

Stock Name: Haier Smart Home

Stock Code: 600690

No.: L2020-020

Haier Smart Home Co., Ltd.

Announcement on Estimation on Day-to-day Related- Party Transactions in 2020

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.

Important Notice:

- Matters related to the day-to-day related-party transactions expected to be carried out in 2020 in this Announcement shall be submitted to the annual general meeting of the Company for consideration and approval.
- The day-to-day related-party transactions expected to be carried out for the year involved in this Announcement will not cause Haier Smart Home Co., Ltd. to form greater dependence on related parties, and the day-to-day related-party transactions will not have a significant impact on the Company.

I. Basic Information of the Actual Execution in 2019 and the Day-to-day Related-party Transactions Expected to be Carried out in 2020

In 2019, the Company's related-party procurement transactions amounted to RMB20.12 billion, accounting for 10.9% of similar transactions, representing a year-on-year decrease of 0.5 percentage points; the related-party sales transactions amounted to RMB2.63 billion, accounting for 1.3% of similar transactions, representing a year-on-year decrease of 0.2 percentage points; deposits of financial related-party transactions amounted to RMB16.57 billion and borrowings amounted to RMB1.88 billion, which were remained at the same period.

It is expected by the Company that the proportion of day-to-day related-party

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transactions in 2020 will maintain the current level, and the Company will ensure that no harm will be caused by the related-party transactions to the interests of the Company and all shareholders in the principles of fairness, justice and openness. The table below sets out the general information of the Company's day-to-day related-party transactions in 2020 【including the amount of related-party transactions of Haier Electronics Group Co., Ltd. (a holding subsidiary of the Company; hereinafter referred to as “Haier Electronics”; stock code: 01169.HK) submitted or intended to be submitted to the general meeting of the shareholders for consideration and approval】 :

Unit: RMB' 0,000

	Procurement	Sales	Finance		
			Deposits	Loans/discounts, etc.	Investment in foreign exchange funds derivatives, etc.
Expected amount	4,015,337	513,339	3,000,000	1,600,000	500,000
Including: Haier Electronics	1,610,366	57,578	400,000	100,000	/
Including: proportion of Haier Electronics' amount to the total declaration amount	39.9%	10.9%	13.3%	6.3%	/

The table below sets out the breakdowns of the Company's day-to-day related-party transactions expected to be carried out in 2020 (including Haier Electronics):

Unit: RMB'0,000

Transaction Category	Sub-classification by products or services	Related Parties (note)	2020 Estimated		Percentage of similar transactions	Actual amount in 2019	
			Total estimated amount			Estimated amount at the beginning of the year	Actual amount
Procurement	Purchase of raw materials, goods,	Qingdao Haier Parts Procurement Co., Ltd	1,310,307	4,015,337	Not more than 30%	3,922,650	2,012,009
		Chongqing Haier Appliance Sales Co., Ltd.	942,072				

	energy, services, etc	Qingdao Haier Goodaymart Logistic Co., Ltd.	328,877				
		Chongqing Haier Logistics Co., Ltd.	287,757				
		Hefei Haier Logistics Co., Limited	240,153				
		Qingdao Haier International Trading Co., Ltd.	229,341				
		Qingdao Oasis Chuangzhi Technology Information Co., Ltd.	180,000				
		Qingdao Haier Special Plastic Development Co., Ltd.	87,052				
		Qingdao Haier Multi-media Co., Ltd.	81,966				
		Shanghai Cotai Supply Chain Management Co., Ltd.	36,813				
		Haier Information Technology (Shenzhen) Co, Ltd.	32,984				
		Qingdao Haier International Travel Agency Co., Ltd.	27,473				
		Qingdao Haiyongda Property Management Co., Ltd.	22,301				
		Chongqing Rixin Industry Co., Ltd.	20,364				
		Qingdao Haiyunxiang Industrial Development Co., Ltd.	16,064				
		Qingdao Goodaymart Supply Chains Co., Ltd.	14,647				
		Suzhou Haier Information Technology Co., Ltd.	14,046				
		Other related parties	143,120				
Sales	Sales of products, components and services, etc.	Qingdao Haier Special Plastic Development Co., Ltd.	157,537	513,339	Not more than 10%	595,900	263,412
		Chongqing Haier Appliance Sales Co., Ltd.	34,555				
		Qingdao Haier International Trading Co., Ltd.	38,130				
		Chongqing Zhonglian Energy Technology Co., Ltd.	39,440				
		Qingdao Haier International Travel Agency Co., Ltd.	16,336				
		GOODAYMART Technology Services Co. Ltd	15,030				
		Qingdao Haier Industry and City Innovation Group Co., Ltd.	12,116				
		Other related parties	200,195				
Financial	Deposits, etc.	Haier Group Finance Co., Ltd., etc.	3,000,000		Not more than 70%	2,300,000	1,656,588

