

**Stock Code:** 600690

**Stock Name:** Haier Smart Home

**Announcement No.:** L2019-049

**Convertible Bond Code:** 110049

**Convertible Bond Name:** Haier Convertible Bonds

**Convertible Stock Code:** 190049

**Convertible Stock Name:** Haier Converted Stocks

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

# **Announcement on Acquisition of Assets with Newly-increased Registered Capital and Introduction of Investors by Controlled Subsidiary and Related-Party Transaction**

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.

### **IMPORTANT INFORMATION:**

- Content of Transaction: Haier Kaos IOT Ecological Technology Co., Ltd. (海尔卡奥斯物联生态科技有限公司) (hereinafter referred to as “Kaos”), a wholly-owned subsidiary of Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”), is principally engaged in operation of industrial internet platform, industrial intelligence research, and business segments such as precision mold, intelligent control, intelligent equipment and automation. Relying on industrial internet platform COSMOPlat, it provides whole-process and large-scaled customization solutions, interconnected factory intelligent manufacturing solutions, supply of core software and hardware, IOT system integration, big data and product-level IOT, and artificial intelligence solution services for enterprises. Kaos proposed to acquire the smart power & energy segment held by Haier Group Corporation (hereinafter referred to as “Haier Group”) at a consideration of RMB375,540,417 by way of private placement of registered capital of RMB74,434,124 to Haier Group ,including the 95% equity interests in Qingdao Haier Energy & Power Co., Ltd.(hereinafter referred to as “Qingdao Energy & Power”), the 97.57% equity interests in Qingdao Economy and Technology Development Zone Haier Energy & Power Co., Ltd.(hereinafter referred to as “Development Zone Energy & Power”), the 95.57% equity interests in Hefei Haier Energy & Power Co., Ltd.(hereinafter referred to as “Hefei Energy & Power”), and the 80% equity interests in Dalian Haier Energy & Power Co., Ltd.(hereinafter referred to as “Dalian Energy & Power”) (collectively, the “Target Energy & Power Equity”) ;in

order to enhance its financial strength and facilitate the promotion of industrial internet ecological platform, Kaos accepts that the Private Equity Fund intended to be established (hereinafter referred to as the “Private Equity Fund”) by Qingdao HaizhiHuiying Equity Investment Management Co., Ltd.(hereinafter referred to as “HaizhiHuiying”) subscribes for the newly-increased registered capital of RMB67,827,236 of Kaos through capital contribution of RMB342,206,865 in cash (collectively, the “Transaction”). The total amount of the Transaction is RMB717,747,282. The pricing of the Transaction is based on the valuation report issued by Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd. (中瑞世联资产评估(北京)有限公司) qualified for carrying out businesses related to securities and futures, and is deemed fair as negotiated among the relevant parties. Upon completion of the Transaction, Kaos will be owned by Haier Group and the Private Equity Fund as to 6.40% and 5.83%.

- Haier Group is the de facto controller of the Company. As the current directors of the Company, Liang Haishan and Tan Lixia also serve as the directors of HaizhiHuiying. Pursuant to rules 10.1.3 and 10.1.5 of the Rules Governing the Listing of Securities on the Stock Exchange of Shanghai Limited (2019 revision) (《上海证券交易所股票上市规则(2019年修订)》) (hereinafter referred to as the “Listing Rules”), Haier Group and HaizhiHuiying are connected legal persons of the Company, therefore, the Transaction by each of Haier Group and HaizhiHuiying constitutes an Related-party Transaction with the Company (hereinafter referred to as the “Related-party Transaction”)
- The Related-party Transaction was considered and approved at the second meeting of the 10th session of the Board of Directors of the Company convened on 29 June 2019, and the related directors have abstained from voting. There was no need to submit the Transaction to the shareholders' meeting for approval.
- The Related-party Transaction is conducive to the sustainable development of the Company and can further enhance the core competitiveness. It is also in line with the long-term development strategies of the Company and in the interests of all shareholders of the Company without adverse impact on the operating of the Company as an ongoing concern, its profit or loss or financial status.

## **I. OVERVIEW OF THE TRANSACTION**

The COSMOPlat operated by Kaos is an industrial Internet ecological platform constructed for intelligent manufacturing and modern industry and takes the lead in introducing users' participation

experience in the whole process. On the one hand, based on the user experience-centered mass customization model, COSMOPlat socializes the interaction, design and procurement to enable users to participate in the design, production, logistics and iteration of products, thus providing users with personalized customization experience. On the other hand, as a leading large-scale solution platform, COSMOPlat builds a win-win ecological circle to enable the transformation and upgrade of enterprises, thus providing enterprises with interconnected factory construction, mass customization, industrial application customization or trading products and solutions.

The Intelligent Energy Customization Platform mainly operated by the intelligent energy segment under Haier Group is an innovative application platform based on energy internet, big data, cloud computing technology and energy operation and management resources. By integrating the superior energy resources in the industry, it reduces energy prices and operation & maintenance costs for users from the front end, optimizes energy use scenarios, provides solutions and value-added services for energy management and energy use, and realizes energy conservation and consumption reduction for enterprises, thus providing users with systematic and intelligent energy solutions and integrated services for intelligent energy use.

Kaos issued additional registered capital to Haier Group to purchase relevant assets of its intelligent energy segment, so as to further deepen the core service capability of Kaos Industrial Internet Eco-platform, enrich the dimension of COSMOPlat's empowerment to enterprises and promote transformation and upgrading, construct the energy service segment of Kaos Industrial Internet Eco-platform, and provide users with overall solution of systematic industrial Internet including intelligent energy solutions. At the same time, Kaos accepted the capital increase in cash by the Private Equity Fund, so as to match Kaos's own business expansion and financial demands, enhance Kaos's financial strength, support the strategic development of Kaos's principal business, and enhance the empowerment and service capabilities.

Based on the aforesaid purposes and considerations, Kaos, the Company and Haier Group executed the Agreement on Acquisition of Equity Interests of Four Companies Including Qingdao Haier Energy & Power Co., Ltd., Qingdao Economy and Technology Development Zone Haier Energy & Power Co., Ltd., Hefei Haier Energy & Power Co., Ltd. and Dalian Haier Energy & Power Co., Ltd. with Equity-based Payment (《关于以股权支付收购青岛海尔能源动力有限公司、青岛经济技术开发区海尔能源动力有限公司、合肥海尔能源动力有限公司和大连海尔能源动力有限

公司等 4 家公司股权的协议》) on 29 June 2019, pursuant to which Kaos proposed to acquire the Target Energy & Power Equity held by Haier Group at a consideration of RMB375,540,417 by way of private placement of registered capital of RMB74,434,124.

