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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)*

- (1) Proposed Adoption of the 2024 A Share Employee Stock Ownership Plan;**
- (2) Proposed Adoption of the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan;**
- (3) Proposed Authorization to the Board to Deal with Matters relating to the 2024 A Share Employee Stock Ownership Plan; and**
- (4) Repurchase of A Shares by Centralized Bidding**

I. PROPOSED ADOPTION OF THE 2024 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN

The Board hereby announces that on 8 January 2024, at the first extraordinary meeting of the eleventh session of the Board, the Board resolved and approved, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan; and (iv) the repurchase of A Shares by centralized bidding.

Items (i) to (iii) above are subject to the approval by the Shareholders at the EGM by way of ordinary resolutions.

1. Proposed Adoption of the 2024 A Share Employee Stock Ownership Plan

The principal terms of the Stock Ownership Plan are set out below:

1.1 Purposes of the Stock Ownership Plan

The purposes of the Stock Ownership Plan are to establish and improve the mechanism for sharing benefits between employees and shareholders, attract, motivate and retain core talents, improve corporate governance standards, increase the cohesion of employees and competitiveness of the Company, raise the enthusiasm and creativity of employees, and promote the long-term, sustainable and healthy development of the Company.

1.2 ESOP's Participants and their Determination Criteria

(A) Legal Basis for Determining the ESOP's Participants

The Company has determined the eligibility of the ESOP's Participants according to the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines No. 1 for the Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of

the Companies Listed on the Main Board and other laws, regulations and regulatory documents as well as the relevant provisions of Articles of Association. The employees of the Company shall participate in the Stock Ownership Plan in accordance with the principles of legal compliance, voluntary participation and voluntary risk assumption.

(B) Position Basis Determined by the ESOP's Participants

The ESOP's Participants are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who have an important role and influence on the overall performance and medium- to long-term development of the Company.

The total number of Directors (excluding independent Directors), supervisors, senior management, core management and core employees participating in the ESOP shall not exceed 279. The exact number of the ESOP's Participants is determined based on the actual payment made by the employees. The employees' participation in the Stock Ownership Plan shall follow the principles of the Company's discretionary decisions and employees' voluntary participation. The Company shall not force employees to participate in the Stock Ownership Plan by means such as apportionment and mandatory distribution.

(C) ESOP's Participants and Proportion of Allocation

The subscription unit of the Stock Ownership Plan is "unit", and each unit amounts to RMB1 and the maximum number of units under the Stock Ownership Plan is 150,014,500. The number of Shares granted under the Stock Ownership Plan corresponding to the units subscribed and held by any one Holder shall not exceed 1% of the total share capital of the Company. The specific number of units held by the Holders of the Stock Ownership Plan shall be determined by the actual payment made by the employees.

The total number of Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company participating in the Stock Ownership Plan shall not exceed 279, including 8 Directors, supervisor and senior management. The relationship between such personnel and the Stock Ownership Plan does not constitute acting-in-concert relationship.

The specific proportion of subscription is as follows:

No.	Name	Position	Proposed number of units to be subscribed ('000 units)	Percentage of the Stock Ownership Plan	The number of Shares corresponding to the proposed subscription units ('000 shares)
1.	Dai Hui Zhong	Chairman and Executive Director	2,156.00	1.44%	200.00
2.	Jia Shao Qian	Executive	2,156.00	1.44%	200.00

		Director			
3.	Yu Zhi Tao	Executive Director	2,156.00	1.44%	200.00
4.	Hu Jian Yong	Executive Director and President	3,557.40	2.37%	330.00
5.	Xia Zhang Zhua	Executive Director	2,156.00	1.44%	200.00
6.	Gao Yu Ling	Executive Director, person-in-charge of finance	2,156.00	1.44%	200.00
7.	Yin Zhi Xin	Employee Supervisor	1,401.40	0.93%	130.00
8.	Zhang Yu Xin	Secretary to the Board	646.80	0.43%	60.00
Sub-total			16,385.60	10.92%	1,520.00
core management and core employees (not exceeding 271 people)			133,628.90	89.08%	12,396.00
Total			150,014.50	100.00%	13,916.00

Notes:

1. The specific number of Shares held by the Holders is based on the number of Shares listed in the “Share Subscription Agreement in relation to the 2024 A Share Employee Ownership Plan of Hisense Home Appliances Group Co., Ltd.” signed between the ESOP’s Participants and the Company.
2. Figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding.

