

Haier Smart Home Co., Ltd.

Announcement on Investing in Construction of a New

Air-Conditioner Production Plant with an Annual

Capacity of 5 Million Units

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

Reminder of important content:

- Name of investment project: New Air-Conditioner Production Plant with an Annual Capacity of 5 Million Units in SCO Economic Demonstration Zone, Jiaozhou, Qingdao
- Investment amount: estimated total investment of RMB2.494 billion with an estimated static payback period of 4.98 years for the investment
- Relevant risk warning: (1) Changes in the macro-political and economic environment coupled with industry policies, as well as intense market competition and price fluctuations may lead to shortfalls in orders, rising raw material prices and other risks, which may result in the Investment Project failing to achieve the expected revenue. In this regard, the Company will reduce operational risks, avoid industry risks and achieve sustainable development through measures like constant innovative product upgrading, efficiency enhancement and cost reduction in intelligent manufacturing, and aggressive exploration of sales channels. (2) The Project still needs to go through the preliminary approval procedures of relevant government departments, such as project approval and filing, environmental impact assessment, and construction planning. If the project approval and implementation conditions change due to national or local policy adjustments, the project may be subject to the risks of postponement, modification, suspension or termination; (3) The new project necessitates a specific duration for construction, and there is a potential risk during the implementation process that the project cannot be completed on schedule due to natural disasters, construction progress, and other factors.

I. Overview of the Investment

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

(I) Basic information of the Investment

In the context of global warming and the energy transition, consumer demand for green and eco-friendly, energy-efficient air-conditioning products and air solutions is increasing, and there is still considerable growth potential for high-efficient, comfortable, and intelligent air-conditioning products. As consumers continue to pursue high-quality living environments, air conditioning equipment will be more closely integrated with building and home environments, achieving better spatial aesthetics and creating healthier and more comfortable air environments. This will drive the industry to expand product categories from window units and split-type air conditioners to home central air conditioning, ductless systems, and fresh air systems.

Haier Air-conditioning adheres to the development strategy of “whole-house smart and healthy air expert” and is committed to providing consumers with air-conditioning products and air solutions with “exquisite quality”, “refined taste” and “exceptional performance”.

In order to further enhance Haier air-conditioners’ product research and development capabilities, optimize the layout of the air-conditioners industry in the global supply chain, meet the needs of consumers in different regions globally for air-conditioners products, enhance Haier air-conditioners’ market competitiveness in different regions globally and seize the industry trend towards integrated HVAC solutions, Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”) intends to invest in the construction of air-conditioner production plant with an annual capacity of 5 million units in SCO Economic Demonstration Zone, Jiaozhou, Qingdao (hereinafter referred to as the “Investment Project”) through its subsidiary Qingdao Haier HVAC Equipment Technology Co., Ltd., with an estimated total investment of RMB2.494 billion and an estimated static payback period of 4.98 years for the investment (hereinafter referred to as the “Investment”). The Investment Project plans to build R&D experimental centers, plants, logistics centers, etc., and is committed to building an intelligent manufacturing base integrating “R&D, production and sales”.

(II) Approval of the Investment

On 27 August 2024, the *Proposal on Investing in Construction of a New Air-Conditioner Production Plant with an Annual Capacity of 5 Million Units of Haier Smart Home Co., Ltd.* was considered and passed at the 11th Meeting of the 11th Session of the Board of Directors of the Company, with 9 votes in favor, 0 votes against and 0 votes in abstention, agreeing to the Investment Project and authorizing the chairman of the Board of Directors and relevant persons to execute documents, complete approval procedures and

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other matters related to the Investment.

According to the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the *Listing Rules of the Frankfurt Stock Exchange*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and the relevant systems such as the *Articles of Association*, the amount of the Investment is within the scope of the deliberative authority of the Board of Directors of the Company and does not need to be submitted to the shareholders' meeting for approval.

The project approval and filing, environmental impact assessment, construction planning and other matters for the Investment still need to go through the administrative approval procedures of the relevant competent government departments.

(III) The Investment is not a related party transaction under the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the *Listing Rules of the Frankfurt Stock Exchange* as well as the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor does it constitute a major asset reorganization under the *Measures Governing the Reorganization of Major Assets of Listed Companies*.

II. Information about the Investment Project

(I) The entity for implementation of the Investment Project is Qingdao Haier HVAC Equipment Technology Co., Ltd., a subsidiary of the Company.

