Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6690

CONNECTED TRANSACTION ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement of the Company dated 29 October 2021 in relation to the entering into of the equity transfer agreements between the Company and Haier Group (the "**Announced Transactions**").

The Board is pleased to announce that on 28 April 2022, in order to establish the competitiveness of service robots for household cleaning, promote the development of the Company's cleaning appliance business, focus its cleaning appliance resources and build up its competitiveness in whole-house deep cleaning, as well as to enhance its corporate governance and reduce routine connected transactions, Life Electric Co., a wholly-owned subsidiary of the Company, entered into the Transfer Agreement of TAB's Equity with Interconnect Co., a wholly-owned subsidiary of Haier Group, pursuant to which Life Electric Co. agreed to acquire and Interconnect Co. agreed to sell 100% of the equity interest in TAB.

During the past twelve months, in addition to the Announced Transactions, the Company (through its subsidiaries) has entered into two equity transfer agreements with subsidiaries of Haier Group to acquire 60% equity interest in Qingdao Ririshun Services Co. Ltd.* (青島日日順服務有限公司) and 3.41% equity interest in Qingdao Haier Smart Life Electric Co. Ltd.* (青島海爾智慧生活電器有限公司), respectively, and has entered into the Asset Package Transfer Agreement to acquire the asset package of Zhengzhou Branch of Henan Ririshun Electric Co. Ltd.* (河南日日順電器有限公司) (the "**Previous Transactions**").

As at the date of this announcement, Haier Group holds, directly and indirectly, approximately 34% of the voting rights in the Company, therefore, Haier Group is the controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the Announced Transactions, the Previous Transactions and the transaction contemplated under the Transfer Agreement of TAB's Equity constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Hong Kong Listing Rules, the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Previous Transactions on a combined basis is less than 0.1%, therefore they were fully exempt from the requirements of reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As the Announced Transactions, the Previous Transactions and the transaction contemplated under the Transfer Agreement of TAB's Equity are conducted within 12 months and are related to each other, such transactions are required to be aggregated. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the transaction contemplated under the Transfer Agreement of TAB's Equity, both on a standalone basis and together with the Announced Transactions and the Previous Transactions on a combined basis is higher than 0.1% but less than 5%, such transactions are subject to the requirements of reporting, annual review and announcement but are exempt from requirements of independent financial advisor's opinions and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 28 April 2022, Life Electric Co., a subsidiary of the Company, entered into the Transfer Agreement of TAB's Equity with Interconnect Co., a subsidiary of Haier Group, pursuant to which Life Electric Co. agreed to acquire and Interconnect Co. agreed to sell 100% of the equity interest in TAB.

2. THE TRANSFER AGREEMENT OF TAB'S EQUITY

The principal terms of the Transfer Agreement of TAB's Equity are summarised as follows:

Date	28 April 2022
Parties	(1) Life Electric Co. (a subsidiary of the Company, as the transferee); and (2) Interconnect Co. (a subsidiary of Haier Group, as the transferor)
Equity in the Target Company	100% equity interest in TAB
Consideration	Life Electric Co. shall pay a consideration of RMB125 million for the transfer of the equity interest. The consideration of the Transaction is based on the appraised value set out in the valuation report prepared by Orient Appraisal by adopting the market approach as at the valuation benchmark date of 31 December 2021 and is determined after arm's length negotiation between Life Electric Co. and Interconnect Co.. According to the Asset Valuation Report (Dong Zhou Ping Bao Zi Zi [2022] No. 0353) issued by Orient Appraisal, the total shareholders' equity interest of TAB using the market approach amounted to RMB125 million with 31 December 2021 as the valuation benchmark date. Taking into account the audited profit before tax of TAB as at 31 December 2021 of RMB9,186,954.10. With reference to the above valuation results and taking into account the P/E and P/B ratios of comparable sweeping robot companies, the Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.
Payment method	Life Electric Co. shall pay Interconnect Co. the consideration for the equity transfer in cash