In the event of non-subscription by some employees, the Board shall have the right to reallocate such Shares to other eligible employees.

1.3 Source of Funds, Source of Shares, Size and Price

(A) Source of the Underlying Shares involved in the Stock Ownership Plan

The sources of the Shares under the Stock Ownership Plan are the ordinary A Shares repurchased with the Company's designated repurchase account.

At the first extraordinary meeting of the eleventh session of the Board held on 8 January 2024, the Resolution on the Repurchasing of A Shares of the Company through Centralized Bidding (the "**Repurchase Plan**") was considered and approved. As at the date of this

announcement, the Repurchase Plan will soon commence and the underlying Shares shall be available upon completion of the Repurchase Plan.

(B) Size of the Underlying Shares involved in the Stock Ownership Plan

The underlying Shares under the Stock Ownership Plan will not exceed 13,916,000 Shares, representing approximately 1.00% of the total share capital of the Company in the amount of 1,387,935,370 Shares as at the date of this announcement. The exact number of Shares to be held will be determined based on the actual capital contribution of the employees and the Company will comply with the information disclosure obligations in a timely manner as required.

As at the date of this announcement, the draft of the 2022 A Share Employee Stock Ownership Plan of the Company is still in existence, which involves not more than 11,700,000 A shares of the Company, together with not more than 13,916,000 shares involved in the Stock Ownership Plan, totaling 25,616,000 shares, representing approximately 1.85% the Company's total share capital of 1,387,935,370 shares as at the date of this announcement. After the implementation of the Stock Ownership Plan, the total number of all Shares held under all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company in aggregate, and the number of the underlying Shares corresponding to the units of Stock Ownership Plan held by any Holder shall not exceed 1% of the total share capital of the Company (excluding the Shares acquired by the Holder before the Company's initial public offering for listing, the Shares purchased by the Holder through the secondary market and the Shares acquired through equity incentives).

(C) Source of Funds of the Stock Ownership Plan

The source of funds for participating in the Stock Ownership Plan shall be the legal remuneration of employees, their self-raised funds and other methods permitted by the laws and regulations, and the Company shall not provide financial assistance such as advances, guarantees and loans to the ESOP's Participants in any form. The Stock Ownership Plan does not involve leveraged funds and there is no arrangement for third parties to provide incentives, grants, subsidies, and make up the balance for employees to participate in the Stock Ownership Plan.

(D) Transfer Price and Pricing Basis of the Stock Ownership Plan

The transfer price of the Shares held in the Company's designated securities repurchase account under the Stock Ownership Plan shall be RMB10.78 per Share. The transfer price of the shares is not less than the par value of the share and not less than the higher of the following prices:

(a) 50% of the average price of the Company's Shares on the last trading day preceding the date of this announcement (total trading transaction of Shares on the preceding trading day/total trading volume of Shares on the preceding trading day) of 21.56 per Share, being 10.78 per Share;

(b) 50% of the average price of the Company's Shares on the 20 trading days preceding the date of this announcement (total trading transaction of Shares on the 20 preceding trading days/total trading volume of Shares on the 20 preceding trading days) of 20.79 per Share, being 10.39 per Share.

In the event of any capitalisation of capital reserve, bonus issue, sub-division of shares, rights issue or consolidation of shares of the Company in the period from the date of this announcement to the completion of registration of the ESOP by the ESOP's Participants, the transfer price shall be adjusted accordingly. The adjustment methods are set below:

(a) Conversion of capital reserve into share capital, bonus issue and share split

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the transfer price before the adjustment; n represents the ratio of conversion of capital reserve into share capital, bonus issue or share split per Share; P represents the transfer price after the adjustment.

(b) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_0 represents the transfer price before the adjustment; P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue); P represents the transfer price after the adjustment.

(c) Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the transfer price before the adjustment; n represents the share consolidation ratio; P represents the transfer price after the adjustment.

