

**Haier Smart Home Co., Ltd**

**Announcement on Related-Party Transaction of**

**Continued-Entrusted Management of Qingdao Haier**

**Optronics Co., Ltd.**

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:**

- In order to fulfill the undertaking of Haier Group Corporation (hereinafter referred to as "Haier Group") to continue to solve the problem of inter-trade competition, Haier Smart Home Co., Ltd. (hereinafter referred to as the "Company") and Haier Group signed the *Supplementary Agreement on the Entrustment Agreement for Qingdao Haier Optronics Co., Ltd.* (青岛海尔光电有限公司) between Haier Group Corporation and Haier Smart Home Co., Ltd. on 28 April 2020 (hereinafter referred to as the "Supplementary Agreement"). It is agreed that Haier Group will continue to entrust the Company to operate and manage its relevant assets (hereinafter referred to as "Entrusted Assets") in Qingdao Haier Optronics Co., Ltd. (hereinafter referred to as the "Transaction" or the "Related-party Transaction").
- According to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange Guidelines for Implementation of Related-Party Transactions of Listed Companies of Shanghai Stock Exchange*, Haier Group is a related party of the Company. Therefore, the above transaction between the Company and Haier Group constitutes a related-party transaction.
- The Transaction has been considered and approved at the 7th meeting of the

10th session of the Board of Directors of the Company. The Transaction still needs to be submitted to the Company's general meeting of shareholders for consideration.

- The Transaction has no adverse impact on the Company's continuing operation capacity, profit or loss and asset condition.

## **I. Overview of the Related-party Transaction**

### **(I) Background and overview of the Transaction**

According to Haier Group's 2011 undertaking to resolve inter-trade competition and reduce related-party transactions and given that Haier Optronics, the principal entity of Haier Group to undertake the color TVs business, and its subsidiaries are still in the period of transformation and consolidation and their financial performance has not met the Company's expectations, Haier Group could not complete the transfer during the aforementioned commitment period, thus Haier Group entrusted the Company to operate and manage the Entrusted Assets.

In December 2015, because the Entrusted Assets were still in the period of consolidation and its financial performance did not meet the Company's expectations, Haier Group continued to entrust the Company to operate and manage the Entrusted Assets and signed the *Entrustment Agreement for Qingdao Haier Optronics Co., Ltd. between Haier Group Corporation and Haier Smart Home Co., Ltd.* (hereinafter referred to as the "*Original Agreement*") on 12 December 2015 with a entrustment period of 5 years.

To date, as the financial performance of the Entrusted Assets has not met the Company's expectations, Haier Group intends to continue to entrust the Company to operate and manage the Entrusted Assets for a period of 5 years' extension based on the *Original Agreement*.

### **(II) The signing of the agreement of the Transaction**

On 28 April 2020, the Company and Haier Group signed the *Supplementary Agreement*.

(III) The Transaction constitutes a related-party transaction

As of the date of this announcement, Haier Group directly holds 16.30% of the Company's shares and holds 23.73% of the same through persons acting in concert, totaling 40.03% of the Company's shares, and is the actual controller of the Company; Haier Group is the controlling shareholder of Haier Optronics. Therefore, the signing of the *Supplementary Agreement* between the Company and Haier Group constitutes a related-party transaction.

As of the date of the Related-party Transaction, the amount of related-party transactions conducted by the Company and Haier Group 【and has not submitted to the general meeting of shareholders for consideration】 in the last 12 months 【is not simultaneously】 more than RMB 30 million and amounts to 5% of the absolute value of the Company's latest audited net assets.

The Related-party Transaction does not constitute a significant asset restructuring as stipulated in the *Administrative Measures for the Significant Asset Restructurings of Listed Companies*.

## II. Introduction of Related Party

(I) General information of Haier Group

Haier Group is the actual controller of the Company. According to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, Haier Group is the related party of the Company. Its general information is as follows:

<b>Company name</b>	Haier Group Corporation
<b>Uniform social credit code</b>	91370200163562681G
<b>Domicile</b>	Haier Road, Qingdao Hi-Tech Industrial Park (Within Haier Industrial Park)
<b>Type of</b>	Joint-stock

<b>corporation</b>	
<b>Legal representative</b>	Zhang Ruimin
<b>Registered capital</b>	RMB 311.18 million
<b>Scope of business</b>	Technology development, technology consulting, technology transfer, technology services (including industrial Internet, etc.); data processing; engages in digital technology, intelligent technology, software technology; research and development, sales and after-sales service of robot and automation equipment product; logistics information services; research and development and sales of smart household products and solution system software technology; manufacture of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances, industrial robots; wholesale and retail under domestic commerce (except for state-controlled monopoly products); import and export business (see foreign enterprise confirmation certificate for details); economic and technical consulting; research and develop and transfer of technological achievements; rental of self-owned buildings. (Business projects subject to approval according to laws shall only be carried out after approval by relevant authorities.)