Payment term	Life Electric Co. shall pay Interconnect Co. the consideration for the equity transfer in full within 30 days from the Closing Date
Closing arrangement	Life Electric Co. and Interconnect Co. shall jointly procure the Target Company to apply to the industry and commerce registration authority to complete the change in industry and commerce registration for the equity transfer within 30 days after the Transfer Agreement of TAB's Equity becomes effective.
Conditions of the Transaction	Pursuant to the Transfer Agreement of TAB's Equity, the conditions precedent of the Transaction primarily include: (1) the Equity Transfer shall be considered and approved by the internal authorised departments of the transferor and the transferee; (2) the Equity Transfer shall be considered and approved by the internal authorised departments of the Target Company; (3) representations and warranties from both parties remain true, accurate and complete; (4) there is no occurrence of events that would cause a material and adverse change in the Target Company from the date of execution of the Transfer Agreement of TAB's Equity to the Closing Date.
Effective date of the agreement	The Transfer Agreement of TAB's Equity becomes effective on the date on which both parties sign the agreement, and the Equity Transfer is considered and approved by the internal authorised decision-making departments of both parties.

3. INFORMATION ABOUT THE TARGET COMPANY

TAB is a company incorporated in December 2015 in the PRC with limited liability and is principally engaged in the research and development, design and sales of smart vacuum robot products. TAB is owned as to 100% by Haier Group through Interconnect Co..

The audited total assets, net assets, operating revenue, profit before tax and profit after tax of TAB for the two financial years ended 31 December 2020 and 31 December 2021 are set as follows:

	Year ended/as at 31 December 2020	*(RMB)* Year ended/as at 31 December 2021
Total assets	83,885,825.21	128,001,388.10
Net assets	48,217,002.24	55,602,688.89
Operating revenue	145,833,212.22	243,526,079.57
Profit before tax	(1,091,383.29)	9,186,954.10
Profit after tax	347,919.23	7,385,686.65

As at 31 March 2022, the unaudited consolidated statement of assets of TAB amounted to RMB157,827,380.09 and net assets amounted to RMB59,131,636.30. From January to March 2022, the operating income of TAB amounted to RMB121,272,206.68 and net profit amounted to RMB3,528,947.41.

According to the information available to the Directors, the comprehensive costs for the Interconnect Co.'s 100% shareholding in TAB is RMB76.2181 million.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT OF TAB'S EQUITY

The connected transaction is in line with the Company's strategic development objectives and has no adverse impact on the Company's ability to continue as a going concern, profit or loss and asset position. It is conducive to establishing the competitiveness of service robots for household cleaning, promoting the development of the Company's cleaning and electrical appliances business, consolidating cleaning appliance resources, developing competitiveness in domestic in-depth cleaning, increasing the Company's operating income, reducing routine connected transactions and concurrently resolving the potential competition between TAB and the Company in the cleaning appliance sector, improving governance level, which is beneficial to the long-term development of the Company.

After the Transaction, TAB will become wholly-owned subsidiaries of the Company within the scope of its consolidated financial statements, resulting in a change in the scope of the Company's consolidated financial statements.

The Directors (including the independent non-executive Directors) believe the transaction contemplated under the Transfer Agreement of TAB's Equity is on normal commercial terms and the terms set out in such agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole but are not in the ordinary or usual course of business of the Group due to the nature of such transaction.

5. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, Haier Group holds, directly and indirectly, approximately 34% of the voting rights in the Company, therefore, Haier Group is the controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the Announced Transactions, the Previous Transactions and the transaction contemplated under the Transfer Agreement of TAB's Equity constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Hong Kong Listing Rules, the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Previous Transactions on a combined basis is less than 0.1%, therefore they were fully exempt from the requirements of reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As the Announced Transactions, the Previous Transactions and the transaction contemplated under the Transfer Agreement of TAB's Equity are conducted within 12 months and are related to each other, such transactions are required to be aggregated. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the transaction contemplated under the Transfer Agreement of TAB's Equity, both on a standalone basis and together with the Announced Transactions and the Previous Transactions on a combined basis is higher than 0.1% but less than 5%, such transactions are subject to the requirements of reporting, annual review and announcement but are exempt from requirements of independent financial advisor's opinions and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As Mr. LIANG Haishan, Mr. XIE Juzhi and Mr. LI Huagang, Directors of the Company, holds relevant interests in Haier Group and therefore, they have abstained from voting on the resolution of the Board for approving the Transfer Agreement of TAB's Equity and the transactions contemplated thereunder. Save as disclosed above, other Directors do not have any material interests in the transaction and they were not required to abstain from voting on the resolution of the Board for considering and approving the Transfer Agreement of TAB's Equity and the transaction contemplated thereunder.