services	Loans/discounts, etc.		1,600,000	Not more than 40%	1,600,000	188,400
	Investment in foreign exchange funds derivative s, etc.		500,000	Not more than 10%	500,000	22,673

Notes:

Unless otherwise specified in the announcement, the related parties in this Announcement shall refer to those determined in accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Shanghai Stock Exchange Implementing Guidelines for Related-Party Transactions of Listed Companies*, so the range of related parties and amount of related-party transactions may differ from those determined in accordance with the Accounting Standards for Business Enterprises in the Audit Report.

II. Information of Related Parties and Related Relationship

1. Basic information and relationship with the listed company:

No.	Related Parties	Legal Representative	Registered Capital (RMB'0,000)	Business Scope (simplified)	Address	Relationship with the Listed Company
1	Qingdao Haier Parts Procurement Co., Ltd	Fan Hua	100	Procurement and sales of parts	Within Haier Industrial Park, Qingdao Economy and Technology Development Zone	Subsidiary of Haier Group
2	Chongqing Haier Appliance Sales Co., Ltd.	Li Huagang	1000	Sales of communications products, electronic products, etc.	No. 1, Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group
3	Qingdao Haier Goodaymart Logistic Co., Ltd.	Zhou Yunjie	USD 91.64 million	Warehousing services, logistics solution design, handling services, etc.	Within Haier Industrial Park, Laoshan District, Qingdao	Subsidiary of Haier Group
4	Chongqing Haier Logistics Co., Ltd.	Fan Hua	50	Manufacturing and sales of household appliances components and products, warehousing services, etc.	No. 1, Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group
5	Hefei Haier Logistics Co., Ltd.	Fan Hua	50	Development, processing and operation of plastics, sheet metal, motor, packaging and printed items, etc.	Within Haier Industrial Park, Anhui Hefei Economy and Technology Development Zone	Subsidiary of Haier Group
6	Qingdao Haier International Trading Co., Ltd.	Fan Hua	7000	Self-support and agency of the import and export of various goods and technologies, and	Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group

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				warehousing services		
7	Qingdao Oasis Chuangzhi Technology Information Co., Ltd.	Du Yilin	500	Development and sales of household appliances, consumer electronics, computer and communication products and projectors, etc.	Room 1404, Building A, No. 1, Keyuan Weiyi Road, Zhonghan Street, Laoshan District, Qingdao, Shandong	Associate of Haier Group
8	Qingdao Haier Special Plastic Development Co., Ltd.	Li Weijie	8600	Assembly production and sales of refrigerator foam door, and technical consulting services	Within Haier Industrial Park, Qingdao Economy and Technology Development Zone	Subsidiary of Haier Group
9	Qingdao Haier Multi-media Co., Ltd.	Zheng Gang	47,894	Research and development and sales of household appliances, audio and video equipment, electronic components, photographic equipment and digital products, etc.	Haier Industrial Park, No.1, Haier Road, Laoshan District, Qingdao, Shandong	Subsidiary of Haier Group
10	Shanghai Cotai Supply Chain Management Co., Ltd.	Feng Zhenyuan	30,000	Supply chain management, road cargo transportation and international freight forwarder, etc.	Room 606, Building 29, No. 1, Lane 618, Dingyuan Road, Songjiang District, Shanghai	Subsidiary of Haier Group
11	Chongqing Zhonglian Energy Technology Co., Ltd.	Huo Wenpu	3,200	Engaged in technology development, technology transfer, technical consulting and technical services in the fields of energy storage technology, environmental protection engineering, energy saving technology, and power distribution technology, etc.	Room 203, 2F, Building 2, No.22, Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group
12	GOODAYMART Technology Services Co. Ltd	Sun Pifeng	5,002	Research and development, design, production, sales, installation, repair and maintenance services of electronic power facilities and monitoring products	No. 157, Tianshan Second Road, Tongji Street Office, Jimo District, Qingdao, Shandong	Associate of Haier Group
13	Qingdao Haier Industry and City Innovation Group Co., Ltd.	Sheng Zhonghua	465,900	Development, operation and sales of real estate, etc.	Within Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group
14	Haier Information Technology (Shen Zhen) Co., Ltd.	Zhou Zhaolin	USD20 million	Development, production and sales of computer software, hardware	Room B4, 21st Floor, Tower 3, China Science and Technology	Subsidiary of Haier Group