According to the valuation report (ZhongRui Ping BaoZi [2019] No. 000584) (中瑞评报字 [2019]第 000584 号)) issued by Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd. (中瑞世联资产评估(北京)有限公司) with relevant business qualifications in securities and futures on 25 June 2019 with 31 December 2018 as the valuation benchmark date, the appraised value of total equity interests of Kaos was RMB4,562,758,200. Having considered the employee stock ownership arrangement implemented after the valuation benchmark date whereby relevant participants would make a capital contribution of RMB33,060,000 to Kaos via the employee shareholding platform to be established by the Company, the price for total equity interest of Kaos was determined at RMB4,595,818,200 (including RMB33.06 million contributed by the employees) after negotiations by the parties thereto.

According to the asset appraisal reports (ZhongRui Ping BaoZi [2019] Nos. 00592, 00593, 00594 and 00595) issued by Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd. (中瑞世联资产评估(北京)有限公司) with relevant business qualifications in securities and futures on 25 June 2019 with 31 December 2018 as the valuation benchmark date, the appraised values of total equity interests of Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power were RMB219,056,400, RMB105,943,300, RMB29,726,600, RMB15,285,500, respectively. The consideration for the Transaction was based on the appraised values of the equity interests of the aforesaid target companies. Taking into comprehensive consideration the capital increases by Haier Group in Development Zone Energy & Power (transfer of land use rights and premises ownership held by Haier Group) and Hefei Energy & Power (transfer of land use rights held by Haier Group) after the valuation benchmark date, the total consideration for the acquisition by Kaos of 95% equity interests, 97.57% equity interests, 95.57% equity interests and 80% equity interests held by Haier Group in Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power was determined at RMB375,540,417 after negotiations by the parties thereto. As the consideration for acceptance of the transfer of the equity interests in the energy segment, Kaos will issue registered capital of RMB74,434,124 to Haier Group by way of private placement.

Kaos, the Company and HaizhiHuiying executed the Capital Increase Agreement on Haier Kaos IOT Ecological Technology Co., Ltd. on 29 June 2019, pursuant to which HaizhiHuiying intends to

newly establish a Private Equity Fund to make capital contributions to Kaos by cash, with HaizhiHuiying acting as the executive partner and manager of such Private Equity Fund. Upon completion of the establishment of the Private Equity Fund and filing with the Asset Management Association of China, the Private Equity Fund will make a capital contribution in cash of RMB342,206,865 to Kaos for the subscription for the newly-increased registered capital of RMB67,827,236 in Kaos.

Upon completion of the Transaction, Kaos will hold equity interests in the energy segment and obtain RMB342 million in cash, and Kaos will be owned by Haier Group and the Private Equity Fund as to 6.40% and 5.83%, respectively.

Pursuant to the Articles of Association of Kaos, the Company has the pre-emptive right to purchase the newly-increased registered capital of Kaos. In order to facilitate the promotion and development of Kaos industrial internet ecological platform, integrate resources and expand into new business segments, provide liquidity, optimize the equity structure, improve the corporate governance and enhance its ability to face the market independently,,the Company has waived its pre-emptive right. The development of Kaos is in line with the overall development strategy of the Company and is one of the priorities of the future business development of the Company. By far, the Company has no intention to transfer the right of control over Kaos.

The Related-party Transaction does not constitute a material asset reorganization under the Administrative Measures for Material Asset Reorganization of Listed Companies (《上市公司重大资产重组管理办法》).

Haier Group is the de facto controller of the Company. As Liang Haishan and Tan Lixia are directors of the Company, they are deemed as connected natural persons of the Company. Liang Haishan and Tan Lixia also serve as the directors of HaizhiHuiying. Pursuant to rules 10.1.3 and 10.1.5 of the Rules Governing the Listing of Securities on the Stock Exchange of Shanghai Limited (2019 revision) (《上海证券交易所股票上市规则（2019年修订）》) (hereinafter referred to as the “Listing Rules”), Haier Group and HaizhiHuiying are connected legal persons of the Company, therefore, the Transaction by each of Haier Group and HaizhiHuiying constitutes an Related-party Transaction with the Company.

As at the date of publication of this announcement, the amount of Related-party Transactions between the Company and Haier Group and its subsidiaries during the past 12 months which have not been considered and approved by the general meeting of the Company amounted to

RMB1,157,254,900, together with the amount of this Related-party Transaction of RMB717,747,300, totaling to RMB1,875,002,200, accounting for less than 5% of the absolute value of the latest audited net assets of the Company. As at the date of publication of this announcement, there were no transactions between the Company and HaizhiHuiying during the past 12 months. The Related-party Transaction was considered and approved at the second meeting of the 10th session of the Board of Directors of the Company, and there was no need to submit such Related-party Transaction to the shareholders' meeting for approval.

To ensure the smooth progress of the Transaction, the chairman of the board has been authorized by the board of directors of the Company to sign all legal documents related to the Transaction and the chairman of the board has also been authorized (which authorization can be further delegated to relevant personnel) to handle all specific matters relevant to the Transaction and completion.

## II. INTRODUCTION OF RELATED PARTIES

### (I) Haier Group

1. Pursuant to the Listing Rules, Haier Group is the related party of the Company, of which the basic information is shown as follows:

<b>Name</b>	Haier Group Corporation
<b>Unified social credit code</b>	91370200163562681G
<b>Type</b>	Haier Group Corporation registered as a joint-stock enterprise, but recognized as a collective ownership enterprise according to the instructions issued by Qingdao State-owned Assets Management Office
<b>Registered address</b>	Haier Industrial Park, Haier Road, Qingdao High-tech Industrial Park
<b>Legal representative</b>	Zhang Ruimin (张瑞敏)
<b>Registered capital</b>	RMB311,180,000
<b>Date of establishment</b>	24 March 1980
<b>Operating period</b>	In perpetuity
<b>Business scope</b>	Manufacturing of home appliances, digital products, communication equipment, electronic computers and accessories, ordinary machineries, kitchen utensils and industrial use robots; domestic commercial wholesale distribution and retail sale (excluding those operated exclusively by the State, which are dangerous and limited by the State); the import and export business (please refer to Foreign Trade Enterprise Validation Certificate for details); economic and technical consultation; R&D and transfer of technological achievements; leasing of self-owned properties

	(the approval of relevant authorities shall be obtained before the start of operation if such approval shall be obtained for certain project).
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2. Haier Group Corporation has been mainly engaged in investment holding business for the past three years, and has been operating normally.