(d) Profit distribution

$$P = P_0 - V$$

Where: P_0 represents the transfer price before the adjustment; V represents the dividend per Share; P represents the transfer price after the adjustment. P shall remain larger than 1 after the adjustment for profit distribution.

(e) Issuance of new Shares

In case of issuance of new Shares by the Company, the transfer price of the Share Options shall not be adjusted.

The ESOP's Participants of the Stock Ownership Plan are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who are responsible for corporate governance, assisting in the formulation of the Company's strategic planning or other important tasks. The Company is of the view that, on the basis of compliance with the laws and regulations, providing incentives to these employees by granting Shares to them at an appropriate price can truly enhance the enthusiasm and sense of responsibility of the target employees and effectively align the

interests of the employees, the Company and the Shareholders, thereby facilitating the achievement of the motivation objectives.

1.4 Duration and Lock-up Period

(A) Term of the Stock Ownership Plan

- (a) The term of the Stock Ownership Plan shall be 48 months, commencing from the date on which the Company announces the transfer of the last tranche of underlying Shares to the Stock Ownership Plan. If not extended, the Stock Ownership Plan will be terminated automatically upon the expiry of its term.
- (b) Upon expiry of the lock-up period of the Stock Ownership Plan and if all the underlying Shares held under the Stock Ownership Plan are sold or transferred to the Unit Holders and liquidated and distributed in accordance with the regulations, the Stock Ownership Plan may be terminated prior to the expiry upon consideration and approval by the Holders' Meeting.
- (c) If a Holders' Meeting is held at least one month prior to the expiry of the term of the Stock Ownership Plan and with the consent of more than two-thirds of the units held by the Holders present at the meeting and after submission to the Board for consideration and approval, the term of the Stock Ownership Plan may be extended.
- (d) Where the Shares held by the Stock Ownership Plan cannot be fully sold or transferred to the Unit Holders before the expiry of the term due to the suspension of trading of the Shares or short trading window period, the term of the Stock Ownership Plan may be extended with the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and after submission to the Board.
- (e) The Company shall issue an indicative announcement six months prior to the expiry of the term of the Stock Ownership Plan, stating the number of Shares held by the Stock Ownership Plan which is about to expire and its proportion to the total share capital of the Company.
- (f) The Company shall disclose the number of Shares held under the expired Stock Ownership Plan and its proportion to the total share capital of the Company, as well as the disposal arrangements upon expiry, at the latest upon the expiry of the Stock Ownership Plan. In the case of an extension of the term, every difference from the pre-extension period should be explained in accordance with the disclosure requirements under Rule 6.6.7 of the Self-regulatory Guidelines No. 1 for the Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of the Companies Listed on the Main Board, and the corresponding review procedures and disclosure obligations should be fulfilled in accordance with the provisions of the Stock Ownership Plan.

(B) Lock-up Period of the Stock Ownership Plan and its Rationality and Compliance

- (a) The underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of the announcement of the Company of the transfer of the last tranche of underlying Shares to the Stock Ownership Plan. The lock-up period shall be up to 36 months. Details are as follows:

Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 40% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

The Shares derived from the underlying Shares obtained under the Stock Ownership Plan as a result of events such as the distribution of share dividends and capitalisation of capital reserve by the Company shall also be subject to the above lock-up arrangement.

(b) Trading restrictions of the Stock Ownership Plan

The Stock Ownership Plan will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, Shenzhen Stock Exchange, the SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules on stock trading. No Shares under the Stock Ownership Plan shall be traded during the following periods:

- (i) Within one month prior to the announcement of the annual report, half-year report or quarterly report of the Company. Where the date of the announcement is postponed due to special reasons, the period shall commence one month prior to the original scheduled date of the announcement;
- (ii) Within 10 days before the announcement of results forecast and preliminary results;
- (iii) During the period commencing one month immediately before the earlier of the date of board meeting (as such date if first notified to the Hong Kong Stock Exchange under the Hong Kong Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules);
- (iv) From the date of occurrence of a major event that may have a significant impact on the trading price of the Shares and derivatives of the Company or the date of entering into the decision-making process, until the date of disclosure in accordance with the law (including such date); and
- (v) Such other period as stipulated by the CSRC, Shenzhen Stock Exchange, SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules.

