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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)

2021 THIRD QUARTERLY REPORT

This announcement is made by Hisense Home Appliances Group Co., Ltd. (the "**Company**") pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. IMPORTANT NOTICE

1. The board of directors (the "**Board**"), the supervisory committee, the directors (the "**Directors**"), the supervisors and the senior management of the Company warrant that there are no false representation or misleading statements contained in, or material omissions from, this quarterly report; and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness of the information contained herein.

2. The person in charge of the Company, the person in charge of the accounting department and the accounting officer warrant the truthfulness, accuracy and completeness of the contents of the financial statements in this quarterly report.

3. All Directors attended the Board meeting for considering and approving the 2021 third quarterly report.

4. The financial statements of the Company for the third quarter of 2021 have not been audited by accountants.

5. The full text of the Company's balance sheet, income statement and cash flow statement are published on the website as designated by the Shenzhen Stock Exchange for release of information: http://www.cninfo.com.cn.

II. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Did the Company need to make retrospective adjustment to or restatement of the accounting data of prior years?

□ Yes √ No

Items	Amount for the three months ended 30 September 2021 (the "Reporting Period")	Increase or decrease as compared to corresponding period last year (%)	From the beginning of the year to the end of the Reporting Period	Increase or decrease as compared to corresponding period last year (%)
Operating revenue (RMB)	17,643,390,799.61	28.04	50,067,205,510.08	43.60
Net profits attributable to shareholders of the Company (RMB)	311,058,053.59	-37.66	926,433,145.39	-7.56
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	224,793,618.33	-48.02	679,578,059.11	-11.02
Net cash flow from operating activities (RMB)	-	-	3,493,522,034.65	-14.96
Basic earnings per share (RMB/share)	0.23	-37.84	0.68	-8.11
Diluted earnings per share (RMB/share)	0.23	-37.84	0.68	-8.11
Weighted average rate of return on net assets (%)	3.08	Decrease 2.40 percentage points	9.23	Decrease 1.92 percentage points
Items	**At the end of the Reporting Period**	**At the end of 2020**	**Increase or decrease as compared to last year (%)**	
Total assets (RMB)	54,814,699,856.18	41,811,635,813.53	31.10	
Shareholders' equity attributable to shareholders of the Company (RMB)	10,246,694,301.97	9,779,115,580.43	4.78	

*Note: The Company has completed the approval procedures and the equity payment for the acquisition of Sanden Holdings Corporation ("**Sanden Holdings**"), and Sanden Holdings has been included in the Company's consolidated financial statements since 31 May 2021 in accordance with ASBE 20 "Business Combination". The balance sheet of the Company as at the end of the Reporting Period included the balance sheet of Sanden Holdings, and the income statement and the cash flow statement of the Company included the financial information of Sanden Holdings from June to September 2021. Excluding the impact of the consolidation of Sanden Holdings, the Company's operating revenue in the first three quarters of 2021 increased by more than 30% year-on-year and achieved a 6% year-on-year increase in net profit attributable to shareholders of the Company. Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd., a consolidated subsidiary of the Company, continued to maintain a good operating trend with operating revenue and net profit increasing by more than 30% year-on-year in the first three quarters of 2021. The Company continued to increase investment in research and development, especially in the area of home appliance intelligence, and the research and development expenses increased by 53% year-on-year from January to September 2021, which helped to steadily improve the competitiveness of the Company's products and supported the long-term steady growth of operating revenue. Facing the impact of unfavourable factors such as the significant increase in raw material prices, the Company continued to strengthen efforts to improve efficiency and reduce costs, and the overall gross margin for comparable calibers improved by 1.74 percentage points in the third quarter of 2021 compared to the second quarter of 2021. At the same time, the Company actively explores overseas markets, with export revenue from January to September 2021 growing by 58.6% year-on-year. With the opportunity of "Hisense" becoming an official sponsor of the 2022 Qatar World Cup, the Company will continue to make efforts in sports marketing,* *actively expand sales scale and strive to achieve double growth in scale and efficiency.*

Extraordinary profit and loss items and amounts

√ Applicable □ Not applicable

Unit: RMB

Item	Amount for the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	5,747,267.96	10,532,800.13	
Government grants recognised in the profits or losses (excluding government grants which are closely related to the Company's normal business, are in accordance with national policies and are received with fixed amounts or with fixed percentage based on unified standards)	65,087,832.49	255,487,239.72	
Profits and losses from assets which entrust others to invest or manage	19,011,412.37	65,283,859.90	
Business restructuring costs, such as expenses for relocating employees, integration costs, etc.	-1,680,832.68	-53,468,322.47	
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 and transactional financial liabilities and investment gain from the disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets	19,406,110.75	25,011,992.96	
Other non-operating income and expenses other than the aforementioned items	-3,949,088.96	19,296,130.72	
Less: Effect of income tax	11,353,556.36	50,455,709.48	
Effect of minority interests (after tax)	6,004,710.31	24,832,905.20	
Total	86,264,435.26	246,855,086.28	

