

## **Haier Smart Home Co., Ltd.**

### **Announcement on Prediction on Providing Guarantees for Subsidiaries in 2020**

The Board of Directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

#### **REMINDER OF IMPORTANT INFORMATION:**

- Names of the guaranteed parties: the subsidiaries of the Company. Please refer to “II. The Prediction on Guarantees” for details.
- Quota of the prediction on guarantees to be provided in 2020: RMB 35,000 million.
- Accumulated amount of the guarantees provided to the subsidiaries: As of 31 December 2019, the balance of the guarantees provided to the subsidiaries by the Company amounted to RMB30,794,727,200, without any overdue guarantees.
- The prediction on guarantees for this year is to be submitted to the general meeting of shareholders of the Company for consideration and approval.

#### **I. Summary of the guarantees**

In order to cater for the production and operation capital requirements and business development needs of Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”) and its wholly-owned subsidiaries (hereinafter referred to as the “subsidiaries”), and to ensure that the subsidiaries are able to carry out the production

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and operation activities smoothly, the Company intends to provide guarantees to the subsidiaries when they apply for comprehensive credit granting to the financial institution in 2020, with a maximum amount of RMB 35,000 million.

The aforesaid guarantees provided to the subsidiaries include but are not limited to the guarantees provided for the actual amount incurred by the subsidiaries when they apply for comprehensive credit granting to the banks and other financial institutions and apply for the settlement of accounts payable to the suppliers, and when the Company undertakes joint guarantee liabilities with the financial institutions such as banks granting borrowings to the subsidiaries by way of capital increase, but exclude guarantees in which the subsidiaries pledge their assets or rights to carry out the aforesaid activities. The term of guarantee commences on the date of approval in the 2019 Annual General Meeting, and ends on the date of consideration of the prediction on guarantees to be provided to the subsidiaries in the next annual general meeting.

Pursuant to laws and regulations such as the *Company Law of People's Republic of China*, the *Notice on Regulating the External Guarantees Provided by Listed Companies* (《关于规范上市公司对外担保行为的通知》), the *Notice on Several Issues on Regulating the Capital Movement Between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies* (《关于规范上市公司与关联方资金往来及上市公司对外担保若干问题的通知》) and the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and the relevant requirements under the *Articles of Association of Haier Smart Home Co., Ltd.* (hereinafter referred to as the “Articles of Association”), the Company convened the 7th meeting of the 10th session of the Board of Directors on 28 April 2020, considered and approved the *Proposal on Prediction on Providing Guarantees for Subsidiaries in 2020 of Haier Smart Home Co., Ltd.* with 9 votes for it, 0 vote against it and 0 vote abstaining, agreed with the above prediction on guarantees for the year, and submitted such proposals to the general meeting of shareholders of the Company for consideration.

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## II. The prediction on guarantees in 2020

Based on the development expectations and budget on capital need of the subsidiaries in 2020, the Company intends to provide guarantees totaling RMB35,000 million to the following subsidiaries in the guarantee period. Particulars of the subsidiaries are as follows:

No.	Company name	Percentage of shareholding(%)	Registered capital (RMB0'000)	Legal representative	Principal business	Prediction on guarantee quote (RMB0'000)
1	Qingdao Haier Special Refrigerator Co., Ltd.	100	2,000	Li Weijie	Production of special fluorine-free refrigerators, and the after-sale services thereof, etc.	350,000
2	Hefei Haier Refrigerator Co., Ltd.	100	4,900	Li Weijie	Manufacture of electrical appliances, digital products and relevant accessories	200,000
3	Zhengzhou Haier Air-conditioning Co., Ltd.	100	10,000	Bai Zeyuan	Manufacture, R&D and sales of air-conditioners, home appliances, and cooling equipment, etc.	300,000
4	Hefei Haier Air-conditioning Co., Limited	100	1,200	Wang Youning	Manufacture and sale of air-conditioners, home appliances and cooling equipment, etc.	150,000

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5	Chongqing Haier Air-conditioning Co., Ltd.	100	13,000	Wang Youning	Manufacture and sale of air-conditioners, home appliances and cooling equipment	200,000
6	Qingdao Haier Air-Conditioner Electronics Co.,Ltd.	100	35,600	Wang Li	R&D, manufacture, sales and after sales service of air-conditioners and cooling equipment, etc.	300,000
7	Haier Kaaosi IOT Ecosystem Technology Limited	67.03	133,881	Chen Lucheng	Industrial investment, robotics and automation R&D, etc.	100,000
8	Haier Singapore Investment Holding Co., Ltd.	100	/	/	Investment holding	900,000
9	Haier US Appliance Solutions, Inc.	100	/	/	Investment holding	1,000,000
Total						3,500,000

Subject to the approval of the above-mentioned guarantees by the general meeting of shareholders, the Board of Directors authorizes the general manager office to decide the particular issues on each of the aforementioned guarantees made by the Company, adjust the guarantee quota among each level of the subsidiaries and among the subsidiaries in accordance with the actual operation needs of the Company, and sign the relevant legal documents on behalf of the Board of Directors. There is no need to convene additional board meetings or general meetings to consider the above-mentioned guarantees for subsidiaries, but the Company will disclose the actual amounts incurred and performances of the above-mentioned guarantees in the periodic reports.