3. As of the date of this Announcement, Haier Group directly holds 16.84% of the Company's equity and indirectly controls 23.62% of the Company's equity through its subsidiaries and concerted actors, controlling 40.46% of the Company's equity directly and indirectly in total. There are daily Related-party Transactions between the Company and Haier Group authorized and approved at the shareholders' meeting. As of the end of 2018, the Company's accounts receivable from Haier Group amounted to RMB14,363,300. Liang Haishan, the current chairman of the Company, serves as the vice-chairman of the Board of Haier Group; Tan Lixia, the current vice-chairman of the Company, serves as the executive vice-president of Haier Group; Wang Peihua, the current chairman of the Company's Board of Supervisors, serves as the director of Organization Department of Haier Group; Ming Guoqing, the current Supervisor of the Company, serves as the chairman of the Labor Union in Haier Group. There was no relationship between Haier Group and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel.

4. Pursuant to the standard unqualified audit report issued by Qingdao North Branch of Shandong Hexin Certified Public Accountants LLP (He XinShenZi (2019) No. 020145), as of 31 December 2018, the total assets of Haier Group Corporation amounted to RMB282,116 million, the net assets amounted to RMB77,546 million, the annual operating income in 2018 amounted to RMB208,093 million, and the net profit amounted to RMB11,418 million.

## **(II) HaizhiHuiying**

1. Pursuant to the Listing Rules, HaizhiHuiying is the related party of the Company, of which the basic information is shown as follows:

<b>Name</b>	Qingdao HaizhiHuiying Equity Investment Management Co., Ltd.
<b>Unified social credit code</b>	91370212MA3F8M1J1Q
<b>Type</b>	Limited liability company (invested or held by a natural person)
<b>Registered address</b>	Board Building512-B, Haier Industrial Park, No. 1 Haier Road, Laoshan District, Qingdao City, Shandong
<b>Legal representative</b>	Zhou Yunjie (周云杰)
<b>Registered capital</b>	RMB10,000,000
<b>Date of establishment</b>	18 July 2017

<b>Operating period</b>	In perpetuity
<b>Business scope</b>	Trusteeship of equity investment funds, equity investment management and related consultation services.
<b>Substantial Shareholders</b>	Zhang Ruimin (51.10%), Liang Haishan(16.30%), Zhou Yunjie(16.30%), Tan Lixia(16.30%)

2. HaizhiHuiying has been mainly engaged in the trusteeship and management of private equity investment funds since its establishment, and has been operating normally.

3. As of the date of this Announcement, there was no relationship between HaizhiHuiying and the Company in terms of property rights, business, assets, and creditor's rights and debts. In terms of personnel, Liang Haishan and Tan Lixia, both Directors of the Company, act as the Directors of HaizhiHuiying.

4. Pursuant to the standard unqualified audit report issued by Qingdao North Branch of Shandong Hexin Certified Public Accountants LLP (He XinShenZi[2019] No. 020279), as of 31 December 2018, the total assets of HaizhiHuiying amounted to RMB2,841,000, the net assets amounted to RMB2,498,500, the annual operating income in 2018 amounted to zero, and the net profit amounted to RMB-1,891,200.

### III. BASIC INFORMATION ON THE TARGET OF THE RELATED-PARTY TRANSACTION

#### (I) Kaos

##### 1. Basic information on Kaos

<b>Company name</b>	Haier Kaos IOT Ecological Technology Co., Ltd.
<b>Unified social credit code</b>	91370200MA3DHKKP30
<b>Domicile</b>	Haier Industrial Park, No. 1 Haier Road, Laoshan District, Qingdao City, Shandong
<b>Type of company</b>	Limited liability company (sole proprietorship that is not invested or held by a natural person)
<b>Legal representative</b>	Chen Lucheng (陈录城)
<b>Registered capital</b>	RMB897,454,000
<b>Business scope</b>	Investment, asset management, consulting and technical services in the industrial field; R&D, sales and after-sales services of robots and automation equipment products; development, integration, manufacturing, engineering installation & design, sales and after-sales services of large-scale automation intelligent systems and production lines; housing rental services; self-operation and agency of import and export business of



	various commodities and technologies.
<b>Principal business</b>	The COSMOPlat operated by Kaos is an industrial Internet ecological platform constructed for intelligent manufacturing and modern industry and takes the lead in introducing users' participation experience in the whole process, and the principal business include operation of industrial internet platform, industrial intelligence research, and business segments such as precision mold, intelligent control, intelligent equipment and automation. Relying on industrial internet platform COSMOPlat, it provides whole-process and large-scaled customization solutions, interconnected factory intelligent manufacturing solutions, supply of core software and hardware, IOT system integration, big data and product-level IOT, and artificial intelligence solution services for enterprises.
<b>Date of establishment</b>	19 April 2017
<b>Operating period</b>	In perpetuity
<b>Substantial Shareholder</b>	100% wholly-owned by the Company prior to the Transaction

The equity ownership of Kaos is clear. There is no pledge or any other restriction transfer. There is no litigation, arbitration or seizure, freezing or other judicial measures, nor any obstacle to the transfer of ownership.

Kaos had asset valuation, capital increase, capital reduction or restructuring in the last 12 months:

(1) In July 2018, Kaos increased its registered capital from RMB150,000,000 to RMB733,454,000 , and the newly-increased part was fully subscribed by the Company.

(2) In April 2019, Kaos increased its registered capital from RMB733,454,000 to 897,454,000, and the newly-increased part was fully subscribed by the Company.

(3) Prior to the Transaction, Kaos has formulated the Management Measures for Employees' Investment in Stocks and executed the Equity Subscription Agreement with the investing employees. The investing employees will invest RMB33,060,000 through the proposed shareholding platform to subscribe for the proposed additional registered capital, being RMB13,461,810. Upon completion of the establishment of the above-mentioned shareholding platform, The investing employees will the registered capital at RMB13,461,810 of Kaos as agreed, and the industrial and commercial registration of changes will be completed.

(4) Prior to the Transaction, Kaos will grant the incentive objects the right to buy a certain

amount of Kaos equity at a predetermined price and conditions within a certain period of time in the form of options according to the Option Management Measures formulated by Kaos. The maximum amount of these options is RMB83,750,000. Kaos will attribute such newly-increased registered capital to the incentive objects in batches within three years after the authorization, and will complete the relevant formalities when the exercising conditions are satisfied. If all of these options are exercised, the incentive objects will directly or by the shareholding platform hold Kaos's registered capital of RMB34,102,438.

2. Pursuant to the Articles of Association of Kaos, the Company has the preemptive right to purchase the newly-increased registered capital, and it waives the preemptive right.

3. Major financial indicators of Kaos in the last year

Pursuant to the standard unqualified audit report issued by Qingdao North Branch of Shandong Hexin Certified Public Accountants LLP (He XinShenZi [2019] No. 020010), as of 31 December 2018, on the basis of consolidated statement, the total assets of Kaos amounted to RMB4,229,967,800, the owner's equity amounted to RMB2,040,135,100, the annual operating income in 2018 amounted to RMB13,734,408,300, and the net profit amounted to RMB326,543,100.