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				and peripheral equipment, etc.	Development Park, China Science and Technology Development Institute, No.009 Gaoxin South First Road, Nanshan District, Shenzhen	
15	Qingdao Haier International Travel Agency Co., Ltd.	Yang Chuanxin	310	Domestic tourism business, conference service, reservation order service, recycling of used household appliances, etc.	Within Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group
16	Qingdao Haiyongda Property Management Co., Ltd.	Yang Chuanxin	500	Property management services, etc.	Within Haier Industrial Park, No.1, Haier Road, Laoshan District, Qingdao	Subsidiary of Haier Group
17	Chongqing Rixin Industry Co., Ltd.	Rong Chao	1,000	Freight information consultation; housing agency, etc.	301, Block E, Building 1 Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group
18	Qingdao Haiyunxiang Industrial Development Co., Ltd.	Rong Chao	1,000	Enterprise investment management, investment operation, sales, leasing of industrial plants, warehouses and supporting facilities, operation of industrial infrastructure and storage facilities, and provision of related consulting services, etc.	Within Haier Industrial Park, Haier Avenue, Jiaozhou, Qingdao	Subsidiary of Haier Group
19	Qingdao Goodaymart Supply Chains Co., Ltd.	Feng Zhenyuan	1,000	Design and development of logistics systems; integration of intelligent storage systems, etc.	No. 100, Tianshan Second Road, Tongji Street Office, Jimo District, Qingdao, Shandong	Subsidiary of Haier Group
20	Suzhou Haier Information Technology Co., Ltd.	Li Guilan	16685	Development, production and sales of computer software, hardware and peripheral equipment, etc.	No. 15 Huanqing Road, North of Yushan Town	Subsidiary of Haier Group
21	Haier Group Finance Co., Ltd.	Qin Yan	700000	Financial business	Yulong International Center, 1st Floor, No. 178-2 Haier Road, Laoshan District, Qingdao, Shandong	Subsidiary of Haier Group

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2. Analysis of performance capability:

All of the related parties aforementioned have relatively strong performance capability. No bad debts have been caused by the payment to our Company over the years, and there is no possibility of bad debts in the future based on experience and reasonable judgment.

3. Total amount of various day-to-day related-party transactions expected to be carried out in 2020 with related parties:

Unit: RMB'0,000

No.	Related Company	Total Transaction Amount	No.	Related Company	Total Transaction Amount
1	Qingdao Haier Parts Procurement Co., Ltd	1,310,307	13	Qingdao Haier Industry and City Innovation Group Co., Ltd.	12,116
2	Chongqing Haier Appliance Sales Co., Ltd.	976,627	14	Haier Information Technology (Shen Zhen) Co., Ltd.	32,984
3	Qingdao Haier Goodaymart Logistic Co., Ltd.	328,877	15	Qingdao Haier International Travel Agency Co., Ltd.	43,809
4	Chongqing Haier Logistics Co., Ltd.	287,757	16	Qingdao Haiyongda Property Management Co., Ltd.	22,301
5	Hefei Haier Logistics Co., Limited	240,153	17	Chongqing Rixin Industry Co., Ltd.	20,364
6	Qingdao Haier International Trading Co., Ltd.	267,470	18	Qingdao Haiyunxiang Industrial Development Co., Ltd.	16,064
7	Qingdao Oasis Chuangzhi Technology Information Co., Ltd.	180,000	19	Qingdao Goodaymart Supply Chains Co., Ltd.	14,647
8	Qingdao Haier Special Plastic Development Co., Ltd.	244,589	20	Suzhou Haier Information Technology Co., Ltd.	14,046
9	Qingdao Haier Multi-media Co., Ltd.	81,966	21	Other related parties	343,315
10	Shanghai Cotai Supply Chain Management Co., Ltd.	36,813	22	Haier Group Finance Co., Ltd., etc.	5,100,000
11	Chongqing Zhonglian Energy Technology Co., Ltd.	39,440	Total amount of the day-to-day related-party transactions		9,628,675
12	GOODAYMART Technology Services Co. Ltd	15,030			

III. Transaction Contents and Pricing Policy

The related-party transactions between the Company and related parties such as Haier Group have always followed the principles of fairness and reasonableness. The main related-party transactions are explained as follows:

1. Related-party sales

Following the acquisition of the overseas white goods assets of the Group, the Company's original overseas sales model, being exports through the Group's exporting platform, was changed. The trading company under the company holding overseas white household appliances assets is now fully responsible for sales of export-oriented products.

Meanwhile, the trading company is also responsible for the overseas sales of some of the Group's products (such as brown goods). As such, the Company entered into a *Sales Framework Agreement* with Haier Group Corporation. Under the agreement, it was agreed that the Company and Haier Group Corporation will sell products and provide sales-related services (including but not limited to agency sales services, after-sales services and technical support) on a reciprocal basis for a term of three years.

Sales among Haier Electronics, a holding subsidiary of the Company, Qingdao Haier Investment and Development Co., Ltd, Haier Group Corporation are carried out according to relevant provisions of *Goods Export Agreement*, *After-sales Service Agreement*, *Logistics Service Agreement* entered into among parties.

2. Related-party Procurements

In addition to independent procurement platform, the Company entrusted Haier Group Corporation and its subsidiaries for procurement and delivery of part of raw materials, which is conducted according to the *Purchase and Distribution Contract* entered among the Company, Haier Group Corporation and other parties. The Company and Haier Group Corporation and its subsidiaries adopted agency supply, purchasing and distributing productive and non-productive goods and materials according to specific purchasing objects brought up by the Company. The supply price after purchase and distribution consists of the actual purchase price and the agency fee, of which the agency fee was calculated by 1.25% of the actual purchase price, while in principle the supply price should not be higher than the price at which the Company conducts independent purchases from the market.

Related-party procurements among Haier Electronics, a holding subsidiary of the Company, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation are carried out according to relevant provisions of *Materials Procurement Agreement* and *Production and Experimental Equipment Procurement Agreement* entered into among parties.

3. Related-party Transactions on Financial and Logistics Services

Some of the financial services such as deposit and loan service, discounting service and foreign exchange derivatives needed by the Company are provided by Haier Group Corporation, its subsidiaries and other companies. According to the *Financial Service Agreement* entered into among the Company, Haier Group Corporation and other parties, the price shall be not less favorable than market price in principle. The Company is entitled to

decide whether to cooperate with them with the knowledge of the price prevailing on the market. While executing the agreement, the Company could also require other financial service institutions to provide related financial services. In order to mitigate foreign exchange fluctuation risk, the Company may choose Haier Group Finance Co., Ltd. etc. to provide certain foreign exchange derivatives services needed after seeking and comparing various sources. The Company will adhere to the principle of “safe and steady, appropriate and reasonable”, ensuring that all foreign exchange funds business have a normal and reasonable business background without speculation. At the same time, the Company has specified consideration and approval authority, management positioning and responsibilities at all levels in order to prevent man-made operational risks, and to speed up the responses to risks under the premise that risks are effectively controlled.