### III. General information on the guaranteed parties

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Unit: RMB0'000

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No.	Company name	Total assets	Total liabilities	Current liabilities	Bank borrowings	Net assets	Gearing ratio	Operating revenue	Net profit
1	Qingdao Haier Special Refrigerator Co., Ltd.	305,999.82	161,642.96	159,171.56		144,356.85	53%	504,130.97	41,653.32
2	Hefei Haier Refrigerator Co., Ltd.	215,507.03	94,214.77	92,181.01		121,292.26	44%	670,720.24	36,918.60
3	Zhengzhou Haier Air-conditioning Co., Ltd.	124,661.49	75,629.35	75,064.95		49,032.14	61%	297,455.55	3,574.02
4	Hefei Haier Air-conditioning Co., Limited	153,557.18	82,001.84	77,964.77		71,555.34	53%	381,163.54	11,849.34
5	Chongqing Haier Air-conditioning Co., Ltd.	271,290.72	44,719.66	43,651.54		226,571.06	16%	276,786.14	3,411.36
6	Qingdao Haier Air-Conditioner Electronics Co.,Ltd.	717,051.75	293,166.47	257,755.52		423,885.27	41%	389,544.48	22,543.29
7	Haier Kaaosi IOT Ecosystem Technology Limited	226,342.86	25,130.49	804,868.42		201,212.37	11%	491.04	19.09
8	Haier Singapore Investment Holding Co., Ltd.	1,818,929.31	1,269,109.50	1,034,457.61	834,052.27	549,819.81	70%	836,847.87	3,234.03
9	Haier US Appliance Solutions, Inc.	4,702,215.18	2,431,821.30	1,467,859.32	1,132,802.01	2,270,393.88	52%	5,739,102.42	210,250.75

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#### **IV. Particulars of the prediction on guarantees for the year**

The above guaranteed subsidiaries have not entered into guarantee contracts or agreements with related parties such as banks yet, and the actual guarantee amount will subject to the signed and effected guarantee contracts. In the meantime, the Company may act as the guarantee body under the specific guarantee contracts through the subsidiaries. Each guarantee amount and term of the guarantee will be stipulated separately in the specific contracts.

The Company will in strict compliance with the relevant laws and regulations as well as the constitutional documents such as the *Management Rules on External Guarantees of Haier Smart Home Co., Ltd*, conducts the internal approval procedures on the guarantees and relevant guarantee contracts of the Company and the subsidiaries so as to control the financial risks of the Company.

#### **V. Opinions of the Board of Directors**

The Board of Directors of the Company is of the view that, issues on the guarantee quota to the subsidiaries in 2020 are in line with the actual situations of the Company and comply with the relevant laws and regulations as well as the requirements under the *Articles of Association*. The risks of such guarantees are overall under control, and are in the interests of the Company's production and operation and long-term development. As such, the Board of Directors of the Company agrees that the Company and the subsidiaries provide a total of no more than RMB35,000 million guarantees to each other for banks and other various financing projects in 2020.

#### **VI. Opinions of the independent directors**

The independent directors of the Company are of the view that, in 2020, the Company intends to provide guarantees for subsidiaries applying for comprehensive credit lines to financial institutions. The maximum guarantee amount is RMB35 billion.

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It complies with the provisions of relevant laws and regulations and the *Articles of Association*, and is in line with the overall interests of the Company. There are no significant risks, and there is no harm to the interests of the Company or shareholders, especially minority shareholders.

**VII. Accumulated amount of the guarantees and the situation of guarantees in 2019**

As of 31 December 2019, the balance of guarantees provided by the Company, the wholly-owned and holding subsidiaries of the Company to the subsidiaries amounted to RMB 30,794.73 million, representing 64.3% of the latest audited net assets of the Company, and 16.4% of the latest audited total assets of the Company. Apart from that, there is no external guarantees or past-due guarantees made by the Company and the subsidiaries. The above guarantees are in line with the operational development need of the Company. All the guaranteed parties are subsidiaries in the scope of the Company's consolidated statements, and the internal review procedures have been duly conducted when the guarantees actually took place, which effectively control and prevent the guarantee risks. The guarantees and relevant amounts provided by the Company to the subsidiaries which remain in the guarantee term are all executions of guarantees approved by the previous general meeting, thus there is no need for the Company to otherwise perform internal review procedures and information disclosure obligations on such guarantees, the validity of which is subject to the conventions under the agreements entered into between the subsidiaries and the counterparties.

It is hereby notified the above.

The Board of Directors of Haier Smart Home Co., Ltd.

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28 April 2020

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