4. Explanation of other relationships between Kaos and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel

Kaos was a subsidiary of the Company prior to the Transaction.

## **(II) Qingdao Energy & Power**

1. Basic information on Qingdao Energy & Power

<b>Company name</b>	Qingdao Haier Energy & Power Co., Ltd.
<b>Unified social credit code</b>	91370212163630058A
<b>Domicile</b>	Haier Industrial Park, Laoshan District, Qingdao City
<b>Type of company</b>	Other limited liability company
<b>Legal representative</b>	Yang Chuanxin (杨传新)
<b>Registered capital</b>	RMB108,276,000
<b>Business scope</b>	Supply of water, electricity and steam heat (licensed by water conservancy, power and heating authorities); information services; electricity sales (licensed by power authorities); wholesale and retail of electrical machinery and equipment, building materials, metal materials; installation of equipment and pipeline (excluding special equipment and pressure pipes) (the approval of relevant authorities shall be obtained before the start of

	operation if such approval shall be obtained for certain project).
<b>Principal business</b>	Providing smart energy solutions and online trading platform for industrial supplies; oriented by user needs, providing systematic solutions for customers in the fields of IOT energy services, energy conservation and environmental protection, new energy technology services, equipment management and energy engineering.
<b>Date of establishment</b>	20 May 1993
<b>Operating period</b>	In perpetuity
<b>Substantial Shareholder</b>	95% held by Haier Group and 5% held by Haier Group Technology R&D Center prior to the Transaction

The ownership of the target equity is clear. There is no pledge or any other restriction transfer. There is no litigation, arbitration or seizure, freezing or other judicial measures, nor any obstacle to the transfer of ownership.

Qingdao Energy & Power had no asset valuation, capital increase, capital reduction or restructuring in the last 12 months.

2. Pursuant to the Articles of Association of Qingdao Energy & Power, Haier Group Technology R&D Center has the preemptive right to purchase the target equity, and it waives the preemptive right.

### 3. Major financial indicators of Qingdao Energy & Power in the last year

Pursuant to the standard unqualified audit report issued by Qingdao Branch of Shandong Hexin Certified Public Accountants LLP (XYZH/2019QDA10355), as of 31 December 2018, the total assets of Qingdao Energy & Power amounted to RMB143,514,200, the owner's equity amounted to RMB115,798,500, the annual operating income in 2018 amounted to RMB167,588,500, and the net profit amounted to RMB4,724,600. Pursuant to the unaudited consolidated financial statements issued by the management of Qingdao Energy & Power, as of 31 December 2018, the total consolidated assets of Qingdao Energy & Power amounted to RMB342,909,100, the owner's equity amounted to RMB148,525,300, the annual operating income in 2018 amounted to RMB665,288,100, and the net profit amounted to RMB19,437,900.

4. Explanation of other relationships between Qingdao Energy & Power and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel

Apart from the daily Related-party Transactions between Qingdao Energy & Power and the Company's subsidiaries in the purchase of goods, the acceptance of labor services and the sale of

goods, there is no other relationship with the Company in terms of property rights, assets and personnel.

### (III) Development Zone Energy & Power

#### 1. Basic information on Development Zone Energy & Power

<b>Company name</b>	Qingdao Economy and Technology Development Zone Haier Energy & Power Co., Ltd.
<b>Unified social credit code</b>	9137021171376457XU
<b>Domicile</b>	Haier Industrial Park, Qingdao Economy and Technology Development Zone
<b>Type of company</b>	Limited liability company
<b>Legal representative</b>	Yang Chuanxin
<b>Registered capital</b>	RMB57,000,000
<b>Business scope</b>	Licensed operating item: providing liquefied gas supply to all units in Haier Industrial Park, Qingdao Economy and Technology Development Zone (gas business license valid until 9 December 2016). General operating items: providing power supply management, water, steam heat, compressed steam supply and related information consulting services for all units in Haier Industrial Park; wholesale and retail of electrical machinery and equipment, metal materials. (The items above must be operated under a license if it is required).
<b>Principal business</b>	Providing smart energy solutions; oriented by user needs, providing systematic solutions for customers in the fields of IOT energy services, energy conservation and environmental protection, new energy technology services and energy engineering.
<b>Date of establishment</b>	24 August 1999
<b>Operating period</b>	In perpetuity
<b>Substantial Shareholder*</b>	97.19% held by Haier Group and 2.81% held by Qingdao Energy & Power prior to the Transaction

Pursuant to the capital increase agreement executed by Haier Group, Qingdao Energy & Power and Development Zone Energy & Power as well as the resolution of shareholders' meeting of Development Zone Energy & Power, Haier Group increased the investment in Development Zone Energy & Power with its land use rights and buildings at a consideration of RMB16,633,700, after which Development Zone Energy & Power is 97.57% held by Haier Group and 2.43% held by Qingdao Energy & Power. The alteration registration procedures have not yet been completed for the

above-mentioned Capital Increase.

The ownership of the target equity is clear. There is no pledge or any other restriction transfer. There is no litigation, arbitration or seizure, freezing or other judicial measures, nor any obstacle to the transfer of ownership.

Development Zone Energy & Power had asset valuation, capital increase, capital reduction or restructuring in the last 12 months: in June 2019, Development Zone Energy & Power intended to increase its registered capital from RMB57,000,000 to RMB65,949,324, and the newly-increased part was fully subscribed by part of the land use rights and the premises ownership of Haier Group located at Qingdao Economic and Technical Development Zone, Huangdao District, Qingdao City required by the energy operation of the development zone. As of the date of this Announcement, the capital increase has not been completed. The evaluation on the Transaction had considered the subscription of land use rights and premises ownership of the newly-increased registered capital by Haier Group. After the Transaction is completed, Haier Group will hold 97.57% of the equity in Development Zone Energy & Power, all as a consideration paid by Haier Group to the Company for the capital increase.

2. Pursuant to the Articles of Association of Development Zone Energy & Power, Qingdao Haier Energy & Power Co., Ltd. has the preemptive right to purchase the target equity, and it waives the preemptive right.

### 3. Major financial indicators of Development Zone Energy & Power in the last year

Pursuant to the standard unqualified audit report issued by Qingdao Branch of Shandong Hexin Certified Public Accountants LLP (XYZH/2019QDA10356), as of 31 December 2018, the total assets of Development Zone Energy & Power amounted to RMB91,335,300, the owner's equity amounted to RMB62,376,000, the annual operating income in 2018 amounted to RMB224,885,000, and the net profit amounted to RMB5,625,800.