Related-party transactions of financial services among Haier Electronics, a holding subsidiary of the Company, Finance Company, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation are carried out according to relevant provisions of *Financial Service Agreement* entered into among parties.

In order to further standardize the logistics services provided by the related companies of Haier Group Corporation, the Company signed the *Logistics and Service Agreement* with Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation, and entrusted the subsidiaries of Haier Group to provide basic research and inspection, equipment leasing, house rental and maintenance, landscaping and sanitation, gift purchasing, design, consultation, all kinds of booking and other services.

In accordance with the *Comprehensive Service Agreement, Promotion Agreement, Product Research and Development Agreement* entered into among Haier Electronics, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation, Haier Electronics entrusted subsidiaries of Haier Group to provide water and electricity supply and accompanying supports; meeting affairs, accommodation, ticket agency; product certification, software, catering agency, property decoration, house lease, finance and other comprehensive services, as well as marketing, product research and development service, etc.

4. Others

In order to expand the sales businesses in the third and fourth-tier markets, Haier Electronics, a holding subsidiary of the Company, renewed the *Products Procurement Agreement* and *Internal Sales Agreement* with Qingdao Haier Investment and Development

Co., Ltd and Haier Group Corporation, according to which, while Haier Electronics purchases products from contracted parties, the purchasing price shall be determined basing on the prices at which Haier Electronics purchases the same type of product in similar transactions from independent third parties in the market, and are not less favorable than the terms and conditions provided by the independent third parties to Haier Electronics; while Haier Electronics sales products to contract parties for their own use or distributes products through sales network, the selling price shall be determined basing on the prices at which Haier Electronics sells the same type of product in similar transactions to independent third parties in the market, and are not less favorable than the terms and conditions provided by Haier Electronics to independent third parties.

During the reporting period, Qingdao Goodaymart Logistics Chains Co., Ltd. (and its subsidiaries), a subsidiary within the scope of the consolidated statement of the original company became the related party of the Company, and the *Logistics Service Agreement* and other agreements signed among the Company and its subsidiaries with Qingdao Goodaymart Logistics Chains Co., Ltd. will be implemented continuously in accordance with the original agreement. The agreed price under the agreements for providing logistics and other services to the Company shall be determined which terms and conditions are no less favourable than those provided by the independent third party to the Company.

IV. Transaction Purpose and Its Impact on the Listed Company

The related party transactions between the Company and the related parties of Haier Group have always followed the principle of fairness and reasonableness, and the trading behaviors of both parties are agreed by contract. Qingdao Haier Parts Procurement Co., Ltd., Qingdao Haier International Trading Co., Ltd. and other procurement platforms have established for a long time and have the high-quality supplier resources and corresponding qualifications with domestic and foreign purchased materials and such platforms can obtain the proper materials with high quality and at low price and that are complement and delivered on time all over the world. At the same time, these suppliers can participate in the front-end design of the Company's new products and the improvement of existing products. The trading companies of the Company undertakes the sales function of products from Haier Group, which is beneficial to the Company to provide customers with better complete sets of product solutions, and also promotes win-win situation and creates valuable orders by

forming scale advantages. In addition, Haier Group's related parties provide the corresponding logistic, financial and rear services for the Company. While the charging standards are strictly in accordance with the fair market price and imposing strict control over the operating risks, the service providers can dynamically follow up the Company's individual needs and provide more convenient, efficient service solutions to promote the Company's operating efficiency.

The Company's related-party transactions are fair in price and do not harm the interests of the Company and non-related shareholders. Related-party transactions do not adversely affect the Company's current and future financial status and operating results. The main business of the listed company will not form dependence on related parties due to such transactions, either.

V. Documents Available for Inspection

1. Resolutions of the 7th Meeting of the 10th Session of the Board of Directors of Haier Smart Home Co., Ltd.;
2. Opinions Given by the Independent Directors of Haier Smart Home Co., Ltd. on the Relevant Issues at the 7th Meeting of the 10th Session of the Board of Directors.

It is hereby notified the above.

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

28 April 2020