III. TABLE SHOWING TOTAL NUMBER OF SHAREHOLDERS AND THE SHAREHOLDING OF THE TOP TEN HOLDERS OF ORDINARY SHARES AT THE END OF THE REPORTING PERIOD

Unit: shares

Total number of shareholders of ordinary shares at the end of the Reporting Period	29,091	Total number of preferred shareholders which the right of vote is restored at the end of the Reporting Period			0	
The shareholding of the top ten holders of ordinary shares						
Name of Shareholder	**Nature of Shareholder**	**Percentage to the total issued share capital of the Company**	**No. of shares held**	**No. of shares held subject to selling restrictions**	**Situation of pledged or frozen shares**	
					Share status	**Quantity**
Qingdao Hisense Air-conditioning	Domestic	37.92%	516,758,670	0		

Company Limited	non-state-owned legal person					
HKSCC Nominees Limited *Note 1*	Foreign legal person	33.59%	457,763,567			
The Hong Kong Securities Clearing Company ("**HKSCC**") *Note 2*	Foreign legal person	5.59%	76,115,542	0		
Shanghai Gaoyi Asset Management Parternership-Gaoyi Linshan No.1 Long-range Fund* (上海高毅資產管理合夥企業（有限合夥）－高毅鄰山1號遠望基金)	Other	4.77%	65,000,000	0		
Industrial Bank Co., Ltd.-Fullgoal Xing Yuan Preferred 12-Month Hold Time Hybrid Securities Investment Fund* (興業銀行股份有限公司－富國興遠優選12個月持有期混合型證券投資基金)	Other	1.24%	16,927,141	0		
National Social Security Fund Portfolio No.102* (全國社保基金一零二組合)	Other	0.97%	13,240,636	0		
Bank of Ningbo Co., Ltd.-Fullgoal Balanced Strategy Hybrid Securities Investment Fund* (寧波銀行股份有限公司－富國均衡策略混合型證券投資基金)	Other	0.56%	7,566,557	0		
Zhang Shao Wu	Domestic natural person	0.53%	7,200,000	0		
Bank of China Limited-China Merchants Ruiwen Hybrid Securities Investment Fund* (中國銀行股份有限公司－招商瑞文混合型證券投資基金)	Other	0.34%	4,616,547	0		
Bank of China Limited-Fullgoal Cyclical Advantage Hybrid Securities Investment Fund* (中國銀行股份有限公司－富國週期優勢混合型證券投資基金)	Other	0.31%	4,287,930	0		

The shareholding of the top ten holders of ordinary shares not subject to selling restrictions

Name of Shareholder	Number of shares held not subject to selling restrictions	Class of shares	
		Class of shares	Quantity
Qingdao Hisense Air-conditioning Company Limited	516,758,670	RMB ordinary shares	516,758,670
HKSCC Nominees Limited *Note 1*	457,763,567	Overseas listed foreign shares	457,763,567
HKSCC *Note 2*	76,115,542	RMB ordinary shares	76,115,542
Shanghai Gaoyi Asset Management Parternership-Gaoyi Linshan No.1 Long-range Fund* (上海高毅資產管理合夥企業（有限合夥）－高毅鄰山1號遠望基金)	65,000,000	RMB ordinary shares	65,000,000
Industrial Bank Co., Ltd.-Fullgoal Xing Yuan Preferred 12-Month Hold Time Hybrid Securities Investment Fund* (興業銀行股份有限公司－富國興遠優選12個月持有期混合型證券投資基金)	16,927,141	RMB ordinary shares	16,927,141

