

Haier Smart Home Co., Ltd.

Announcement on Investing in Large Refrigerator Project with an Annual Capacity of 2 Million Units

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 content:

- Haier Smart Home Co., Ltd. (hereinafter referred to as the "Company") intends to invest in the construction of a project with an annual production capacity of 2 million units of large refrigerators in Jiulong Industrial Zone, Jiaozhou, Qingdao through a newly established subsidiary (hereinafter referred to as the "Investment Project"), with an estimated total investment of RMB3.07 billion and an estimated static payback period of 4.2 years for the investment (hereinafter referred to as the "Investment").
- Changes in the macroeconomic environment and 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 projects failing to achieve the expected revenue. In this regard, the Company will reduce operational risks, avoid industry risks and achieve sustainable development through efficiency enhancement and cost reduction measures like product structure upgrading and intelligent manufacturing.

I. Overview of the Investment

(I) Basic information of the Investment

From the perspective of total market demand trend, the overall market size of China's refrigerator industry in 2021 has been growing steadily for three consecutive years. With the continued economic recovery in 2021, it is expected that the change in domestic refrigerator

production is positively correlated with the trend of China's GDP on the whole. The development of product upgrade will tend to health preservation, multi-function, exquisite appearance, large capacity, green and low carbon and energy saving. In terms of manufacturing, home appliance industry upgrade will encompass smart home appliances, intelligent manufacturing and digital transformation.

In order to further enhance the sustained high-quality growth of Haier refrigerators in the domestic market, optimize the domestic supply chain, further strengthen the market competitiveness in Shandong, Southwest and Central China and achieve rapid growth in Shandong, Southwest and Central China, the Company intends to invest in the construction of a project with an annual production capacity of 2 million units of large refrigerators in Jiulong Industrial Zone, Jiaozhou, Qingdao through a newly established subsidiary, with an estimated total investment of RMB3.07 billion and an estimated static payback period of 4.2 years for the investment.

(II) Approval of the Investment

On 28 April 2022, the *Proposal on Investing in Large Refrigerator Project with an Annual Capacity of 2 Million Units* was reviewed and approved at the 28th Meeting of the 10th Session of the Board of Directors of the Company, with 11 votes in favor, 0 votes against and 0 votes in abstention, agreeing to the Investment and authorizing the chairman of the Board of Directors and relevant persons to execute documents, complete approval procedures and other matters related to the Investment.

According to the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and the relevant systems of the Company, the amount of the Investment is within the scope of the authority of the Board of Directors of the Company and does not need to be submitted to the shareholders' general meeting for approval.

The Investment still needs to obtain approval from the development and reform department, environmental protection department, land management department and other relevant departments; the proposed new subsidiary still needs to complete the registration procedures for business and taxation and other related licenses.

(III) The Investment is not a connected transaction under the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and does not constitute a major asset reorganization under the *Measures Governing the Reorganization of Major*

II. Information about the Investment Project

(I) The entity for implementation of the Investment Project is a wholly-owned company to be established in Jiaozhou City, Qingdao by a subsidiary of the Company, which is currently in the process of preparation.

(II) Details of the Investment Project

1. The main content of the project investment: The project investment mainly involves production of medium and high-end intelligent large refrigerators, with a proposed investment of RMB3.07 billion. It is expected to be put into operation in the first phase of July 2023, with a planned annual production capacity of 2 million units. The Jiaozhou large refrigerator factory will mainly target Shandong, Southwest and Central China markets.
2. Investment progress: The investment will be implemented after consideration and approval by the Board of Directors of the Company.
3. Project construction period: It is planned to start construction in July 2022, and put into operation in the first phase of July 2023.
4. Market positioning: mainly for Shandong, Southwest and Central China markets
5. Necessity Analysis

(1) According to the business development plan, there is a gap in the overall capacity of the Company's large refrigerator business

Given the current status of the Company's orders and the forecast of future market growth, the Company's large refrigerator sales will continue to grow at a high rate in the next few years, and according to the Company's marketing plan, there will be a capacity shortage in the Company's existing factories by 2023.

(2) Levering on the regional and policy advantages of Jiaozhou to optimize capacity deployment

Jiaozhou Jiulong District is located in the core western area of the Shanghe Demonstration Zone, with 30km away from the Company's Huangdao Industrial Park and 25km away from Sino-German Ecopark. After the completion of the project, resources can be shared with the Company's Huangdao Industrial Park/Sino-German Ecopark, highlighting the scale advantage in supply cost, transportation cost and response speed to the market, which is conducive to optimizing the refrigerator business deployment of the Company, consolidating and enhancing the leading market position of its refrigerator. In addition, Jiaozhou government is expected to provide preferential investment policies for the Company on the Investment.

(3) To meet the practical needs of smart manufacturing upgrade and innovation model

The Investment is conducive to upgrading the intelligent manufacturing of the Company's smart factories and achieving large scale customization of popular products, which will become the lowest cost, most efficient and globally leading digital lighthouse factory.

(4) To meet the Company's product upgrade needs

The Investment will promote the upgrading of Company's large refrigerator products to be low carbon and environment-friendly, energy saving, intelligent upgrading, and further satisfy the market demand.

6. Investment estimation and income forecast

The total planned of the Investment is RMB3.07 billion, including RMB650 million in land investment, RMB1.23 billion in construction investment (including apartments), RMB1.18 billion in equipment investment and RMB12 million in other costs. The required funds are the Company's self-own funds and self-raised funds. The static payback period of the investment is expected to be 4.2 years, with an internal rate of return of 24.5%. The payback period of the project is within the feasible range and the economic benefits of the project are expected to be good.

III. Impact of the Investment on the Company

The implementation of the Investment will improve the production capacity of the Company's refrigerator products, consolidate and optimize the regional deployment of its refrigerator business, increase the market share of large refrigerator products and expand its brand influence. It is expected to bring good economic benefits to the Company, and will also further promote its overall competitiveness and profitability.

IV. Risk analysis of the Investment

Changes in the macroeconomic environment and 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 above-mentioned projects failing to achieve the expected performance. In this regard, the Company will reduce operational risks, avoid industry risks and achieve sustainable development through efficiency enhancement and cost reduction measures such as product structure upgrading and smart manufacturing.

It is hereby notified the above.

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

28 April 2022