

Announcement of Haier Smart Home Co., Ltd. on the Transfer of 54.50% Equity and the Related Party Transactions of Haier COSMOPlat IOT Ecosystem Technology Co., Ltd.

The Board of Directors and all directors of the Company warrant that this announcement does not contain any misrepresentation, misleading statements or material omissions, and severally and jointly take responsibility as to the truthfulness, accuracy and completeness of the content of this announcement.

Important:

- Contents of transaction: Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company” or “Haier Smart Home”) intends to transfer to Qingdao Haier Ecological Investment Co., Ltd. (hereinafter referred to as “Haier Ecological Investment”) 54.50% equity held by the Company in Haier COSMOPlat IOT Ecosystem Technology Co., Ltd. (hereinafter referred to as “COSMOPlat”) (corresponding to a registered capital of RMB749,733,359) (hereinafter referred to as “this transaction”).
- Haier Ecological Investment is a majority-owned subsidiary of Haier Group Corporation (hereinafter referred to as “Haier Group”), the de facto controller of the Company, and is under the de facto control of Haier Group as the Company is. According to the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* (amended in April 2019) (hereinafter referred to as the “*Listing Rules*”) and *Guidelines of Shanghai Stock Exchange for the Implementation of Related Party Transactions of Listed Companies* (hereinafter referred to as “*Guidelines for the Implementation of Related Party Transactions*”), Haier Ecological Investment is a related party of the Company and this transaction constitutes a related party transaction (hereinafter referred to as “this related party transaction”).
- This related party transaction has been deliberated and approved by the Company at the ninth meeting of the tenth session of the Board of Directors held on July 29, 2020, and is still subject to deliberation at the general meeting.

- Within 12 months before the date of disclosure of this announcement, the Company had a total of 9 new non-routine related party transactions with Haier Group and its subsidiaries, involving a cumulative amount of RMB456.4177 million.

I. Summary of the related party transaction

(I) Summary of this transaction

To focus on the main business of smart home, divest non-core business, optimize resource allocation, and save non-core capital expenditure, the Company intends to transfer to Haier Ecological Investment 54.50% equity held in COSMOPlat (corresponding to a registered capital of RMB749,733,359) (hereinafter referred to as “Asset for Sale” or “Underlying Asset”). After the completion of this transaction, Haier Ecological Investment will hold 54.50% equity of COSMOPlat (corresponding to a registered capital of RMB749,733,359); the Company will still directly hold 10.74% equity of COSMOPlat and indirectly hold 8.01% equity of COSMOPlat through its majority-owned subsidiary, with a total of 18.75% equity of COSMOPlat. COSMOPlat will not be included in the Company’s combined statements.

In this transaction, Chungrui Worldunion Assets Appraisal Group Co., Ltd. (hereinafter referred to as “Chungrui Worldunion” or “the assessment agency”), which is qualified for carrying out businesses related to securities and futures, was engaged to assess the market value of COSMOPlat with May 31, 2020 as the assessment base date and produced the *Asset Assessment Report on the Value of Total Equity of Shareholders of Haier COSMOPlat IOT Ecosystem Technology Co., Ltd. Involved in the Proposed Equity Transfer of Haier COSMOPlat IOT Ecosystem Technology Co., Ltd.* (Zhong Rui Ping Bao Zi [2020] No. 000585) (hereinafter referred to as the “*Assessment Report*”). According to the aforementioned Assessment Report, the assessed value of the total equity of shareholders of COSMOPlat is RMB7,239.0000 million. In the conclusion of assessment on COSMOPlat, Chungrui Worldunion did not take into account the impact of capital increase from A+ round of capital infusion of COSMOPlat (the basic information of which is set out in “III. Basic information on the objects of related party transactions” and “(III) Basic information on asset assessment, capital infusion, capital reduction or reform within the latest 12 months” of this announcement) after the assessment base date on the equity value of the company.

According to this transaction arrangement, the transaction price of Asset for Sale (i.e. 54.50% equity of COSMOPlat, corresponding to a registered capital of RMB749,733,359) takes into account the impact of RMB0.2 billion capital increase from A+ round of capital infusion after the assessment base date, on the basis of the overall assessed value of RMB7,239.0000 million of COSMOPlat. Upon

negotiation, the two parties to the transaction agreed to give a certain premium and determined that the transaction price of the Asset for Sale (i.e. 54.50% equity of COSMOPlat, corresponding to a registered capital of RMB749,733,359) was RMB4,060 million.