National Social Security Fund Portfolio No.102* (全國社保基金一零二組合)	13,240,636	RMB ordinary shares	13,240,636
Bank of Ningbo Co., Ltd.-Fullgoal Balanced Strategy Hybrid Securities Investment Fund* (寧波銀行股份有限公司－富國均衡策略混合型證券投資基金)	7,566,557	RMB ordinary shares	7,566,557
Zhang Shao Wu	7,200,000	RMB ordinary shares	7,200,000
Bank of China Limited-China Merchants Ruiwen Hybrid Securities Investment Fund* (中國銀行股份有限公司－招商瑞文混合型證券投資基金)	4,616,547	RMB ordinary shares	4,616,547
Bank of China Limited-Fullgoal Cyclical Advantage Hybrid Securities Investment Fund* (中國銀行股份有限公司－富國週期優勢混合型證券投資基金)	4,287,930	RMB ordinary shares	4,287,930
Description of the above shareholders' affiliation or concerted action	Qingdao Hisense Air-conditioning Company Limited and Hisense (Hong Kong) Company Limited are connected with each other and they are not connected with other shareholders, nor are they a party acting in concert with any of the other shareholders within the meaning of Administrative Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》). The managers of Industrial Bank Co., Ltd.-Fullgoal Xing Yuan Preferred 12-Month Hold Time Hybrid Securities Investment Fund*, Bank of Ningbo Co., Ltd.-Fullgoal Balanced Strategy Hybrid Securities Investment Fund* and Bank of China Limited-Fullgoal Cyclical Advantage Hybrid Securities Investment Fund* are Fullgoal Fund Management Company. Save as disclosed above, the Company is not aware of any shareholders being connected with each other or any of them being a party acting in concert with any of the other within the meaning of Administrative Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》).		
Description of the top 10 shareholders' participation in the financing business (if any)	No		

Note 1: HKSCC Nominees Limited is the nominee holder of the shares held by non-registered H shareholders of the Company. The shares held by HKSCC Nominees Limited are held on behalf of a number of its account participants, including Hisense (Hong Kong) Company Limited, a party acting in concert with the controlling shareholder of the Company, which held a total number of 124,452,000 H shares as of the end of the Reporting Period, representing 9.13% of the total number of the issued shares of the Company.

Note 2: HKSCC is the nominee holder of the shares held by non-registered A shareholders of the Company through Shenzhen-Hong Kong Stock Connect. The shares held by HKSCC are held on behalf of a number of its account participants.

Note 3: "" is for identification purposes only.*

IV. SIGNIFICANT MATTERS

1. Details of and reasons for significant changes of the principal accounting items and financial indicators during the Reporting Period

√ Applicable □ Not applicable

Unit: RMB

Balance	Closing balance at the end of the	Opening balance at the beginning of	Change	Reasons of change

Sheet Items	Reporting Period	the year	(%)	
Transactional financial assets	4,879,487,260.40	2,620,898,474.73	86.18	Mainly due to the increase in outstanding financial products at the end of the Reporting Period
Notes receivable	332,601,683.15	548,498,540.36	-39.36	Mainly due to the decrease in pledge of notes at the end of the Reporting Period
Factoring of accounts receivables	5,683,069,417.20	4,241,240,626.01	34.00	Mainly due to the growth in size of the Company during the Reporting Period
Prepayments	308,146,088.50	224,425,215.31	37.30	Mainly due to the increase in prepayment for materials
Others receivables	693,419,546.30	398,205,694.16	74.14	Mainly due to the consolidation of Sanden Holdings
Inventories	6,402,443,415.43	4,295,262,485.11	49.06	Mainly due to the consolidation of Sanden Holdings
Non-current assets due within one year	1,280,010,000.00		N/A	Mainly due to the increase in time deposits maturing within one year
Long-term equity investments	1,642,304,970.37	523,754,399.78	213.56	Mainly due to the consolidation of Sanden Holdings
Investment properties	247,774,725.68	36,648,535.29	576.08	Mainly due to the consolidation of Sanden Holdings
Construction in progress	735,697,149.44	228,887,385.20	221.42	Mainly due to the consolidation of Sanden Holdings and the increase in investment in technological reform
Right-of-use assets	219,617,205.92	68,097,563.78	222.50	Mainly due to the consolidation of Sanden Holdings
Goodwill	206,775,658.90	132,571,746.36	55.97	Mainly due to the consolidation of Sanden Holdings
Short-term borrowings	2,651,640,702.23	22,026,317.50	11,938.51	Mainly due to the consolidation of Sanden Holdings
Accounts payable	10,516,684,963.18	7,291,829,266.10	44.23	Mainly due to the growth of the Company's scale during the Reporting Period, the increase in purchases in line with the growth in scale and the consolidation of Sanden Holdings
Other payables	2,825,538,388.50	2,011,559,493.31	40.47	Mainly due to the increase in dividends payable at the end of the Reporting Period and the consolidation of Sanden Holdings
Non-current liabilities due within one year	197,727,188.55	29,562,279.68	568.85	Mainly due to the consolidation of Sanden Holdings
Other current liabilities	7,168,263,433.22	4,339,380,802.73	65.19	Mainly due to the growth of the Company's scale and the consolidation of Sanden during the Reporting Period
Lease liabilities	442,482,679.96	28,356,873.04	1,460.41	Mainly due to the consolidation of Sanden Holdings
Long-term employee remunerations payable	141,291,933.10		N/A	Mainly due to the consolidation of Sanden Holdings
Provisions	845,473,452.25	483,878,615.22	74.73	Mainly due to the consolidation of Sanden Holdings
Deferred income	159,091,583.92	99,076,794.22	60.57	Mainly due to the consolidation of Sanden Holdings
Deferred tax liabilities	186,234,527.09	74,465,181.93	150.10	Mainly due to the consolidation of Sanden Holdings