4. Explanation of other relationships between Development Zone Energy & Power and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel

Apart from the daily Related-party Transactions between Development Zone Energy & Power and the Company's subsidiaries in the purchase of goods, the acceptance of labor services and the sale of goods, there is no other relationship with the Company in terms of property rights, assets and personnel.

## **(IV) Hefei Energy & Power**

## 1. Basic information on Hefei Energy & Power

<b>Company name</b>	Hefei Haier Energy & Power Co., Ltd.
<b>Unified social credit code</b>	91340100719952328Y
<b>Domicile</b>	Haier Industrial Park, Hefei Economy and Technology Development Zone, Anhui Province
<b>Type of company</b>	Limited liability company
<b>Legal representative</b>	Yang Chuanxin
<b>Registered capital</b>	RMB18,000,000
<b>Business scope</b>	Supply of water, electricity and steam, waste water treatment, sales of electrical machinery and equipment, building materials and metal materials; installation of equipment and pipelines; consulting services of energy-saving technology; development, promotion and application of energy-saving and environmental products; installation and commissioning of energy-saving equipment; sales and maintenance of energy-saving and environmental facilities and equipment as well as energy-saving products; planning and design of energy-saving programs; trusteeship of emission reduction projects; contract energy management; self-operation and agency of import and export business of various commodities and technologies (except goods and technologies of which the import and export are restricted or prohibited in China)(the approval of relevant authorities shall be obtained before the start of operation if such approval shall be obtained for certain project).
<b>Principal business</b>	Providing smart energy solutions; oriented by user needs, providing systematic solutions for customers in the fields of IOT energy services, energy conservation and environmental protection, new energy technology services and energy engineering.
<b>Date of establishment</b>	14 June 2000
<b>Operating period</b>	14 June 2000 to 20 June 2080
<b>Substantial Shareholder*</b>	94.44% held by Haier Group and 5.56% held by Qingdao Energy & Power prior to the Transaction

Pursuant to the capital increase agreement executed by Haier Group, Qingdao Energy & Power and Hefei Energy & Power as well as the resolution of shareholders' meeting of Hefei Energy & Power, Haier Group increased the investment in Hefei Energy & Power with its land use rights and buildings at a consideration of RMB7,530,100, after which Hefei Energy & Power is 95.57% held by Haier Group and 4.43% held by Qingdao Energy & Power. The alteration registration procedures have not yet been completed for the above-mentioned Capital Increase.

The ownership of the target equity is clear. There is no pledge or any other restriction transfer. There is no litigation, arbitration or seizure, freezing or other judicial measures, nor any obstacle to the transfer of ownership.

Hefei Energy & Power had asset valuation, capital increase, capital reduction or restructuring in the last 12 months: in June 2019, Hefei Energy & Power intended to increase its registered capital from RMB18,000,000 to RMB22,559,606, and the newly-increased part was fully subscribed by part of the land use rights of Haier Group located at Hefei required by the energy operation of Hefei. As of the date of this Announcement, the capital increase has not been completed. The evaluation on the Transaction had considered the consideration to subscribe land use rights and buildings of the newly-increased registered capital by Haier Group. After the Transaction is completed, Haier Group will hold 95.57% of the equity in Hefei Energy & Power, all as a consideration paid by Haier Group to the Company for the capital increase.

2. Pursuant to the Articles of Association of Hefei Energy & Power, Qingdao Energy & Power has the preemptive right to purchase the target equity, and it waives the preemptive right.

3. Major financial indicators of Hefei Energy & Power in the last year

Pursuant to the standard unqualified audit report issued by Qingdao Branch of Shandong Hexin Certified Public Accountants LLP (XYZH/2019QDA10351), as of 31 December 2018, the total assets of Hefei Energy & Power amounted to RMB45,223,600, the owner's equity amounted to RMB19,946,300, the annual operating income in 2018 amounted to RMB75,340,200, and the net profit amounted to RMB1,135,300.

4. Explanation of other relationships between Hefei Energy & Power and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel

Apart from the daily Related-party Transactions between Hefei Energy & Power and the Company's subsidiaries in the purchase of goods, the acceptance of labor services and the sale of goods, there is no other relationship with the Company in terms of property rights, assets and personnel.

## **(V) Dalian Energy & Power**

1. Basic information on Dalian Energy & Power

<b>Company name</b>	Dalian Haier Energy & Power Co., Ltd.
<b>Unified social credit code</b>	912102427327487517

<b>Domicile</b>	IIC-I, Zone A, Dalian Export Expressing Zone, Liaoning Province
<b>Type of company</b>	Other limited liability company
<b>Legal representative</b>	Yang Chuanxin
<b>Registered capital</b>	RMB10,000,000
<b>Business scope</b>	Providing services for enterprises in Dalian Haier Industrial Park (except for special examination and approval); import and export of goods and technology (except for projects prohibited by laws and administrative regulations; projects restricted by laws and administrative regulations operated only after obtaining permission); property management; water supply services; power supply, transmission and electricity sales services; heating services; information consultation; sales of electrical equipment and machinery; sales of construction materials and metal materials; pipeline construction (excluding special equipment and pressure pipes) *** (the approval of relevant authorities shall be obtained before the start of operation if such approval shall be obtained for certain project).
<b>Principal business</b>	Providing smart energy solutions; oriented by user needs, providing systematic solutions for customers in the fields of IOT energy services, energy conservation and environmental protection, new energy technology services and energy engineering.
<b>Date of establishment</b>	7 November 2001
<b>Operating period</b>	7 November 2001 to 6 November 2051
<b>Substantial Shareholder</b>	80% held by Haier Group and 20% held by Development Zone Energy & Power prior to the Transaction

The ownership of the target equity is clear. There is no pledge or any other restriction transfer. There is no litigation, arbitration or seizure, freezing or other judicial measures, nor any obstacle to the transfer of ownership.

Dalian Energy & Power had no asset valuation, capital increase, capital reduction or restructuring in the last 12 months.

Pursuant to the Articles of Association of Dalian Energy & Power, Development Zone Energy & Power has the preemptive right to purchase the target equity, and it waives the preemptive right.

### 3. Major financial indicators of Dalian Energy & Power in the last year

Pursuant to the standard unqualified audit report issued by Qingdao Branch of Shandong Hexin Certified Public Accountants LLP (XYZH/2019QDA10348), as of 31 December 2018, the total assets of Dalian Energy & Power amounted to RMB19,476,900, the net assets amounted to



RMB10,774,800, the annual operating income in 2018 amounted to RMB14,260,300, and the net profit amounted to RMB183,100.

