strategy, jointly expanding business development and brand building in the ASEAN region, synergistically developing in the ASEAN region by leveraging the strengths of the Group's full-range products, promoting the upgrading of suites and high-end products and increasing the market share in the local market. The Directors (including the independent non-executive Directors) consider that the Joint Venture Agreement has been entered into after negotiation on arm's length basis and on normal commercial terms, and the terms of the Joint Venture Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Due to the nature of the Joint Venture Agreement and the transaction contemplated thereunder, it is not in the ordinary or usual course of business of the Group.

As Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr Yu Zhi Tao, Mr. Hu Jian Yong and Ms. Gao Yu Ling also act as directors of Hisense Holdings and/or its subsidiaries, they have abstained from voting on the resolutions for approving the establishment of the JV Company. Apart from the aforementioned Directors, none of the other Directors have any material interests in this transaction.

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 interest 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 establishment of a JV Company constitutes a connected transaction under Chapter 14A of the Listing Rules. However, since all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the establishment of the JV Company are more than 0.1% but less than 5%, the establishment of the JV Company is subject to reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“ASEAN”	the Association of Southeast Asian Nations, an intergovernmental organization of ten Southeast Asian countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam
“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
“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 37.23% 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 8.97% 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 Visual”	Hisense Visual Technology Co., Ltd.* (海信視像科技股份有限公司), a 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
“JV Company”	青島海信環亞控股有限公司 (Qingdao Hisense Global Asia Holding Co.,Ltd.*), the company to be established in Qingdao City of the PRC with limited liability under the Company Law of the PRC pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 21 December 2023 entered into by the Company and Hisense Visual, pursuant to which the Parties agreed to establish the JV Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Parties”	the parties signing the Joint Venture Agreement, being the Company and Hisense Visual
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“%”	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, 21 December 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.