(c) Explanation on the rationality and compliance of the lock-up period of the Stock Ownership Plan

The lock-up period of the Stock Ownership Plan is set based on the principle of balancing incentives and constraints. The transfer price of the Shares of the Stock Ownership Plan is discounted, so the Shares will be unlocked in three phases after 12 months of lock-up, and the ratios of the Shares to be unlocked will be 40%, 30% and 30%, respectively. The Company believes that on the basis of legal compliance, the setting of lock-up period can further constrain employees while fully motivating them, thus better aligning the interests of the Holders, the Company and its shareholders. This will help achieve the purpose of the Stock Ownership Plan and promote the long-term development of the Company.

(C) Performance Appraisal of the Stock Ownership Plan

(a) Performance appraisal at company level

The appraisal years under the Stock Ownership Plan are the three accounting years from 2024 to 2026, and the appraisal will be conducted once every accounting year, with the achievement of the performance appraisal target as one of the unlocking conditions. The performance appraisal targets of each year are as set out in the table below:

		Growth rate of net profit (A)	
Unlocking period	Appraisal indicator for the appraisal year	Target value (Am)	Trigger value (An)
First unlocking period	Growth rate of net profit for 2024 compared to that of 2022	122%	98%
Second unlocking period	Growth rate of net profit for 2025 compared to that of 2022	155%	124%
Third Unlocking Period	Growth rate of net profit for 2026 compared to that of 2022	194%	155%

Appraisal indicator	Performance completion level	Unlocking ratio at the Company level (X)
Growth rate of net profit (A)	$A \geq A_m$	X=100%
	$A_n \leq A < A_m$	X=80%
	$A < A_n$	X=0%

Notes:

1. The above "net profit" indicators are calculated based on the audited net profit attributable to Shareholders and excluding the impact of the share-based fee payment arising from the implementation of the Stock

Ownership Plan for the period and other share incentive schemes and employee stock ownership plans.

2. The above performance appraisal targets are not undertakings about its performance made by the Company to investors.

During each of the above unlocking periods, the percentage of unlocking at the Company level will be determined in accordance with the level of achievement of the Company's performance. Units that do not meet the unlocking conditions will be taken back by the Management Committee, which has the authority to decide on the disposal of the relevant rights and interests.

(b) Performance appraisal at individual level

The individual appraisal of the Participants is conducted annually. The appraisal results are determined based on the individual performance appraisal and the unlocking ratio will be determined by the appraisal results. The actual number of underlying Shares unlocked by the Holders in the year = the number of underlying Shares planned to be unlocked by the Holders in the year x unlocking ratio at company level x unlocking ratio at individual level. If the actual number of underlying Shares unlocked by the Holder in the year is less than the target number of Shares to be unlocked due to the performance appraisal at individual level, the Management Committee will take back the units that have not met the unlocking conditions and decide on the disposal arrangements (including but not limited to allocating the recovered shares to other eligible employees at an appropriate time). If such units are not allocated during the term of the Stock Ownership Plan, the unallocated portion will be sold at an appropriate time by the Company during the term of the Stock Ownership Plan after the unlocking date. After the sale, the original capital contribution for the corresponding units will be returned to the Holders. If there is any gain after the contribution is returned to the Holders, the gain shall be returned to the Company.

The results of the performance appraisal of the Holders are classified into five grades, namely S, A, B, C and D. Details are shown in the table below:

Appraisal grade	S	A	B	C	D
Unlocking ratio at the individual level	100%			70%	0%

1.5 Management Model

Subject to the approval of the general meeting, the Stock Ownership Plan shall be established with self-owned funds and shall be managed by the Company itself. The highest internal management authority of the Stock Ownership Plan is the Holders' Meeting. The Holders' Meeting shall establish the Management Committee and authorize the Management Committee as the management body of the Stock Ownership Plan to supervise the daily management of the Stock Ownership Plan and exercise the Shareholders' rights on behalf of the Holders. The Administrative Measures for the Stock Ownership Plan clearly stipulate the responsibilities of the Management Committee and adopt adequate risk prevention and segregation measures. The Board is responsible for drafting and amending the draft of the Stock Ownership Plan and

handling other relevant matters of the Stock Ownership Plan within the scope as authorized by the general meeting.