To carry out this transaction in an orderly manner, the Board of the Company intends to request the general meeting to authorize the chairman of the Company and his authorized persons to handle all matters related to this transaction. Haier Smart Home and Haier Ecological Investment planed to sign the Equity Transfer Agreement between Haier Smart Home Co., Ltd. and Qingdao Haier Ecological Investment Co., Ltd. (hereinafter referred to as “Equity Transfer Agreement”) for this transaction.

(II) This transaction constitutes a related party transaction of the Company

The dealing party of the transaction, Haier Ecological Investment, is an indirectly controlled subsidiary of Haier Group, the de facto controller of the Company. According to Article 10.1.3 of the *Listing Rules*, Haier Ecological Investment is a related party of the Company and this transaction constitutes a related party transaction.

As this transaction amounts to more than RMB30 million and accounts for more than 5% of the absolute value of the Company’s latest audited net assets, it constitutes a material related party transaction and needs to be submitted to the general meeting for deliberation in accordance with the relevant requirements of the *Listing Rules*, the *Guidelines for the Implementation of Related Party Transactions*, and the *Articles of Association of Haier Smart Home Co., Ltd.*

This transaction does not constitute a material asset restructuring as defined under the *Administrative Measures for the Material Asset Restructuring of Listed Companies*.

II. Profile of related parties

(I) Basic information about Haier Ecological Investment

Haier Ecological Investment is an indirectly controlled subsidiary of Haier Group, the de facto controller of the Company. According to the *Listing Rules*, Haier Ecological Investment is a related party of the Company, the basic information of which is as follows:

Name	Qingdao Haier Ecological Investment Co., Ltd.
Domicile	Haier Industrial Park, No. 1 Haier Road, Laoshan District, Qingdao City, Shandong
Company type	Company with limited liability
Legal	Zhou Yunjie

Registered	RMB4,076,000,000
Business scope	External investment with own funds; equity investment (without approval by the financial regulatory authorities, it is not allowed to engage in financial businesses including taking in deposits from the public, financing guarantees, and wealth management services for clients). (For items subject to approval according to law, relevant operating activities shall be carried out after approval of relevant department)
Establishment	December 4, 2019
Operation term	From December 4, 2019 to long term
Shareholding	Haier Electric Appliances International Co., Ltd. holds 100% equity in Haier

(II) Development in the recent three years

Haier Ecological Investment is mainly engaged in investment holding business and has been operating normally since its establishment on December 4, 2019.

(III) Explanations of other relationships between Haier Ecological Investment and the Company in terms of property rights, businesses, assets, claims and debts, and personnel, etc.

As of the date of disclosure of this announcement, the Company's directors Liang Haishan and Tan Lixia had concurrently served as directors of Haier Ecological Investment. Apart from this, there is no relationship between Haier Ecological Investment and the Company in terms of other property rights, businesses, assets, claims and debts, and personnel, etc.

(IV) Operations of Haier Ecological Investment

As of December 31, 2019, Haier Ecological Investment recorded total assets of RMB4,106,703,000, net assets of RMB4,074,440,700, operating income in 2019 of RMB0 and net loss of RMB1,559,300. The above financial data have been audited by Hexin Certified Public Accountants LLP qualified for securities and futures businesses, and an audit report (Hexin Shen Zi (2020) No. 000395) has been issued.

As of the date of disclosure of this announcement, it had been less than one year since the establishment of Haier Ecological Investment. As of December 31, 2019, Haier Electric Appliances International Co., Ltd. (hereinafter referred to as “Haier Electric International”), the Controlling Shareholder of Haier Ecological Investment, recorded total assets of RMB29,801,181,000, net assets of RMB10,803,325,100 operating income in 2019 of RMB0 and net profit of RMB1,722,699,600. The

above data are financial data contained in the audited single entity financial statements.