4. Explanation of other relationships between Dalian Energy & Power and the Company in terms of property rights, business, assets, creditor's rights and debts, and personnel

Apart from the daily Related-party Transactions between Dalian Energy & Power and the Company's subsidiaries in the purchase of goods, the acceptance of labor services and the sale of goods, there is no other relationship with the Company in terms of property rights, assets and personnel.

#### **IV. PRICING POLICY AND PRICING BASIS OF THE RELATED-PARTY TRANSACTION**

##### **(I) Kaos**

##### **1. Appraisal overview and conclusion**

Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd. with relevant business qualifications in securities and futures appraised the market value of the total equity (100% equity) of Kaos shareholders on 31 December 2018 as the valuation benchmark date, and issued the valuation report (ZhongRui Ping BaoZi [2019] No. 000584). The appraised value of Kaos was RMB4,562,758,200 on valuation benchmark date, and the added value amounted to RMB2,554,753,500, with the value-added rate being 127.23%.

##### **2. Description of appraisal methods**

The asset-based method was adopted for appraisal. The reason for such choice is that: there are few cases of company transactions similar to those of Kaos at home and abroad, and it is not easy to obtain transaction cases. So, it is impossible to obtain a comparable and effective market transaction reference object. The appraisal did not consider using the market method. The appraisee has a short history, unstable historical data, and is an investment management company, which is greatly affected by the policy, and the expected future earnings cannot be predicted. Therefore, the income method is not used for such appraisal. The asset-based method was selected for the appraisal based on the purpose of this appraisal and the characteristics of the appraised objects, as well as the applicable conditions of the appraisal method.

##### **3. Transaction pricing**

The price of the Transaction is based on the appraisal value RMB4,562,758,200 confirmed in the appraisal report issued by Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd.. Having considered the employee stock ownership arrangement implemented after the valuation benchmark date whereby eligible participants under the arrangement would make a capital contribution of RMB33,060,000 to Kaos via the employee shareholding platform to be established by the Company, the price for total equity interest of Kaos was determined at RMB4,595,818,200 (including RMB33.06 million contributed by the employees) after negotiations by the parties thereto.

## **(II) Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power, Dalian Energy & Power**

### **1. Appraisal overview and conclusion**

According to the valuation reports (ZhongRui Ping BaoZi [2019] Nos. 00592, 00593, 00594 and 00595) issued by Chung RuiWorldunion Assets Appraisal (Beijing) Co., Ltd. (中瑞世联资产评估(北京)有限公司) with relevant business qualifications in securities and futures on 25 June 2019 with 31 December 2018 as the valuation benchmark date, the appraisal values of the Target Energy & Power Equity are summarized as follows:

<b>No.</b>	<b>Target Company</b>	<b>Appraisal method</b>	<b>Energy &amp; power subject equity</b>	<b>Appraisal value of Target Energy &amp; Power Equity (RMB'0,000)</b>	<b>Remarks</b>
1	Qingdao Energy & Power	Cost method	95%	20,810.36	
2	Development Zone Energy & Power	Income method	97.57%	11,960.32	Including capital increase value RMB16,633,700 of Haier Group land use right and premises ownership
3	Hefei Energy & Power	Income method	95.57%	3,560.53	Including capital increase value RMB7,530,100 of Haier Group land use right
4	Dalian Energy & Power	Income method	80%	1,222.84	
<b>Total</b>				<b>37,554.04</b>	

### **2. Description of evaluation methods**

The asset-based method and income method were adopted for appraisal. The reason for such choice is that: there are few cases of company transactions similar to those of Qingdao Energy &

Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power at home and abroad, and it is not easy to obtain transaction cases. So, it is impossible to obtain a comparable and effective market transaction reference object. The appraisal did not consider using the market method. The asset-based method and the income method were selected for the appraisal based on the purpose of this appraisal and the characteristics of the appraised objects, as well as the applicable conditions of the appraisal method.

The energy industry is a heavy investment industry. The investment in production facilities of Qingdao Energy & Power takes up a big share of that in the total assets. Use of the asset-based method can better reflect the Company's value. The appraisal results based on the asset-based method are relatively more credible. Qingdao Energy & Power used the asset-based method to appraise the conclusions.

Considering that the development strategy and operation mode of the Development Zone Energy & Power will not change greatly, and its future earnings will be less affected, Development Zone Energy & Power selected the income method that better reflected the Company's going concern for conclusion appraisal. According to the resolution of the Development Zone Energy & Power shareholders' meeting, Haier Group intended to increase the contributions to Development Zone Energy & Power with its state-owned land use rights (Qing Fang Di Quan Shi Zi No. 201525034, the building area being 24,899.00 square meters) and housing ownership (the building area being 4,763.69 square meters). The appraisal value of the housing property and land use rights for capital increase was RMB16,633,700. The capital increase amount approved by resolution was RMB16,633,700, of which RMB8,949,300 flew into the newly-increased registered capital of the Development Zone Energy & Power, and RMB7,684,400 flew into the capital reserve of the Development Zone Energy & Power. Upon completion of the capital increase, the total equity value of the Development Zone Energy & Power was RMB122,577,000.

Considering that the development strategy and operation mode of Hefei Energy & Power will not change greatly, and its future earnings will be less affected, Hefei Energy & Power selected the income method that better reflected the Company's going concern for conclusion appraisal. Pursuant to the resolution at shareholders' meeting of Hefei Energy & Power, Haier Group intended to increase the contributions to Hefei Energy & Power with part of the land use rights (He Jing QuGuo Yong [2008] No. 090) it held. The area of the land was 18,366 square meters. The capital increase

amount approved by resolution was RMB7,530,100 (appraisal value being RMB7,530,100), of which RMB4,559,600 flew into the newly-increased registered capital of Hefei Energy & Power, and RMB2,970,500 flew into the capital reserve of Hefei Energy & Power. Upon completion of the capital increase, the total equity value of Hefei Energy & Power was RMB37,256,700.

Considering that the development strategy and operation mode of Dalian Energy & Power will have no significant change, and its future earnings will be less affected, Dalian Energy & Power selected the income method that better reflected the Company's going concern for conclusion appraisal.

### 3. Transaction pricing

The consideration for the Transaction was based on the appraised values of the equity interests of the aforesaid target companies. Taking into comprehensive consideration the capital increases by Haier Group in Development Zone Energy & Power (transfer of land use rights and premises ownership held by Haier Group) and Hefei Energy & Power (transfer of land use rights held by Haier Group) after the valuation benchmark date, the total consideration for the acquisition by Kaos of 95% equity interests, 97.57% equity interests, 95.57% equity interests and 80% equity interests held by Haier Group in Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power was determined at RMB375,540,417 after negotiations by the parties thereto.