Other non-current liabilities	171,390,528.83		N/A	Mainly due to the consolidation of Sanden Holdings
Other comprehensive income	51,589,572.96	37,578,293.42	37.29	Mainly due to the consolidation of Sanden Holdings
Income Statement Items	**Amount from the beginning of the year to the end of the Reporting Period**	**Amount for the corresponding period last year**	**Change (%)**	**Reasons of change**
Operating revenue	50,067,205,510.08	34,865,990,148.41	43.60	Mainly due to the growth in size of the Company during the Reporting Period
Operating costs	39,461,118,532.29	26,614,627,242.85	48.27	Mainly due to the growth in size of the Company during the Reporting Period
Management expenses	871,344,960.74	486,262,310.00	79.19	Mainly due to the consolidation of Sanden Holdings
Research and development expenses	1,369,191,737.97	895,047,090.83	52.97	Mainly due to increased investment in research and development
Financial expenses	-47,832,344.20	-88,438,420.87	N/A	Mainly due to the consolidation of Sanden Holdings
Other income	371,898,115.73	219,520,837.47	69.41	Mainly due to the increase in government grants received during the Reporting Period
Investment income	228,821,902.16	124,325,574.32	84.05	Mainly attributable to the increase in income from long-term equity investments accounted for under the equity method
Cash Flow Statement Items	**Amount from the beginning of the year to the end of the Reporting Period**	**Amount for the corresponding period last year**	**Change (%)**	**Reasons of change**
Cash received from sales of goods and rendering of services	38,114,936,553.17	28,232,092,745.11	35.01	Mainly due to the growth in size of the Company during the Reporting Period
Tax rebates received	1,788,085,826.94	1,063,208,139.93	68.18	Mainly due to the increase in tax refunds received in the Reporting Period
Cash paid for purchases of commodities and receipt of services	25,710,524,460.16	17,413,975,118.40	47.64	Mainly due to the growth in size of the Company during the Reporting Period
Cash paid for other operating activities	5,558,098,158.52	3,725,218,638.74	49.20	Mainly due to the growth in size of the Company during the Reporting Period
Cash received relating to other investing activities	13,374,588,124.74	8,567,031,261.05	56.12	Mainly due to the increase in maturity recovery of wealth management and time deposits and the consolidation of Sanden Holdings during the Reporting Period
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	861,773,672.39	340,150,674.37	153.35	Mainly due to the increase in investment in technological improvement
Cash paid relating to other investing activities	14,568,068,788.83	10,870,000,000.00	34.02	Mainly due to the increase in wealth management purchases and new time deposits during the Reporting Period

Cash received from borrowings	2,998,528,841.16	270,000,000.00	1,010.57	Mainly due to the consolidation of Sanden Holdings
Cash received relating to other financing activities	886,033,024.94	88,237,087.92	904.15	Mainly due to the consolidation of Sanden Holdings and the change in the guarantee of the notes
Cash paid for repayment of borrowings	2,523,713,638.40	370,000,000.00	582.08	Mainly due to the consolidation of Sanden Holdings
Cash paid for distribution of dividends, profit or payment of interest expenses	1,343,052,161.88	974,639,945.05	37.80	Mainly due to the increase in dividends during the Reporting Period

2. Illustration on adjustments of financial statements

1) Illustration on financial statements at the beginning of the year when the New Leasing Standard applied for the first time in the year 2021

□ Applicable √ Not applicable

2) Illustration on retrospective prior period adjustment when the New Leasing Standard applied for the first time in the year 2021

□ Applicable √ Not applicable

This quarterly report is prepared in Chinese and English respectively. In case of inconsistency, the Chinese text of this quarterly report shall prevail over its English text.

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

Foshan City, Guangdong, the PRC, 28 October 2021

As at the date of this announcement, the Company's executive Directors are Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Fei Li Cheng and Mr. Xia Zhang Zhua; and the Company's independent non-executive Directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.