1.6 Alteration, Termination and Disposal of Holders' Interests

(A) Alteration of the Stock Ownership Plan

During the term of the Stock Ownership Plan, any amendment to the Stock Ownership Plan shall be subject to the approval of at least two-thirds (including two-thirds) of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.

(B) Termination of the Stock Ownership Plan

- (a) The Stock Ownership Plan will be terminated automatically upon its expiry.
- (b) When all Shares held in the Company under the Stock Ownership Plan are sold or transferred to the Unit Holders, the Stock Ownership Plan may be terminated before its expiry.
- (c) The term of the Stock Ownership Plan may be extended by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board one month prior to the expiry of the Stock Ownership Plan, and the Stock Ownership Plan shall be terminated upon expiry of the extended period.
- (d) In addition to self-termination or early termination, the termination of the Stock Ownership Plan during the term shall be approved by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board.

(C) Liquidation and Distribution of the Stock Ownership Plan

- (a) The Management Committee shall complete the liquidation of the Stock Ownership Plan within 30 working days after the date of its expiry and arrange for distribution in proportion to the units held by the Holders after deducting the relevant taxes and fees in accordance with the law.
- (b) During the term of the Stock Ownership Plan, the Management Committee may distribute cash or unlocked Shares from the capital account of the Stock Ownership Plan to the Holders in accordance with the authorization of the Holders' Meeting.

(D) Rights Attached to the Shares Held by the Stock Ownership Plan and the Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Shares

- (a) Holders of the Stock Ownership Plan are entitled to the asset income rights of the Shares held by the Stock Ownership Plan according to their actual capital contribution. The corresponding Shares obtained by the Holders through the Stock Ownership Plan shall be entitled to Shareholders' rights (including dividend rights, rights issue, conversion of Shares and other asset income rights).

- (b) During the term of the Stock Ownership Plan, except as otherwise provided by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units of the Stock Ownership Plan held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debt or other similar disposal.
- (c) During the lock-up period, the Holders shall not request for distribution of interests under the Stock Ownership Plan.
- (d) During the lock-up period, in the event of any capitalization of capital reserve and distribution of bonus issue, the Shares newly acquired by the Stock Ownership Plan due to holding the Shares shall be locked up together and shall not be sold in the secondary market or otherwise transferred, and the unlocking period of such Shares shall be the same as the corresponding Shares.
- (e) Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall sell the corresponding underlying Shares or transfer the corresponding underlying Shares to the Unit Holders at an appropriate time during the term of the Stock Ownership Plan after the unlocking date.
- (f) Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall decide whether to distribute the income corresponding to the Stock Ownership Plan. Where the distribution is decided, the Holders' Meeting shall authorize the Management Committee to distribute the income according to the units of the Holders after deducting relevant taxes and fees in accordance with the law.
- (g) During the term of the Stock Ownership Plan, distribution may be made in each accounting year when the underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable income, and the Management Committee shall distribute the Shares held by the Holders in proportion to the total number of Shares under the Stock Ownership Plan after deducting relevant taxes and fees and payables of the Stock Ownership Plan in accordance with the law.
- (h) During the lock-up period, in the event of dividend payment by the Company, the cash dividends received by the Stock Ownership Plan for the Shares held shall be credited to the monetary assets of the Stock Ownership Plan and shall not be distributed separately for the time being. Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term, the Management Committee shall, in accordance with the authorization of the Holder's Meeting, decide whether to distribute the income. Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term, in the event of a dividend payment by the Company, the cash dividends received by the Stock Ownership Plan for the Shares of the Company shall be credited to the monetary assets of the Stock Ownership Plan.
- (i) Upon occurrence of other unspecified events, the disposal method of the units of the Stock Ownership Plan held by the Holders shall be determined by the Holders' Meeting.

- (j) During the term of the Stock Ownership Plan, when the Company obtains financing by means of placing of shares, issue of shares and convertible bonds, the Management Committee will submit to the Holders' Meeting and the Board for consideration of whether to participate and the specific plan of participation.

