

HAIER SMART HOME CO., LTD.

ANNOUNCEMENT ON THE ANTICIPATED PROVISION OF GUARANTEES FOR SUBSIDIARIES IN 2021

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.

REMINDERS OF IMPORTANT INFORMATION:

- Names of the guaranteed parties: the subsidiaries of the Company. Please refer to “II. Anticipated Provision of Guarantees” for details.
- Quota of anticipated provision of guarantees in 2021: RMB27,500 million.
- Accumulated amount of guarantees provided to subsidiaries: As of 31 December 2020, the balance of guarantees provided to the subsidiaries by the Company amounted to RMB29,431.65 million, without any overdue guarantees.
- The anticipated provision of guarantees for the year is to be submitted to the general meeting of the Company for consideration and approval.

I. Summary of the guarantees

In order to cater for the production and operation capital requirements and business development needs of Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”) and its wholly-owned subsidiaries (hereinafter referred to as the “subsidiaries”), and to ensure that the subsidiaries are able to carry out the production and operation activities smoothly, the Company intends to provide guarantees to its subsidiaries when they apply to the financial institution for comprehensive credit lines in 2021, with a maximum amount of RMB27,500 million.

The aforesaid guarantees provided to the subsidiaries include, not limited to, providing guarantees for the actual amounts incurred by the subsidiaries when they apply to the banks and other financial institutions for comprehensive credit lines, apply for settlement of accounts payable to the suppliers, and when the Company undertakes joint guarantee liabilities with the financial institutions such as banks granting borrowings to the subsidiaries by way of capital increase, but exclude guarantees in which the subsidiaries pledge their assets or rights to carry out the aforesaid activities. The term of this guarantee is from the date of consideration and approval at the 2020 Annual General Meeting to the date when the next Annual General Meeting considers the anticipated guarantee for the subsidiaries.

Pursuant to laws and regulations such as the *Company Law of People's Republic of China*, the *Notice on Regulating the External Guarantees Provided by Listed Companies*, the *Notice on Several Issues on Regulating the Capital Movement Between Listed Companies and their Related Parties* and the *External Guarantees Provided by Listed Companies* and the *Listing Rules of Shanghai Stock Exchange*, and the relevant requirements under the *Articles of Association of Haier Smart Home Co., Ltd.* (hereinafter referred to as the “*Articles of Association*”), the Company convened the 17th meeting of the Tenth session of the Board of Directors on 30 March 2021, considered and approved the *Proposal on Anticipated Provision of Guarantees for Subsidiaries in 2021 of Haier Smart Home Co., Ltd.* with 12 votes for it, 0 vote against it and 0 vote abstaining, agreed to submit the aforementioned proposal to the general meeting of shareholders of the Company for consideration.

II. Anticipated provision of guarantees in 2021

Based on the development expectations and budget on the capital needs of the subsidiaries in 2021, the Company intends to provide a total guarantee amount of RMB27,500 million to the following subsidiaries during the guarantee period. Information on subsidiaries is listed below:

No	Company name	Percentage of shareholding (%)	Registered capital (RMB0'000)	Legal representative	Principal business	Anticipated guarantee amount (RMB0'000)
1	Qingdao Haier Special Refrigerator Co., Ltd.	100	16,555.46	Li Weijie	Production of special fluorine-free refrigerators, and the after-sale services thereof, etc.	150,000
2	Hefei Haier Refrigerator Co., Ltd.	100	4,900	Li Weijie	Manufacture of electrical appliances, digital products and relevant accessories	100,000
3	Qingdao Haier Refrigerator Co., Ltd.	100	20,729	Li Weijie	Production of fluorine-free refrigerators, import and export of goods and technology, business management services and consulting, computer information technology services, etc.	100,000
4	Zhengzhou Haier Air-conditioning Co., Ltd.	100	10,000	Cao Chunhua	Manufacture, R&D and sales of air-conditioners, home appliances, and cooling equipment, etc.	200,000
5	Chongqing Haier Air-conditioning Co., Ltd.	100	13,000	Wang Youning	Manufacture and sales of air-conditioners, home appliances and cooling equipment	100,000
6	Qingdao Haier Air-Conditioner Electronics Co., Ltd.	99.83	95,764	Wang Li	R&D, manufacture, sales and after sales service of air-conditioners and cooling equipment, etc.	200,000