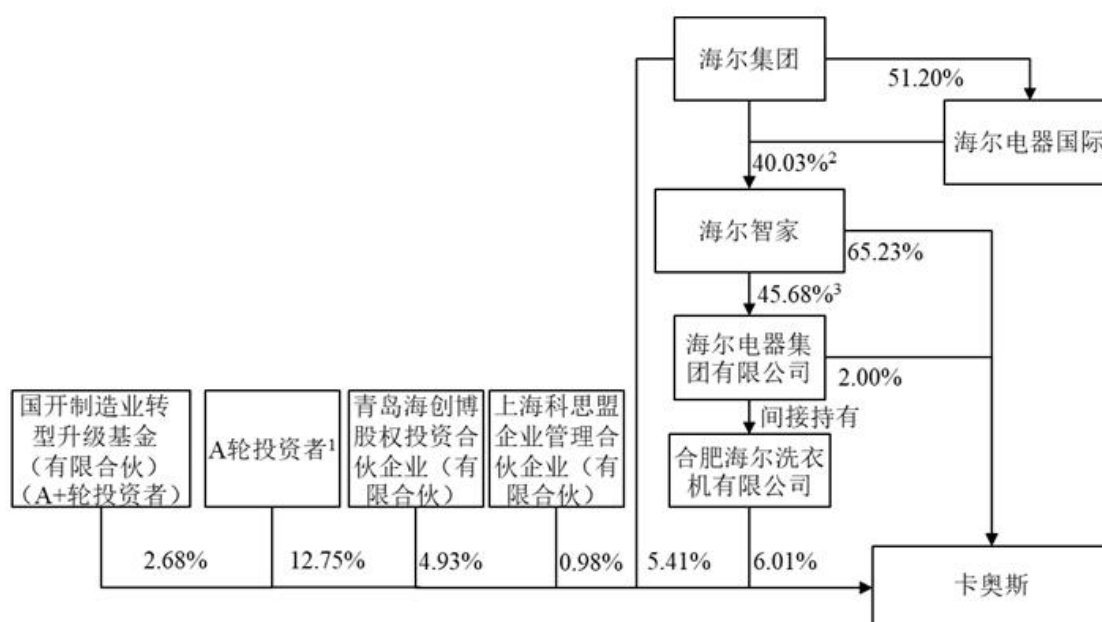
III. Basic information on the objects of related party transactions

(I) Basic information

Company name	Haier COSMOPlat IOT Ecosystem Technology Co., Ltd.
Uniform social credit code	91370200MA3DHKKP30
Domicile	Haier Industrial Park, No.1 Haier Road, Laoshan District, Qingdao City, Shandong Province
Company type	Company with limited liability (Chinese-foreign joint venture)
Legal representative	Chen Lucheng
Registered capital	RMB1,338,809,570
Business scope	Technology research and development, application and service of industrial Internet; computer software system development, integration and marketing; computer information security product development, and data processing and storage; development, integration, manufacturing, engineering installation and design, marketing and after-sale service of robots, intelligent devices and hardware and software products for automatic intelligent production lines; technology consultation and transfer, import and export of technologies; and enterprise training and management. (For items subject to approval according to law, relevant operating activities shall be carried out after approval of relevant department)
Establishment date	April 19, 2017
Operation term	Long term
Main businesses	Industrial Internet, intelligent control, industrial intelligence and automation, precision moulds, smart energy, research institutes and other industrial Internet-related businesses

(II) Shareholding structure

As of the date of disclosure of this announcement, HSH, as the Controlling Shareholder of COSMOPlat, held an aggregate of 73.24% equity in COSMOPlat, including 65.23% equity directly held in COSMOPlat by HSH and 8.01% equity indirectly held in COSMOPlat through its majority-owned subsidiaries, Haier Electronics Group Co., Ltd. and Haier Hefei Electronics Co., Ltd.