2. Proposed Adoption of the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan

In order to regulate the implementation of the Stock Ownership Plan, the Company has formulated the Administrative Measures for the Stock Ownership Plan in accordance with the requirements of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines No. 1 of the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Listed Companies on the Main Board, the Hong Kong Listing Rules, other relevant laws, regulations and regulatory documents, the Articles of Association and the 2024 A Share Employee Stock Ownership Plan (Draft) of the Company. The full text of the Administrative Measures for the Stock Ownership Plan will be set out in the circular to be despatched to the Shareholders in due course.

3. Proposed Authorization to the Board to Deal with Matters relating to the 2024 A Share Employee Stock Ownership Plan

To ensure the smooth implementation of the Stock Ownership Plan, the Board proposes to the EGM to authorize the Board to handle all matters relating to the Stock Ownership Plan, including but not limited to the following:

- (a) to authorize the Board to handle the establishment, modifications and termination of the Stock Ownership Plan;
- (b) to authorize the Board to make decision on the extension and early termination of the Stock Ownership Plan;
- (c) to authorize the Board the handle all matters in relation to the lock-up and unlocking of the Shares purchased under the Stock Ownership Plan;
- (d) to authorize the Board to interpret the 2024 A Share Employee Stock Ownership Plan (Draft) of the Company;
- (e) to authorize the Board to implement the Stock Ownership Plan, including but not limited to nominate the candidates for the Management Committee;
- (f) to authorize the Board to make decisions on the participation of the Stock Ownership Plan in refinancing matters such as the placing of Shares of the Company during the term of the Stock Ownership Plan;
- (g) to authorize the Board to change the ESOP's Participants and determination criteria of the Stock Ownership Plan;
- (h) to authorize the Board to sign contracts and relevant agreement and documents for the Stock Ownership Plan;

- (i) to authorize the Board, in the event of changes in the relevant laws, regulations and policies, to make corresponding amendments and enhancements to the Stock Ownership Plan according to the changes in the relevant laws, regulations and policies; and
- (j) to authorize the Board to handle other necessary matters required for the Stock Ownership Plan, except for those rights expressly stipulated in the relevant documents to be exercised by the general meeting.

The above authorizations shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

4. Repurchase of A Shares by Centralised Bidding

4.1 Procedures for Consideration and Implementation of the Repurchase Plan

On 8 January 2024, the Company convened the first extraordinary meeting of the eleventh session of the Board, in which all Directors attended and the resolution relating to the plan of the repurchase of A Shares of the Company through centralized bidding trading was considered and approved unanimously. According to the relevant laws and regulations and the Articles of Association, the share repurchase plan is not required to be submitted to the general meeting of the Company for consideration.

4.2 Main contents of the Repurchase Plan

(A) Purpose and Use of Share Repurchase

Based on the confidence in the future development prospects of the Company and recognition of the value of the Company, in order to protect the interests of the Company and Shareholders, establish and improve the Company's long-term incentive mechanism, fully mobilize the enthusiasm of the Company's employees, and effectively integrate the interests of the Shareholders, the interests of the Company and the individual interests of the employees, the Company intends to repurchase part of A Shares by way of centralised bidding

The repurchased A Shares are proposed to be used for the Stock Ownership Plan. In the event that the Stock Ownership Plan cannot be implemented, the repurchased A Shares shall be cancelled within the stipulated timeframe in accordance with the applicable laws and regulations and the registered capital of the Company will be reduced accordingly.

(B) Type of Shares to be Repurchased

The type of Shares to be repurchased is the A Shares issued by the Company.

(C) Method of Share Repurchase

The Company proposed to repurchase its A Shares through centralized bidding trading on the trading system of the Shenzhen Stock Exchange.

(D) Period of Share Repurchase

The term of the share repurchase shall be within 12 months from the date of approval by the Board.

The repurchase period shall expire in advance (that is, the repurchase plan has been completed) if the following conditions are met:

- (i) Where the number of shares repurchased reaches the Company's expected target during the repurchase period, the implementation of the repurchase plan shall be completed and the repurchased period shall expire in advance on such date;
- (ii) Where the total funds used for share repurchase reach the upper limit during the repurchase period, the implementation of the repurchase plan shall be completed and the repurchased period shall expire in advance on such date;
- (iii) Where the Board decides to terminate the repurchase plan in advance, the repurchase period shall expire in advance on the date when the Board resolves to terminate the repurchase plan.