(II) Details of the Investment Project

1. Name of project: New Air-Conditioner Project with an Annual Capacity of 5 Million Units in SCO Economic Demonstration Zone, Jiaozhou, Qingdao

2. The main content of the project investment: The Investment Project mainly involves production of wall-mounted air-conditioners, duct-type air-conditioners, multi-split air-conditioners, heat-pump air-conditioners, fresh air ventilator, bed-mounted air-conditioners, ceiling-mounted air-conditioners, etc., with a proposed investment of RMB2.494 billion. It is planned to put into operation for the first phase in September 2026 and the second phase in December 2027, with a planned annual production capacity of 5 million units. The Investment Project will mainly target at Shandong, Northeast and North China markets, radiating overseas markets such as Europe, North America, Australia, the Middle East, Southeast Asia, etc.

3. Investment progress: The investment will be implemented after consideration and approval by the Board of Directors of the Company.

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4. Project construction period: It is planned to start construction in September 2024, with the first phase put into operation in September 2026, and the second phase in December 2027.

5. Market positioning: mainly for Shandong, Northeast and North China markets, radiating overseas markets such as Europe, North America, Australia, the Middle East, Southeast Asia, etc.

6. Necessity analysis

(1) To cater to the needs for future order growth and market expansion

Given the current status of the Company's orders and the forecast for future market growth, the Company's air-conditioner sales will continue to maintain a high rate of growth in the coming years, and the newly established Jiaozhou Plant will satisfy the needs for future market order growth and market expansion.

(2) To optimize global capacity deployment of air-conditioning industry by leveraging on the regional and policy advantages of Jiaozhou

Based on port transportation costs, economies of scale and policy factors, the Investment Project is located in SCO Demonstration Zone, Jiaozhou, Qingdao, which is close to the Company's Huangdao Industrial Park and the Sino-German Eco-Park. Subsequent to the completion of the project, resources can be shared with the Company's Huangdao Industrial Park/Sino-German Eco-Park, highlighting the scale advantage in supply cost, transportation cost and response speed to the market, which is conducive to optimizing the supply chain deployment for the air-conditioning segment of the Company and improving its supply chain capabilities in multiple dimensions.

(3) To elevate the R&D capabilities and intelligent manufacturing capabilities for air-conditioners

The Investment Project is anchoring at constructing an intelligent manufacturing base integrating R&D, production and sales, and building an air-conditioning industry R&D experimental center as planned, so as to promote the R&D capabilities for air-conditioner products. Simultaneously, it aims to enhance its comprehensive competitiveness in terms of cost, quality, and efficiency by adopting advanced quality, product, and intelligent manufacturing technologies.

(4) To meet the Company's needs for air-conditioning product upgrades by diversifying

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the product portfolio

In addition to the deployment of traditional split-type wall-mounted products, the Investment Project will also focus on solution-based products such as residential central air-conditioners, fresh air ventilators, and duct-type air-conditioners to further cater to the needs of consumers in various markets.

7. Investment estimation and income forecast

The total planned amount of the Investment is RMB2.494 billion, including RMB118 million in land investment, RMB1.205 billion in civil engineering investment, RMB1.024 billion in equipment investment and RMB147 million in other supporting investment. The required funds are the Company's self-owned funds and self-raised funds. The static payback period of the investment is expected to be 4.98 years. The payback period of the project is within the feasible range and the project is anticipated to yield favorable economic benefits.

III. Impact of the Investment on the Company

The implementation of the Investment will improve the R&D and production capabilities of the Company's air-conditioner products, consolidate and optimize the global supply chain deployment of its air-conditioning business, and will be conducive to increasing the market share of air-conditioning products of the Company and expand its brand perception. The Project is expected to bring favourable economic benefits to the Company, while also further promoting its overall competitiveness and profitability.

The funds for the Investment Project come from the Company's self-owned funds and self-raised funds, which will not have a significant adverse impact on the Company's financial and operating conditions, and there is no situation that will compromise the interests of the Company and all shareholders.

IV. Risk analysis of the Investment

1. Changes in the macro-political and economic environment coupled with industry policies, as well as intense market competition and price fluctuations may lead to shortfalls in orders, rising raw material prices and other risks, which may result in the Investment Project failing to achieve the expected revenue. In this regard, the Company will reduce operational risks, avoid industry risks and achieve sustainable development through measures like innovative product upgrading, efficiency enhancement and cost reduction in

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intelligent manufacturing, and aggressive exploration of sales channels.

2. This Project still needs to go through the preliminary approval procedures of relevant government departments, such as project approval and filing, environmental impact assessment, and construction planning. If the project approval and implementation conditions change due to national or local policy adjustments, the project may be subject to the risks of postponement, modification, suspension or termination.

3. The new project necessitates a specific duration for construction, and there is a potential risk during the implementation process that the project cannot be completed on schedule due to natural disasters, construction progress, and other factors.

It is hereby notified the above.

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

27 August 2024

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