## **V. MAJOR CONTENTS AND ARRANGEMENT OF THE RELATED-PARTY TRANSACTION**

(I) Agreement on Acquisition of Equity Interests of Four Companies Including Qingdao Haier Energy & Power Co., Ltd., Qingdao Economy and Technology Development Zone Haier Energy & Power Co., Ltd., Hefei Haier Energy & Power Co., Ltd. and Dalian Haier Energy & Power Co., Ltd. with Equity-based Payment executed by Kaos, the Company and Haier Group

1. Contract subjects: Kaos, the Company and Haier Group

2. Consideration: RMB375,540,417 in total, to be paid as the directed additional registered capital amount by Kaos.

3. Payment method: payment of the directed additional registered capital amount RMB74,434,124 by Kaos to Haier Group.

4. Payment term: Payment will be made after the date on which all conditions precedent to this Agreement are satisfied or waivers of relevant parties are obtained (hereinafter referred to as the “Delivery Date”). The Delivery Date is scheduled to be 31 October 2019 or such other date following the date subject to separate consent of the parties, but no later than 31 December 2019.

5. Delivery or transfer schedule: On the Delivery Date, Haier Group shall complete the industrial and commercial change registration procedures for the delivery of the equity of the energy section to Kaos, and Kaos shall complete the registration procedures for the industrial and commercial registration of the directed capital increase to Haier Group. Haier Group shall complete the relevant procedures for the transfer of the land use rights for capital increase to Hefei Energy & Power by 30 June 2020 or such other date as agreed by the parties in writing. Haier Group undertook that Hefei Energy & Power shall complete the property ownership certificate of the buildings at its land by 30 September 2020 or such other date as agreed by the parties in writing. It is undertaken by Haier Group that Qingdao Energy & Power shall solve the problem of the property rights of its existing land and real estate prior to 30 September 2020 or other date agreed by the parties hereof in writing to ensure the assets integrity of Qingdao Energy & Power.

6. Conditions for validity of contract: This agreement is entered into and comes into effect on the date on which the parties affixes their seals hereto.

7. Date of validity: 29 June 2019

8. Liability for breach: Upon entry into effect of this Agreement, it shall be deemed a breach if: either party directly or indirectly violates any of the terms of this Agreement, or fails to perform, fails to promptly perform, or improperly perform any of its obligations under this Agreement, or violates any representation, statement and warranty made under this Agreement. The party observing the contract (hereinafter referred to as the “Observant Party”) shall have the right to request in written notice the party in breach of the contract (hereinafter referred to as the “Breaching Party”) to correct such breach, and take adequate, effective and immediate measures to eliminate the consequences of such breach. The Observant Party shall give the Breaching Party a grace period of fifteen (15) business days. If upon expiry of the grace period, the Breaching Party has not properly performed this Agreement, this Agreement will be terminated on the date on which the Observant Party gives a written notice of termination of this agreement to the Breaching Party. The Breaching Party shall indemnify the Observant Party all economic losses from breaches of the Breaching party.

**(II) Agreement on Capital Increase of Haier Kaos IOT Ecological Technology Co., Ltd. executed by Kaos, the Company and HaizhiHuiying**

1. Contract subjects: Kaos, the Company, HaizhiHuiying. HaizhiHuiying will act as the

executive partner and manager of the Private Equity Fund intended to be established. Upon establishment of the Private Equity Fund and the completion of the Private Equity Fund filing procedures at Asset Management Association of China, the rights and obligations of HaizhiHuiying under this agreement will be transferred to the Private Equity Fund. If the fund establishment and filing procedures are not completed by 31 October 2019, such rights and obligations under this agreement will still be in HaizhiHuiying or a third party it designates from time to time and approved by the parties.

2. Total consideration: RMB342,206,865 in total

3. Payment method: in cash

4. Payment term: Payment will be made after the date on which all conditions precedent to this Agreement have been met or waivers of relevant parties have been obtained (hereinafter referred to as the “Delivery Date”). The Delivery Date is scheduled to be 31 October 2019 or such other date following the date subject to separate consent of the parties, but no later than 31 December 2019 or such other date subject to separate consent of the parties.

5. Delivery or transfer schedule: On the Delivery Date, the Private Equity Fund shall complete the payment of consideration for the capital increase to Kaos in cash, and Kaos shall complete the registration procedure for the industrial and commercial registration of the newly-increased registered capital to the Private Equity Fund.

6. Conditions for validity of contract: This agreement is entered into and comes into effect on the date on which the parties affixes their seals hereto.

7. Date of validity: 29 June 2019

8. Liability for breach: Upon entry into effect of this Agreement, it shall be deemed a breach if: either party directly or indirectly violates any of the terms of this Agreement, or fails to perform, fails to promptly perform, or improperly perform any of its obligations under this Agreement, or violates any representation, statement and warranty made under this Agreement. The party observing the contract (hereinafter referred to as the “Observant Party”) shall have the right to request in written notice the party in breach of the contract (hereinafter referred to as the “Breaching Party”) to correct such breach, and take adequate, effective and immediate measures to eliminate the consequences of such breach. The Observant Party shall give the Breaching Party a grace period of fifteen (15) business days. If upon expiry of the grace period, the Breaching Party has not properly performed this Agreement, this Agreement will be terminated on the date on which the Observant Party gives a written notice of termination of this agreement to the Breaching Party. The Breaching Party shall indemnify the Observant Party all economic losses (including but not limited to legal fees, travel

expenses, legal costs, etc.) from breaches of the Breaching party.

## **VI. PURPOSE OF THE RELATED-PARTY TRANSACTION AND ITS IMPACT ON THE COMPANY**

### **(I) Purpose of the Related-party Transaction**

Kaos is a subsidiary of the Company. The COSMOPlat operated by Kaos is an industrial Internet ecological platform constructed for intelligent manufacturing and modern industry and takes the lead in introducing users' participation experience in the whole process. On the one hand, based on the user experience-centered mass customization model, COSMOPlat socializes the interaction, design and procurement to enable users to participate in the design, production, logistics and iteration of products, thus providing users with personalized customization experience. On the other hand, as a leading large-scale solution platform, COSMOPlat builds a win-win ecological circle to enable the transformation and upgrade of enterprises, thus providing enterprises with interconnected factory construction, mass customization, industrial application customization or trading products and solutions.

The Intelligent Energy Customization Platform mainly operated by the intelligent energy segment under Haier Group is an innovative application platform based on energy internet, big data, cloud computing technology and energy operation and management resources. By integrating the superior energy resources in the industry, it reduces energy prices and operation & maintenance costs for users from the front end, optimizes energy use scenarios, provides solutions and value-added services for energy management and energy use, and realizes energy conservation and consumption reduction for enterprises, thus providing users with systematic and intelligent energy solutions and integrated services for intelligent energy use.