国开制造业转型升级基金（有限合伙）（A+轮投资者）	Guokai Manufacturing Industry Transformation and Upgrading Fund (Limited Partnership) (Round A+ Investors)
A轮投资者 ¹	Round A Investors ¹
青岛海创博股权投资合伙企业（有限合伙）	Qingdao Haichuangbo Equity Investment Partnership Enterprise (Limited Partnership)
上海科思盟企业管理合伙企业（有限合伙）	Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership)
海尔集团	Haier Group
海尔智家	HSH
海尔电器集团有限公司	Haier Electronics Group Co., Ltd.
间接持有	indirectly held
合肥海尔洗衣机有限公司	Hefei Haier Washing Machine Co., Ltd.
海尔电器国际	Haier Electric Appliances International
卡奥斯	COSMOplat

Note 1: Round A Investors include China Structural Reform Fund Corporation Limited, Wuxi Chengding Smart City Venture Equity Investment Partnership Enterprise (Limited Partnership), Shenzhen Investment Holding Donghai Medium, Small and Micro Venture Capital Enterprise (Limited Partnership), Qingdao Tongchuang Zhiheng Equity Investment Partnership Enterprise (Limited Partnership), Chizhou Zhongan Zhaoshang Equity

Investment LLP (Limited Partnership) (池州中安招商股权投资合伙企业(有限合伙)), Qingdao Guoxin Zhaoshang Dazhong Venture Capital FOF Partnership Enterprise (Limited Partnership), Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership Enterprise (Limited Partnership), Qingdao SAIF Haohai Venture Capital Center (Limited Partnership), Nanjing SAIF Equity Investment Fund (Limited Partnership)

Note 2: Haier Group directly holds 16.30% equity in HSH, and holds a total of 40.03% shares in HSH through its subsidiaries and persons acting in concert

Note 3: HSH directly holds 13.94% shares in Haier Electronics Group Co., Ltd., and holds a total of 45.68% shares in Haier Electronics Group Co., Ltd. through its subsidiaries

(III) Basic information on asset assessment, capital infusion, capital reduction or reform within the latest 12 months

1. On October 14, 2019, the registered capital of COSMOPlat increased from RMB897,454,000 to RMB910,915,810, with the increased registered capital paid in full by Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership) on March 30, 2020. The shareholding structure of COSMOPlat after this round of capital infusion was:

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
1	HSH	89,745.4000	98.52%
2	Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership) (上海科思盟企业管理合伙企业(有限合伙))	1,346.1810	1.48%
Total		91,091.5810	100.00%

2. On December 2, 2019, the registered capital of COSMOPlat increased from RMB910,915,810 to RMB1,163,379,351, of which RMB82,651,636 was contributed by Hefei Haier Washing Machine Co., Ltd., RMB74,434,124 by Haier Group, RMB27,550,545 by Haier Electronics Group Co., Ltd. and RMB67,827,236 by Qingdao Haichuangbo Equity Investment Partnership Enterprise (Limited Partnership). The shareholding structure of COSMOPlat after this round of capital infusion was:

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
1	HSH	89,745.4000	77.14%
2	Hefei Haier Washing Machine Co., Ltd.	8,265.1636	7.10%
3	Haier Group	7,443.4124	6.40%
4	Qingdao Haichuangbo Equity Investment Partnership Enterprise (Limited Partnership)	6,782.7236	5.83%
5	Haier Electronics Group Co., Ltd.	2,755.0545	2.37%

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
6	Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership)	1,346.1810	1.16%
Total		116,337.9351	100.00%

3. In April 2020, COSMOPlat launched round A capital infusion, leading to an increase of registered capital from RMB1,163,379,351 to RMB1,338,809,570. The capital infusion brought in the following new shareholders: China Structural Reform Fund Corporation Limited, Wuxi Chengding Smart City Venture Equity Investment Partnership Enterprise (Limited Partnership), Shenzhen Investment Holding Donghai Medium, Small and Micro Venture Capital Enterprise (Limited Partnership), Chizhou Zhongan Zhaoshang Equity Investment LLP (Limited Partnership), Qingdao Guoxin Zhaoshang Dazhong Venture Capital FOF Partnership Enterprise (Limited Partnership), Qingdao Tongchuang Zhiheng Equity Investment Partnership Enterprise (Limited Partnership), Qingdao SAIF Haohai Venture Capital Center (Limited Partnership), Nanjing SAIF Equity Investment Fund (Limited Partnership), Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership Enterprise (Limited Partnership). The shareholding structure of COSMOPlat after this round of capital infusion was:

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
1	HSH	89,745.4000	67.03%
2	Hefei Haier Washing Machine Co., Ltd.	8,265.1636	6.17%
3	Haier Group	7,443.4124	5.56%
4	Qingdao Haichuangbo Equity Investment Partnership Enterprise (Limited Partnership)	6,782.7236	5.07%
5	Haier Electronics Group Co., Ltd.	2,755.0545	2.06%
6	Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership)	1,346.1810	1.01%
7	China Structural Reform Fund Corporation Limited	5,539.9017	4.14%
8	Wuxi Chengding Smart City Venture Equity Investment Partnership Enterprise (Limited Partnership)	3,693.2678	2.76%
9	Shenzhen Investment Holding Donghai Medium, Small and Micro Venture Capital Enterprise (Limited Partnership)	1,846.6339	1.38%
10	Qingdao Tongchuang Zhiheng Equity Investment Partnership Enterprise (Limited Partnership)	1,846.6339	1.38%
11	Chizhou Zhongan Zhaoshang Equity Investment LLP (Limited Partnership)	1,477.3071	1.10%
12	Qingdao Guoxin Zhaoshang Dazhong Venture Capital FOF Partnership Enterprise (Limited Partnership)	1,292.6437	0.97%

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
13	Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership Enterprise (Limited Partnership)	923.3169	0.69%
14	Qingdao SAIF Haohai Venture Capital Center (Limited Partnership)	507.8243	0.38%
15	Nanjing SAIF Equity Investment Fund (Limited Partnership)	415.4926	0.31%
Total		133,880.9570	100.00%

4. In July 2020, COSMOplat launched A+ round of capital infusion, leading to an increase of registered capital from RMB1,338,809,570 to RMB1,375,742,248. The capital infusion brought in a new shareholder Guokai Manufacturing Industry Transformation and Upgrading Fund (Limited Partnership). As of the date of disclosure of this announcement, payment had been made in full for this round of capital infusion and COSMOplat had not completed procedures for industrial and commercial registration of change for A+ round of capital infusion. The shareholding structure of COSMOplat after this round of capital infusion was:

No.	Name of shareholder	Registered capital (RMB'0,000)	Shareholding percentage
1	HSH	89,745.4000	65.23%
2	Hefei Haier Washing Machine Co., Ltd.	8,265.1636	6.01%
3	Haier Group	7,443.4124	5.41%
4	Qingdao Haichuangbo Equity Investment Partnership Enterprise (Limited Partnership)	6,782.7236	4.93%
5	Haier Electronics Group Co., Ltd.	2,755.0545	2.00%
6	Shanghai Kesimeng Enterprise Management Partnership Enterprise (Limited Partnership)	1,346.1810	0.98%
7	China Structural Reform Fund Corporation Limited	5,539.9017	4.03%
8	Wuxi Chengding Smart City Venture Equity Investment Partnership Enterprise (Limited Partnership)	3,693.2678	2.68%
9	Shenzhen Investment Holding Donghai Medium, Small and Micro Venture Capital Enterprise (Limited Partnership)	1,846.6339	1.34%
10	Qingdao Tongchuang Zhiheng Equity Investment Partnership Enterprise (Limited Partnership)	1,846.6339	1.34%
11	Chizhou Zhongan Zhaoshang Equity Investment LLP (Limited Partnership)	1,477.3071	1.07%
12	Qingdao Guoxin Zhaoshang Dazhong Venture Capital FOF Partnership Enterprise (Limited Partnership)	1,292.6437	0.94%
13	Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership Enterprise (Limited Partnership)	923.3169	0.67%
14	Qingdao SAIF Haohai Venture Capital Center (Limited Partnership)	507.8243	0.37%

No.	Name of shareholder	Registered capital (RMB'0,000)	Sharehold ing percentage
15	Nanjing SAIF Equity Investment Fund (Limited Partnership)	415.4926	0.30%
16	Guokai Manufacturing Industry Transformation and Upgrading Fund (Limited Partnership)	3,693.2678	2.68%
Total		137,574.2248	100.00%

(IV) Key financial indicators of COSMOPlat in recent year and recent period

According to the standard unqualified audit report (Hexin Shen Zi (2020) No. 000701) issued by Hexin Certified Public Accountants LLP qualified for securities and futures businesses, the key financial indicators of COSMOPlat in recent year and recent period were as follows:

Unit: RMB'0,000

Item	May 31, 2020	December 31, 2019
Total assets	985,825.40	766,924.67
Owners' equity	440,685.49	332,650.68
Equity attributable to owners of the parent company	414,646.54	308,511.02
Item	January-May 2020	2019
Operating income	880,928.78	2,006,308.23
Net profit	10,380.60	24,964.17
Net profit attributable to owners of the parent company	9,946.82	23,723.52

COSMOPlat has 3 business segments in total: platform value-added segment, smart IOT segment and smart manufacturing segment. Due to unified management by the headquarter or beyond the scope of segment management assessment, the segment profit did not include investment income. The segment financial data of COSMOPlat from January to May 2020 was as follows:

Unit: RMB'0,000

Segment Information	Segment Revenue	Segment Cost	Segment Profit
Platform Value-added Segment	751,112.65	740,940.13	-7,166.14
Smart IOT Segment	162,989.34	140,844.05	15,041.85
Smart Manufacturing Segment	47,710.72	39,720.40	2,454.03
Inter-segment Elimination	-80,883.92	-79,745.30	5.80
Total	880,928.78	841,759.27	10,335.54

(V) The equity held by the Company in COSMOPlat was not involved in any pledge or any other circumstance that restricts transfer, or any lawsuit, arbitration, seizure, freezing or other judicial measures, or any other circumstance which impedes transfer of ownership.

(VI) Guarantee, loan or entrusted wealth management provided by the Company and the Company's subsidiaries for COSMOPlat and its subsidiaries

After completion of this transaction, the combination scope of the Company's combined financial statements will change and COSMOPlat will no longer be a subsidiary included in the Company's combined financial statements. As of the date of disclosure of this announcement, the guarantee and loan provided by the Company and the Company's subsidiaries for COSMOPlat and its subsidiaries were as follows:

1. Guarantee provided by the Company for a subsidiary of COSMOPlat

The Guaranteed	Guarantor	Creditor	Amount of creditor's rights (RMB'0,000)	Term of credit rights	Way of guarantee
Haier Digital Technology (Shanghai) Co., Ltd.	HSB	Qingdao Branch of Bank of Communications Co., Ltd.	100,000	2019.04.21-2021.07.17	Guarantee with joint and several liability

According to the *Equity Transfer Agreement*, Haier Group or the related parties designated by Haier Group will replace the Company to provide a guarantee for the aforesaid debts of Haier Digital Technology (Shanghai) Co., Ltd. (hereinafter referred to as "loans of Haier Digital Technology") and sign a corresponding guarantee contract with Qingdao Branch of Bank of Communications Co., Ltd. as a precondition for settlement of this transaction. After replacement of the guarantor, the Company will cease to bear guarantee liability for the loans of Haier Digital Technology.

2. Loans provided by the Company's subsidiaries to the subsidiaries of COSMOPlat

No.	Borrower	Lender	Contract amount	Loan amount	Loan term
1	MANIIQ (SINGAPORE) INTELLIGENT EQUIPMENT PTE. LTD (hereinafter referred to as "MANIIQ (SINGAPORE)")	HAIER SINGAPORE INVESTMENT HOLDING PTE. LTD	US\$48.62 million	US\$48.62 million	From August 28, 2017
2	Haier Digital Technology (海尔数字科技)	Qingdao Meier Plastic Powder Co., Ltd.	RMB60 million	RMB60 million	September 13, 2018 - September 12, 2020

3	Qingdao Blue Whale Technology Co., Ltd. (hereinafter referred to as “Blue Whale Technology”)	Entrusting lender: Qingdao Haier Special Refrigerating Appliance Co., Ltd.; entrusted lender: Haier Group Finance Co., Ltd.	RMB300 million	RMB50 million	June 29, 2020 - June 28, 2022
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According to the *Equity Transfer Agreement*, one precondition for settlement of this transaction is that the subsidiaries of COSMOPlat, namely, MANIIQ (SINGAPORE), Haier Digital Technology and Blue Whale Technology, repay in full the aforesaid loans and cancel the loan contract concerning the aforesaid loans upon negotiation with the relevant lenders.