(II) Development in the last three years

Haier Group is mainly engaged in investment holding business and has operated normally in the last three years.

(III) Description of other relationships with Company on property rights, business, assets, claims and debts, personnel, etc.

As of the date of this announcement, Haier Group and its concerted parties held a total of 【2,633.7020】 million shares of Haier Smart Home (A shares + D shares, the same below), accounting for 【40.03】% of the total share capital of the listed company.

Haier Smart Home and Haier Group have daily related-party transactions approved by the general meeting of shareholders.

Liang Haishan, current chairman of Haier Smart Home, serves as vice chairman of the Board of Directors of Haier Group. Tan Lixia, current vice chairman of Haier Smart Home, serves as executive vice president of Haier Group. Wang Peihua, current chairman of the board of supervisors of Haier Smart Home, serves as director of organization department of Haier Group. Ming Guoqing, current supervisor of Haier Smart Home, serves as the chairman of the labor union of Haier Group.

Save as the above information and other disclosed information, there is no other relationships between Haier Group and Haier Smart Home on property rights, business, assets, claims and debts, personnel, etc.

### **III. General Information of the Target Company of the Related-party Transaction**

The target company of the Related-party Transaction is Haier Optronics. As of the date of this announcement, the general information of Haier Optronics is as follows:

<b>Name</b>	Qingdao Haier Optronics Co., Ltd.
<b>Uniform social credit code</b>	913702125539917992
<b>Domicile</b>	Haier Industrial Park, No.1 Haier Road, Laoshan District, Qingdao City
<b>Type of corporation</b>	Limited liability company (wholly owned by a legal person invested or controlled by a natural person)
<b>Legal representative</b>	Zheng Gang
<b>Registered capital</b>	RMB347.57 million
<b>Scope of business</b>	Technology development and application of household appliances, engages in the research and development, production, processing, assembly, maintenance and after-sales service of LCD monitors and their components and parts. (Business projects subject to approval according to laws shall only be carried out after approval by relevant authorities.)

### **IV. Performance Arrangements for the Related-party Transaction**

(I) Authority, fees, establishment and effectiveness, termination of the entrusted management

Consistent with the *Original Agreement*. For details, please refer to the *Announcement of Qingdao Haier Co., Ltd. on Entrusted Management of Qingdao Haier Optronics Co., Ltd.* disclosed by the Company on 22 December 2015 (No.: L2015-064).

(II) Period of entrusted management

Both parties agree that the entrusted management period will be extended by five years on the basis of the *Original Agreement*, that is, the Company's entrusted management period for Entrusted Assets will be changed to five years from the fulfillment date of the *Original Agreement* (i.e. 6 January 2021).

## **V. The Purpose of the Related-party Transaction and Its impact on the Listed Company**

The Related-party Transaction of the Company is due to the need to fulfill Haier Group's commitment to solve the problem of horizontal competition and reduce related-party transactions. The Related-party Transaction has no adverse impact on the Company's continuing operation capacity, profit or loss and asset condition.

## **VI. Review Procedures of the Related-party Transactions**

(I) Review procedures of the Board of Directors

The 7th meeting of the 10th session of the Board of Directors held by the Company on 28 April 2020, considered and approved the *Proposal of Haier Smart Home Co., Ltd. on Continued-Entrusted Management of Qingdao Haier Optronics Co., Ltd.* For details, please refer to the *Announcement on Resolutions of the Seventh Meeting of the Tenth Session of the Board of Directors of Haier Smart Home Co., Ltd.* (L2020-012) disclosed on the same day as this announcement.

(II) Opinion of independent directors

All independent directors of the Company approved the Related-Party Transaction in advance and agreed to submit the Related-Party Transaction to the Board of Directors of Company for review. The independent directors issued the following independent opinions on the Related-Party Transaction:

The continued entrusted operation and management of the color TVs business of Qingdao Haier Optronics Co., Ltd. by the Company can facilitate the improvement of overall operational efficiency, profitability of the Company and further enhance its core competitiveness; The pricing of the Related-Party Transaction is fair and reasonable, which is conducive to the Company's long-term development and is in the interests of the Company and all shareholders.