The Company shall not repurchase the A Shares during the following periods:

- (i) From the date of occurrence of a major event that may have a significant impact on the trading price of the Shares and derivatives or the date of entering into the decision-making process, until the date of disclosure in accordance with the law;
- (ii) Such other period as stipulated by the CSRC and the Stock Exchanges.

During the repurchase period, if the relevant laws, regulations and regulatory documents change the relevant provisions of the above non-repurchase period, the period of non-repurchase shall be adjusted accordingly in accordance with the requirements of the latest laws, regulations and regulatory documents.

(E) Use, Quantity, Proportion to the Total Share Capital of the Company and Total Funds

The A Shares after the repurchase will be used for the Stock Ownership Plan. The repurchase price shall not be more than RMB27.00 per A Share (inclusive). When calculating based on the upper limit of the total funds used for share repurchase in the amount of RMB375,730,000, the expected number of A Shares to be repurchased by the Company is not less than 13,916,000 A Shares, representing approximately 1.00% of the total share capital of the Company. When calculating based on the lower limit of the funds used for share repurchase in the amount of RMB187,870,000, the expected number of A Shares to be repurchased by the Company is not less than 6,958,000 A Shares, representing approximately 0.50% of the total share capital of the Company. The specific number of A Shares to be repurchased shall be based on the actual number of A Shares repurchased upon the expiry of the repurchase period.

(F) Price of Shares Repurchased

The repurchase price shall not be more than RMB27.00 per A Share (inclusive). If there are any events such as the conversion of capital reserve to share capital of the Company, cash dividend, bonus issue, share split, share consolidation, rights issue and issue of stock

certificate, the upper limit of the repurchase price shall be adjusted accordingly since the ex-date.

(G) Source of Funds for the Share Repurchase

The source of funds for the share repurchase shall be the Company's own funds.

(H) Expected Changes in the Shareholding Structure of the Company after the Repurchase

It is expected that the shareholding structure of the Company after the repurchase will be changed as follows:

- (i) Based on the upper limit of the total funds used for share repurchase in the amount of RMB375,730,000 for the repurchase of 13,916,000 A Shares at the repurchase price of RMB27.00 per A Share:

Nature of Shares	Before share repurchase		After share repurchase	
	Number (shares)	Proportion (%)	Number (shares)	Proportion (%)
A Shares subject to trading restrictions	25,514,170	1.84%	39,430,170	2.84%
A Shares not subject to trading restrictions	902,831,392	65.05%	888,915,392	64.05%
H Shares	459,589,808	33.11%	459,589,808	33.11%
Total	1,387,935,370	100%	1,387,935,370	100%

- (ii) Based on the lower limit of the total funds used for share repurchase in the amount of RMB187,870,000 for the repurchase of 6,958,000 A Shares at the repurchase price of RMB27.00 per A Share:

Nature of Shares	Before share repurchase		After share repurchase	
	Number (shares)	Proportion (%)	Number (shares)	Proportion (%)
A Shares subject to trading restrictions	25,514,170	1.84%	32,472,170	2.34%
A Shares	902,831,392	65.05%	895,873,392	64.55%

not subject to trading restrictions				
H Shares	459,589,808	33.11%	459,589,808	33.11%
Total	1,387,935,370	100%	1,387,935,370	100%

(I) Analysis of the Impact of the Share Repurchase on the Company’s Operation, Finance and Development Prospects

As at 30 September 2023, the total assets of the Company amounted to approximately RMB64,442,000,000, the monetary capital amounted to approximately RMB4,281,000,000, the net assets attributable to the Shareholders amounted to approximately RMB13,203,000,000 and the gearing ratio was 71.26% (the above data is unaudited). Assuming the total funds used for share repurchase reach the upper limit (that is, RMB375,730,000), the proportion of the repurchase funds to the total assets and the net assets attributable to the Shareholders as at 30 September 2023 (unaudited) was 0.58% and 2.85%, respectively.

Taking into account the operation, finance and the development prospects of the Company, the Company considers that the upper limit of the repurchase funds in the amount of RMB375,730,000 will not have a significant impact on the operation, finance and development prospects of the Company.