7	Haier Singapore Investment Holding Co., Ltd.	100	/	/	Procurement, wholesale, retail, import and export of home appliances	900,000
8	Haier US Appliance Solutions, Inc.	100	/	/	R&D, product design, technical testing and analysis, etc.	1,000,000
Total						2,750,000

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

III. General information on the guaranteed parties

No.	Company name	Total assets	Total liabilities	Current liabilities	Bank borrowings	Net assets	Gearing ratio	Revenue	Net profit
1	Qingdao Haier Special Refrigerator Co., Ltd.	236,474.03	129,647.69	124,571.34		106,826.34	55%	505,072.25	44,483.07
2	Hefei Haier Refrigerator Co., Ltd.	294,870.91	240,540.73	235,718.17		54,330.18	82%	628,875.62	15,051.50
3	Qingdao Haier Refrigerator Co., Ltd.	220,688.04	106,511.01	103,396.92		114,177.02	48%	280,287.08	20,404.58
4	Zhengzhou Haier Air-conditioning Co., Ltd.	114,689.20	63,259.34	62,817.45		51,429.86	55%	324,630.20	2,397.71
5	Chongqing Haier Air-conditioning Co., Ltd.	305,210.91	73,566.51	72,610.08		231,644.41	24%	285,832.84	5,073.34
6	Qingdao Haier Air-Conditioner Electronics Co., Ltd.	891,513.46	438,804.92	403,212.77		452,708.55	49%	459,577.82	27,413.69
7	Haier Singapore Investment Holding Co., Ltd.	2,076,985.43	1,423,948.87	1,061,619.42	977,436.71	653,036.56	69%	1,267,459.06	22,718.94
8	Haier US Appliance Solutions, Inc.	5,018,422.69	2,513,390.29	1,359,079.33	853,604.11	2,505,032.40	50%	6,313,045.73	406,647.57

Unit: RMB0'000

IV. Particulars of anticipated guarantees for the year

The abovementioned guaranteed subsidiaries have not entered into guarantee contracts or agreements with banks and other financial institutions, and the actual guarantee amount will be subject to the signed and incurred guarantee contracts. In the meantime, the Company may act as the guarantee body under the specific guarantee contracts through the subsidiaries. The amount and term of such guarantee will be stipulated separately in the specific contracts.

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

V. Opinions of the Board of Directors

The Board of Directors of the Company is of the view that, the issues on the guarantee amount to the subsidiaries in 2021 are in line with the actual situations of the Company and comply with the relevant laws and regulations as well as the requirements under the *Articles of Association*. The risks of such guarantees are overall under control, and are in the interests of the production and operation and long-term development of the Company. As such, the Board of Directors of the Company agreed that the Company and its subsidiaries, etc. shall provide guarantees to each other for bank and other kinds of financing projects up to RMB27,500 million in total for the year 2021.

VI. Opinions of the independent directors

The independent directors of the Company are of the view that, in 2021, the Company intends to provide guarantees for subsidiaries applying to financial institutions for comprehensive credit lines. The maximum guarantee amount is RMB27,500 million.. It complies with the provisions of the relevant laws and regulations and the *Articles of Association*, and is in line with the overall interests of the Company. There are no significant risks, and there are no such circumstances that are detrimental to the interests of the Company and its shareholders, especially the small and medium-sized shareholders.

VII. Accumulated amount of the guarantees and the situation of guarantees in 2020

As of 31 December 2020, the balance of guarantees provided by the Company, the wholly-owned and holding subsidiaries of the Company to the subsidiaries amounted to RMB29,431.65 million, representing 44.0% of the latest audited net assets of the Company, and 14.5% of the latest audited total assets of the Company. Apart from that, there is no external guarantees or past-due guarantees made by the Company and the subsidiaries. The above guarantees are in line with the operational and development needs of the Company. All the guaranteed parties are subsidiaries in the scope of the Company's consolidated statements, and the internal review procedures have been duly conducted when the guarantees actually took place, which effectively control and prevent the guarantee risks. The guarantees and relevant amounts provided by the Company to the subsidiaries which remain in the guarantee term are all executions of guarantees approved by the previous general meeting, thus there is no need for the Company to otherwise perform internal review procedures nor assume information disclosure obligations on such guarantees, the validity of which is subject to the terms and conditions of the agreements entered into between the subsidiaries and the counterparties.

The announcement is hereby given.

The Board of Directors of Haier Smart Home Co., Ltd.
30 March 2021

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.