

Haier Smart Home Co., Ltd.
Announcement on Additional Capital Injection into a
Subsidiary and Establishment of Smart Lifestyle
Appliances Division

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 Information:

- Subject of the additional capital injection: Qingdao Haier Smart Life Electric Co., Ltd. (hereinafter referred to as the “Life Electric Corporation” or the “Target Enterprise”)
- Additional capital injection amounts: RMB 3.5 billion
- Risk alert: Subject to the objective factors such as market environment and industry trend, there may be a degree of uncertainty as to whether development of the lifestyle appliances business could achieve the expected results.

I. Project overview

(I) Basics of the project

Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”) desires to provide consumers with high-quality lifestyle appliances products and services using technological innovation as its driving force, so that a simpler, happier, healthier and smarter family lifestyle will be available for the consumers. To this end, the Company has injected additional RMB3.5 billion into the wholly-owned subsidiary Life Electric Corporation for the definition, research and development, manufacture and promotion of new products. The products of Life Electric Corporation will include cleaning appliances, emerging kitchen appliances, smart home products and other emerging appliances, and in

the meantime provide solutions for scenarios such as whole-house cleaning, healthy cooking, air management and smart nursing. The Company will also utilize its overall resources to provide supports in general technology research and development, sales channels, centralized procurement and digital operation for Life Electric Corporation, and will strengthen the network effect between existing large-format home appliances and new lifestyle appliance products. To achieve this goal, the Company has established the Smart Lifestyle Appliances Division as the Company's premier strategic unit headed by Mr. Xie Juzhi, the Vice Chairman of the Company. Details are as follows:

Chongqing New Goodaymart Electronics Sales Co., Ltd., a wholly-owned subsidiary of Haier Smart Home Co., Ltd., intends to inject additional capital of RMB3.5 billion in cash into its wholly-owned subsidiary Life Electric Corporation (hereinafter referred to as the "Additional Capital Injection"). Upon completion of the Additional Capital Injection, the registered capital of the Life Electric Corporation will change to RMB3.7 billion from RMB 0.2 billion, and it will remain a wholly-owned subsidiary of the Company.

The funds from the Additional Capital Injection are mainly used for the R&D, manufacturing, sales, and service of lifestyle appliance products, as well as the construction of digital operation capabilities and talent teams.

In order to support the implementation of projects under the Additional Capital Injection, the Company will take the Life Electric Corporation as the main body to set up the Smart Lifestyle Appliances Division headed by Mr. Xie Juzhi, the Vice Chairman of the Company.

(II) Internal and external approvals

On 15 December 2021, the Company convened the 25th Meeting of the Tenth Session of the Board on which the *Resolution of Haier Smart Home Co., Ltd. regarding Additional Capital Injection into a Subsidiary and Establishment of Smart Lifestyle Appliances Division* were considered and passed with the following voting results: 11 votes were cast in favour of the resolution, no vote was cast against the resolution and no abstention.

As the Additional Capital Injection falls within the terms of reference of the Company's Board of Directors, relevant matters are not subject to deliberation by the Company's General Meeting, nor do they require authorization from relevant governmental departments.

(III) The Additional Capital Injection does not constitute a connected transaction, nor does it constitute a material asset restructuring under the *Measures for the Administration of Material Asset Restructuring of Listed Companies*.

II. Basics of the Target Enterprise

The target enterprise for the Additional Capital Injection is Life Electric Corporation, the details of which are set out below:

(I) Basic Information

Company name	Qingdao Haier Smart Life Electric Co., Ltd.
Registered capital	RMB 200 million
Business scope	General items: Manufacturing of household appliances; R&D of household appliances; Sale of household appliances; Installation services of household appliances; Sale of household appliances parts and accessories; Furniture installation and maintenance services; Repair of electrical appliances; Sale of general merchandise; Information system integration service; Manufacturing of plastic products; Sale of plastic products; Sale of electronic products; Manufacturing of computer software and hardware and peripheral equipments; Retail of computer software and hardware and ancillary equipments; Sale of construction materials; Sale of decoration materials; Manufacturing of household items; Sale of household items; Enterprise management consulting; Domestic freight transport agency; General cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); Loading and unloading; Production of gas appliances; Technology service, technology development, technology consultation, technology exchange, technology transfer, technology promotion; Information consulting services (excluding licensing information consulting services); Sale of moulds; Manufacturing of instruments and meters; Sale of instruments and meters. (Except for projects subject to approval by the laws, business activities which can be conducted independently with the business license in accordance with the laws.) Licensed items: interior decoration for residential buildings. (For projects that are subject to approval in accordance with the laws, business activities can only be conducted after obtaining approval(s) from the relevant departments. The actual business projects as approved

	under the approval documents or license documents granted by the relevant departments shall prevail.)
Investor, ratio and form of capital contribution	100% held by the Company's wholly-owned subsidiary, Chongqing New Goodaymart Electronics Sales Co., Ltd., investment through cash contribution

(II) Business operation

Life Electric Corporation mainly engaged in the R&D, sale and service business of home appliances, maintaining normal operation.

(III) Shareholding structure

Life Electric Corporation is a wholly-owned subsidiary of the Company before and after the Additional Capital Injection.

(IV) Major financial indicators for the latest year and latest period

According to an *audit report* (Ernst & Young Hua Ming (2021) Shen Zi No.61397404-J01) with standard unqualified opinion issued by Ernst & Young Hua Ming LLP Qingdao Branch which has the qualifications to engage in securities and futures business, total assets of Life Electric Corporation amounted to RMB323,527,905.48, whereas its net assets amounted to RMB214,838,286.97 as of 31 December 2020; The revenue of Life Electric Corporation was RMB758,234,058.23, whereas its net profits was RMB43,526,594.77 for 2020.

As of 30 September 2021, total assets of Life Electric Corporation amounted to RMB318,782,666.20, whereas its net assets amounted to RMB274,150,325.21; From January to September in 2021, the operation revenue of Life Electric Corporation was RMB561,536,085.55, whereas its net profits was RMB59,312,038.24. Such data are unaudited.

III. Impact of the Additional Capital Injection on the Company

The Additional Capital Injection will enhance capital capability of the Life Electric Corporation. By attracting elite talents in the industry, investing in technological research

and development of new products, it will contribute to strengthening the Company's comprehensive competitiveness in the field of lifestyle appliances, and obtaining market recognition and returns with high-quality products. At the same time, lifestyle appliances will devote a wide range of new products to the Company, which will be combined with the Company's existing large-format home appliances with competitive edge to form a smart home network, improve the experience of IoT scenarios, and ensure the Company's long-term development.

The Company will set up the Smart Lifestyle Appliances Division with the Life Electric Corporation as principal body, and Mr. Xie Juzhi, the Vice Chairman of the Board of the Company, will serve as the person in charge of the department, which can effectively coordinate the internal resources of the Company and promote the rapid development of the Company's smart lifestyle appliances business.

IV. Risk Analysis of the Additional Capital Injection

The subject of the Additional Capital Injection is a wholly-owned subsidiary of the Company, and the risks in project management, organization and implementation are controllable. The Additional Capital Injection does not require the approval of external institutions, thus there is no risk for not obtaining the approval of external institutions. However, subject to the objective factors such as market environment and industry trend, there may be a degree of uncertainty as to whether development of the lifestyle appliances business could achieve the expected results. Investors are advised to make prudent decisions and pay attention to investment risks.

V. Documents available for inspection

The Resolutions of the 25th Meeting of the Tenth Session of the Board of Directors.

It is hereby notified the above.

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

15 December 2021