(J) Relevant Arrangements for Cancellation or Transfer in accordance with Laws after Share Repurchase

The A Shares repurchased shall be used for the Stock Ownership Plan. When the implementation of the share repurchase is completed, the Company may duly propose further plans considering the actual conditions. Depending on the changes to the securities market, the Board will determine the actual implementation progress of the share repurchase plan. If the A Shares repurchased cannot be used for the above purpose within the required timeframe according to relevant laws and regulations, the repurchased A Shares that are yet to transfer will be cancelled in accordance with relevant laws and regulations and the registered capital of the Company will be reduced accordingly. If the Company needs to cancel the repurchased A Shares, the Company will undergo the relevant decision-making processes in accordance with relevant laws and regulations Company Law, notify creditors and comply with disclosure obligations to protect the interests of the creditors.

5. Reasons for and Benefits of the Adoption of the Stock Ownership Plan

Please refer to the section headed “I. 1. Proposed Adoption of the 2024 A Share Employee Share Ownership Plan – 1.1 Purposes of the Stock Ownership Plan” in this announcement.

Directors’ Confirmation

The Directors consider that the adoption of the Stock Ownership Plan can achieve the above purposes and the terms and conditions of the Stock Ownership Plan are on normal commercial terms, fair and

reasonable and in the interests of the Company and the Shareholders as a whole. As 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, being the ESOP's Participants, have a material interest in the Stock Ownership Plan, they have abstained from voting on the relevant Board resolutions in relation to the Stock Ownership Plan. Save for the above, none of the Directors have abstained from voting on the relevant Board resolutions as a result of their participation in the Stock Ownership Plan and none of the Directors have a material interest in the Stock Ownership Plan.

6. Hong Kong Listing Rules Implications

As the Stock Ownership Plan involves existing Shares, it is subject to Rule 17.12 of Chapter 17 of the Hong Kong Listing Rules.

As the Holders involve the Directors and supervisor of the Company, their participation in the Stock Ownership Plan constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, and the relevant applicable percentage ratios (as defined in the Hong Kong Listing Rules) on an individual basis are less than 0.1%, thus they are fully exempt from the shareholders' approval, annual review and all disclosure requirements. Save for the above fully exempt connected transaction, participation in the Stock Ownership Plan by other Holders does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

The Company will also ensure compliance with the public float requirement under the Hong Kong Listing Rules.

At the meeting of the Board held on 8 January 2024, the resolutions in relation to the proposed Stock Ownership Plan, the Administrative Measures for the Stock Ownership Plan and the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan were considered and approved. Relevant proposals will be further submitted to the EGM to be convened in due course for consideration and approval by the Shareholders.

II. GENERAL MEETING AND CIRCULAR

Ordinary resolutions will be proposed at the EGM for considering and, if thought fit, approving, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; and (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan.

A circular containing, among other things, details of the above resolutions will be despatched to the Shareholders as soon as practicable.

III. DEFINITIONS

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

“A Share(s)”	domestic ordinary shares of the Company with a nominal value of RMB1.00 each and are listed on the Shenzhen Stock Exchange
“Administrative Measures”	the Administrative Measures on Share Incentives of Listed Companies

“Administrative Measures for the Stock Ownership Plan”	the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan of the Company
“Articles of Association”	the Articles of Association of the Company currently in force
“Board”	the board of Directors
“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 Stock Exchange and the Shenzhen Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“EGM”	the 2024 second extraordinary general meeting of the Company to be held for considering and, if thought fit, approving, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; and (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan
“Group”	the Company and its subsidiaries
“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies
“H Share(s)”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and are listed on the Hong Kong Stock Exchange
“Holders”, “Unit Holders” or “ESOP’s Participants”	participants of the Stock Ownership Plan
“Holders’ Meeting”	the meeting of the Holders of the Stock Ownership Plan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Management Committee”	the management committee of the Stock Ownership Plan
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Ownership Plan”	the 2024 A Share Employee Stock Ownership Plan of the Company
“Stock Exchanges”	the Shenzhen Stock Exchange and/or the Hong Kong Stock Exchange
“%”	per cent

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

Foshan City, Guangdong, the PRC, 8 January 2024

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.