Kaos intends to issue additional registered capital to Haier Group to purchase relevant assets of its intelligent energy segment, so as to further deepen the core service capability of Kaos Industrial Internet Eco-platform, enrich the dimension of COSMOPlat's empowerment to enterprises and promote transformation and upgrading, construct the energy service segment of Kaos Industrial Internet Eco-platform, and provide users with overall solution of systematic industrial Internet including intelligent energy solutions. At the same time, Kaos intends to accept the capital increase in cash by the Private Equity Fund, so as to match Kaos's own business expansion and financial demands, enhance Kaos's financial strength, support the strategic development of Kaos's principal business, and enhance the empowerment and service capabilities.

### **(II) Impact on the Company**

In line with the strategic development goals of Haier Smart Home, the Related-party

Transaction is conducive to the sustainable development of the Company and can further enhance its core competitiveness. It is in the long-term interests of all shareholders of the Company.

Prior to the Transaction, the Company has no ability to provide intelligent energy solutions. The Transaction will help COSMOPlat further enrich its product line, integrate and expand the business coverage of its overall industrial internet solutions, enhance the operation scale, and further enhance the core competitiveness of the Company.

Through the Transaction, the parties hereof will coordinate resources in the sales channels of industrial internet business, provide more systematic and multi-dimensional services for customers, strengthen customer stickiness, enhance the core competitiveness of the Company, and create better returns for their shareholders.

## **VII. PROCEDURES FOR REVIEWING THE RELATED-PARTY TRANSACTION**

The Related-party Transaction was considered and approved at the second meeting of the 10th session of the Board of Directors of the Company convened on 29 June 2019, at which related directors of the Company, namely Liang Haishan, Tan Lixia and Li Huagang have abstained from voting.

Independent Directors of the Company have pre-approved the Related-party Transaction and agreed to submit the same to the Board of Directors of the Company for consideration and approval. The independent Directors of the Company have expressed their opinions as follows: Kaos is a subsidiary of the Company. Its acquisition of relevant assets of Haier Group in the energy segment enables the industrial internet platform of Kaos to expand its service capability and better empower small and medium sized enterprises to carry out transformation and upgrading, so as to realize the expansion of industrial internet platform of Kaos in the energy industry, increase the service contents and enhance its service capability. Kaos can enhance its capital strength by introducing the Private Equity Fund proposed to be set by HaizhiHuiying for capital increase, which can be used for the strategic development of its principal business, and can enhance its enterprise empowerment and service capacities. The evaluation institution in the transaction has the qualification of securities and futures practitioner, and has the professional ability and independence for evaluation. The valuation methods, assumptions and discount rate used in the calculation model are reasonable. The pricing of the Related-party Transaction is based on the valuation value, and the pricing is made through negotiation between the parties hereof. Such pricing is fair and does not harm the rights and interests of listed company and shareholders.

The Related-party Transaction is not subject to the approval of relevant competent authorities.



## VIII. HISTORICAL RELATED-PARTY TRANSACTIONS REQUIRING SPECIAL EXPLANATION

During the twelve months prior to the transaction, there were no transactions between the Company and HaizhiHuiying.

During the twelve months prior to the transaction, the Related-party Transactions between the Company and Haier Group beyond the ordinary course of business were as follows:

Item	Description of Related-party Transactions	Amount of Related-party Transactions (in RMB0'000 )
1	Guan Mei (Shanghai) Enterprise Management Co., Ltd. (贯美(上海)企业管理有限公司), an indirectly controlled subsidiary of Haier Electronics Group Co., Ltd. (a subsidiary of the Company) swapped the 55% equity interest held by it in Bing Ji (Shanghai) Enterprise Management Co., Ltd. (冰戟(上海)企业管理有限公司) for the 51% equity interests held by Haier Electric Appliances International Co., Ltd., a related party of the Company, in Qingdao HSW Water Appliance Co., Ltd.	107,352.38
2	Qingdao Haier Smart Household Appliances Co., Ltd. (青岛海尔智慧家用电器有限公司), a subsidiary of Haier Electronics Group Co., Ltd. (a subsidiary of the Company) acquired 6.49% equity interests from Qingdao Haier Washing Machine Co., Ltd., a related party of the Company.	8,373.11

Based on the above, the amount of Related-party Transactions between the Company and Haier Group and its subsidiaries during the 12 months immediately preceding the publication of this announcement which has not been considered and approved by the general meeting of the Company amounted to RMB1,157,254,900, together with the amount of this Related-party Transaction of RMB717,747,300, totaling to RMB1,875,002,200, accounting for less than 5% of the latest audited net assets of the Company. This transaction is not required to be submitted to the general meeting of the Company for consideration and approval in accordance with the relevant requirements of the Listing Rules, the Implementation Guidelines on Related-party Transactions by Listing Companies of Shanghai Stock Exchange and the Articles of Association of Haier Smart Home.

## IX. OPINION OF INDEPENDENT FINANCIAL ADVISOR

CSC Financial Co., Ltd., an independent financial advisor engaged by the Company, opines that:

The Related-party Transaction of Haier Smart Home complies with the requirements of the Company Law, the Securities Law, the Listing Rules, the Implementation Guidelines on Related-party Transactions by Listing Companies of Shanghai Stock Exchange, the Articles of Association of Haier Smart Home and the Fair Decision-making System of Related-party Transactions of Haier Smart Home Co., Ltd. Besides, Haier Smart Home has implemented the corresponding reviewing procedures and made necessary information disclosure in accordance with the relevant provisions. The decision-making procedures are lawful and information disclosure procedures are standard.

The subject assets involved in the transaction has been assessed by asset appraisal firms with securities and futures qualifications. The pricing of the transaction was based on the assessment results of asset appraisal firms with securities and futures qualifications. The pricing this Transaction is fair.

The transaction is conducive to the sustainable development of Haier Smart Home and can further enhance its core competitiveness. It is in line with its long-term development strategies and in the interests of all shareholders of Haier Smart Home in the long run.

#### **X. DOCUMENTS AVAILABLE FOR INSPECTION**

(1) Resolutions of the second meeting of the 10th session of the Board of Directors of the Company;

(2) Independent opinions of independent Directors on the Related-party Transaction;

(3) Prior approval from independent Directors on the Related-party Transaction;

(4) Audit report of each of Kaos, Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power; the unaudited consolidated financial statements of Qingdao Energy & Power

(5) Appraisal report of each of Kaos, Qingdao Energy & Power, Development Zone Energy & Power, Hefei Energy & Power and Dalian Energy & Power

(6) Independent financial advisor report.

It is hereby notified the above.

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

1 July 2019

*( Note: This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail. )*