6. GENERAL INFORMATION

Information of the Company

The Company is a joint stock company incorporated in the PRC with limited liability, whose A Shares are listed on the Shanghai Stock Exchange, whose D Shares are listed on the Frankfurt Stock Exchange and whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange. The Company is the leading provider of home appliances and smart home solutions in the world. The Company's main businesses include the R&D, production and sales of smart home appliances such as refrigerators/freezers, washing machines, air conditioners, water heaters, kitchen appliances, small home appliances, and smart home scenario solutions. It creates whole scenario smart life experience with its rich product, brand and solution package to meet the needs of users for a better life.

Information of Life Electric Co.

Life Electric Co., a company incorporated under the laws of the PRC, was established in 1996 and is a wholly-owned subsidiary of the Company, and its principal business includes the business of research and development, sales and services of home appliances.

Information of Haier Group

Haier Group, a company incorporated under the laws of the PRC, was established in 1984 and is the controlling Shareholder of the Group, and its scope of operation is: technology development, technology consultancy, technology transfer, technology services, including industrial internet, etc.; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology (方案系統軟件技術); the production of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; domestic commercial (excluding national restricted, licensed and controlled commodities) wholesale and retail; export and import business (refer to foreign enterprise confirmation certificate for details); economic technology consultancy; and research, development and transfer of technological achievements; lease of self-owned properties. Haier Group is an urban collective ownership enterprise. According to the Regulations on Urban Collective Ownership Enterprises of the People's Republic of China promulgated by the State Council, which was revised in February 2016, all property under the urban collective ownership belongs to the working people collectively and the worker representative organization is its governing body.

Information of Interconnect Co.

Interconnect Co., a company incorporated under the laws of the PRC, was established in 2018 and is a wholly-owned subsidiary of Haier Group, and its principal business is the research and development of Internet technology, research and development, manufacture and sales of computer hardware and software, computer accessories, etc. According to the unaudited financial statements published by the Interconnect Co., as of 31 December 2021, the total assets of the Interconnect Co. amounted to RMB41,966,938.15 and the net assets amounted to RMB-3,594,395.18. In 2021, the operating income of the Interconnect Co. amounted to RMB0.00 and net profit amounted to RMB-1,743,096.54.

7. DEFINITION

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

"A Share(s)"	the ordinary share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange
"Board"	the board of directors of the Company
"Closing Date"	the date of completion of the change of business registration in relation to the Equity Transfer
"Company"	Haier Smart Home Co., Ltd., a joint stock company incorporated in the PRC on 28 April 1989 with limited liability, whose A Shares are listed on the Shanghai Stock Exchange (stock code: 600690), whose D Shares are listed on the China Europe International Exchange AG D Share Market and quoted on the Frankfurt Stock Exchange (stock code: 690D), and whose H Shares are listed on the Main Board of the Stock Exchange of Hong Kong (stock code: 6690)
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"D Share(s)"	the D share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Company which are listed and traded on the China Europe International Exchange AG D Share Market on the Frankfurt Stock Exchange (stock code: 690D)
"Director(s)"	director(s) of the Company
"Announced Transactions"	The transaction in relation to the acquisition of 10% equity interest in Haier (Dalian) Refrigerator Co., Ltd* (大連海爾電冰箱有限公司), 3.94% equity interest in Qingdao Haier Special Freezer Co., Ltd* (青島海爾特種電冰櫃有限公司), 100% equity interest in Qingdao Haier Quality Testing Co., Ltd.* (青島海爾質量檢測有限公司) held by Haier Group and the previous transactions disclosed by the Company on 29 October 2021, details of which are set out in the announcement disclosed by the Company on the website of the Hong Kong Stock Exchange on 29 October 2021.