### (III) Opinion of the Audit Committee

The Company's 7th meeting of the Audit Committee of the 10th session of the Board of Directors reviewed and approved the Related-Party Transaction on 27 April 2020 and believed that: The continued entrusted operation and management of the Entrusted Assets by the Company can facilitate the improvement of overall operational efficiency, profitability of the Company and further enhance its core competitiveness; The pricing of the Related-Party Transaction is fair and reasonable, which is conducive to the Company's long-term development and is in the interests of the Company and all shareholders.

The Related-party Transaction has not been submitted to the Company's general meeting of shareholders for review.

## **VII. Historical Related-party Transactions that Need to Be Specified**

The related-party transactions between the Company and Haier Group and its subsidiaries within 12 months before the date of this announcement are as follows:

No.	Description of related-party transactions	Amount of related
-----	---	-------------------

		<b>–party transactions (RMB0'000)</b>
1	Capital increase in COSMOPlat by Haier Group and Qingdao Haichuangbo Equity Investment Partnership (Limited Partnership) (青岛海创博股权投资合伙企业 (有限合伙))	71,774.73
2	The Company's subsidiary COSMOPlat acquired the 5% equity of Qingdao Haier Energy & Power Co., Ltd. held by the related party Haier Group Technology R & D Center (海尔集团技术研发中心), Maniiq (Qingdao) Intelligent Equipment Co., Ltd., a wholly-owned subsidiary of COSMOPlat, acquired 50% equity of Qingdao Haier Robot Co., Ltd. held by the related party Qingdao Haier Special Plastic Development Co., Ltd., Haier Digital Technology (Qingdao) Co., Ltd. (海尔数字科技 (青岛) 有限公司), a wholly-owned subsidiary of COSMOPlat, acquired 60.01% equity of Qingdao Penghai Software Co., Ltd. (青岛鹏海软件有限公司) held by related party Haier Group	6,777.23
3	Qingdao Haier Smart Household Appliance Co., Ltd. (青岛海尔智慧家用电器有限公司), a subsidiary of the Company's subsidiary Haier Electronics Group Co., Ltd., acquired 100% equity of Qingdao RRS Health Industry Development Co., Ltd. (青岛日日顺健康产业发展有限公司) held by related party RRS Internet of Things Co., Ltd. (日日顺物联网有限公司)	3,400.00
4	In order to solve the defects of property rights, Qingdao Household Appliance Technology and Equipment Research Institute, a subsidiary of the Company, transferred an idle state-owned industrial land use right located in Haier Industrial Park, Laoshan District, Qingdao City to the related party Haier Group	1,060.37
5	Dalian Energy, a subsidiary of the Company's subsidiary COSMOPlat, acquired the real estate held by related party Qingdao Haier Investment and Development Co., Ltd. (青岛海尔投资发展有限公司) located on No. 5 Quannan Street, export processing zone in the Dalian Free Trade Zone	818.69



6	Dalian Haier Refrigerator Co., Ltd., a subsidiary of the Company, acquired the real estate held by related party Qingdao Haier Investment and Development Co., Ltd. (青岛海尔投资发展有限公司) located on No. 12 Xunluo Road, export processing zone in the Dalian Free Trade Zone	7,135.90
7	In order to solve the defects of property rights, Haier Group increased the capital of the Company's subsidiaries Hefei Haier Air-conditioning Co., Limited, Hefei Haier Plastic Co., Ltd., Wuhan Haier Freezer Co., Ltd. and Wuhan Haier Electronics Co., Ltd. with the relevant land use rights it owns	8,522.63
8	In order to solve the defects of property rights, Haier Group increased the capital of the Company's subsidiary Hefei Haier Washing Machine Co., Ltd. with the relevant land use rights it owns	507.75
9	Dalian Haier Refrigerator Co., Ltd., a subsidiary of the Company, acquired the real estate held by related party Qingdao Haier Investment and Development Co., Ltd. (青岛海尔投资发展有限公司) at No. 10 Xunluo Road, export processing zone in the Dalian Free Trade Zone and No. 3 Quannan Street, export processing zone in the Dalian Free Trade Zone	15,823.73
<b>Total</b>		<b>115,821.03</b>

### VIII. Documents Available for Inspection

- (I) Resolutions of the 7th meeting of the 10th session of the Board of Directors of the Company;
- (II) Resolutions of the seventh meeting of the tenth session of Audit Committee of the 10th session of the Board of Directors;
- (III) Independent opinions issued by independent directors;
- (IV) Independent director's prior approval letter;
- (V) *Supplementary Agreement* signed by the Company and Haier Group;

It is hereby notified the above.

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

28 April 2020