"Transfer Agreement of TAB's Equity"	"Agreement on the Transfer of Equity Interest in Qingdao TAB Robot Technology Co., LTD* (青島塔波爾機器人技術有限責任公司), between Qingdao Haier Interconnect Technology Co. Ltd.* (青島海爾智慧生活電器有限公司) and Qingdao Haier Smart Life Electric Co. Ltd.* (青島海爾智慧生活電器有限公司)" entered into between Life Electric Co. and Interconnect Co.
"Group"	the Company and its subsidiaries
"Haier Group"	Haier Group Corporation, a company incorporated under the laws of the PRC, and the controlling Shareholder of the Group
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange'	the Stock Exchange of Hong Kong Limited
"H Share(s)"	the H shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6690)
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Previous Transaction(s)"	The acquisition of 60% equity interest in Qingdao Ririshun Services Co. Ltd.* (青島日日順服務有限公司) by Qingdao Ririshun Electric Service Co. Ltd.* (青島日日順電器服務有限公司), a subsidiary of the Company, from Ririshun Internet of Things Co. Ltd.* (日日順物聯網有限公司), at a transaction consideration of RMB50.9578 million; the acquisition of the asset package held by Zhengzhou Branch of Henan Ririshun Electric Co. Ltd.* (河南日日順電器有限公司) by Chongqing Haier Electrical Appliance Sale Co. Ltd.* (重慶海爾家電銷售有限公司), a subsidiary of the Company, at a transaction consideration of RMB2.27 million; and the acquisition of 3.41% equity interest in Qingdao Haier Smart Life Electric Co. Ltd.* (青島海爾智慧生活電器有限公司) by Chongqing New Ririshun Home Appliance Sales Co. Ltd.* (重慶新日日順家電銷售有限公司) from Haier Group, a subsidiary of the Company, at a transaction consideration of RMB14.9782 million, all during the past twelve months.

"Share(s)"	the ordinary shares of the Company, including A Share(s), D Share(s) and H Share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Life Electric Co."	Qingdao Haier Smart Life Electric Co. Ltd.*, a wholly-owned subsidiary of the Company
"Interconnect Co."	Qingdao Haier Interconnect Technology Co. Ltd.*, a wholly-owned subsidiary of Haier Group
"TAB" or "Target Company"	Qingdao TAB Robot Technology Co., LTD*, owned as to 100% by Haier Group through Interconnect Co.. On 19 April 2022, Qingdao TAB Robot Technology Joint Stock Company Limited* was converted as a whole into Qingdao Tapper Robotics Co., Ltd. by way of conversion of net assets into shares with 31 December 2021 as the base day and upon completion of conversion as a whole, the registered capital of TAB is RMB5,455,949
"Subject Equity"	the subject of the transaction under the Transfer Agreement of TAB's Equity, i.e. 100% equity interest in Qingdao TAB Robot Technology Co., LTD*
"Transaction" or "Equity Transfer"	pursuant to the Transfer Agreement of TAB's Equity, Life Electric Co. intends to acquire 100% equity interests in Qingdao TAB Robot Technology Co., LTD* held by Interconnect Co. by cash
"%"	per cent

By order of the Board
Haier Smart Home Co., Ltd.*
LIANG Haishan
Chairman

Qingdao, the PRC
28 April 2022

As at the date of this announcement, the executive Directors of the Company are Mr. LIANG Haishan, Mr. LI Huagang and Mr. XIE Juzhi; the non-executive Directors are Mr. WU Changqi, Mr. LIN Sui, Mr. YU Hon To, David and Ms. Eva LI Kam Fun; and the independent non-executive Directors are Mr. CHIEN Da-Chun, Mr. WONG Hak Kun, Mr. LI Shipeng and Mr. WU Qi.

* *For identification purpose only*