Except for the circumstances above, the Company and the Company’s subsidiaries have neither provided any guarantee or loan for COSMOPlat and its subsidiaries nor entrusted wealth management to COSMOPlat; and COSMOPlat and its subsidiaries have not appropriated any fund of the Company.

IV. Assessment and pricing of this related party transaction

(I) Assessment

1. Assessment approaches

According to the *Assessment Report* issued by Chungrui Worldunion, asset-based approach and market approach were adopted for COSMOPlat in this transaction and the market approach was eventually adopted for making the final assessment conclusion.

2. Assessment conclusion

Upon assessment under the asset-based approach, as of May 31, 2020, the book value of the total equity of shareholders of COSMOPlat was RMB4,355.0913 million and the assessed value was RMB4,892.6079 million, indicating an increased value of RMB537.5166 million and an increment rate of 12.34%. Upon assessment under the market approach, as of May 31, 2020, the market value of the total equity of shareholders of COSMOPlat was RMB7,239.0000 million, indicating an increased value of RMB2,883.9087 million and an increment rate of 66.22%. The final assessment conclusion was based on the market approach in the assessment, that is, the market value of the total equity of shareholders of COSMOPlat was RMB7,239.0000 million as at the assessment base date (May 31, 2020). The impact of capital increase from A+ round of capital infusion after the assessment base date on the equity value of the company hasn’t been taken into account in the assessment conclusion.

The assessment conclusions of the assessed value of the total equity of shareholders of

COSMOPlat by two assessment approaches were RMB4,892.6079 million under the asset-based approach and RMB7,239.0000 million under the market approach respectively, indicating a difference of RMB2,346.3921 million and a difference rate of 47.96%. The main reasons for the difference between the two assessment approaches are:

Asset-based approach uses replacement cost of assets as the standard of value to reflect the socially necessary labor consumed by investment in assets (procurement and construction costs). Such procurement and construction costs usually change based on the variation of national economy. The core assets reflected in the accounting book of an enterprise are inventories, fixed assets of equipment, software purchased for business and office use and so on. The assessment results by the asset-based approach highly relate to the replacement value of such assets and the value of other assets and liabilities in the book balance as of the benchmark date. However, in addition to tangible resources such as fixed assets and working capital, the main value of an enterprise should include important intangible sources possessed by it, such as various product advantages, management experience, preferential policies, business networks, service capabilities, talent teams, brand advantages, etc. And the intangible resources of an enterprise cannot be quantified and reflected in the company's balance sheet. Therefore, the asset-based approach based on the carrying amount of assets cannot accurately reflect its true value.

The market approach takes listed companies in the same industry as the reference objects, and relatively fully eliminates the short-term or cyclical impact of industry fluctuations on the current operating conditions of the assessed object. At the same time, through the parameter comparison between the assessed object and the listed companies, it has an intuitive evaluation process and the evaluation data is directly derived from the recent capital market. The assessment results of the target company through comparison with comparable companies is closer to the investors' expectations of the target company's investment value in the capital market at the assessment benchmark date, which fairly and reasonably reflects the market value of the assessed object.

The assessment under the two approaches differs in the scope of manifestation of the enterprise value, leading to a difference between the assessment results of the two approaches.

In conclusion, the assessment agency held that the assessment result under the market approach could better reflect the value of total equity of shareholders of COSMOPlat, so the assessment result under the market approach was adopted as the final assessment conclusion in this assessment, that is, the value of the total equity of shareholders of COSMOPlat was RMB7,239.0000 million. The asset valuation report did not consider the impact of the possible premium due to control rights on the value of the assessed object.

(II) The basis for pricing this transaction

In this transaction, the transaction price of Asset for Sale is on the basis of RMB7,239.0000 million, the assessed value of the total equity of shareholders of COSMOPlat confirmed by the Assessment Report issued by Chungrui Worldunion as at the assessment base date (May 31, 2020) plus a premium, and the impact of RMB0.2 billion capital increase from A+ round of capital infusion after the assessment base date is taken into account. Upon negotiation, the two parties to the transaction determined that the transaction price of the Asset for Sale was RMB4,060 million. The pricing of this transaction had taken into account several factors such as the recent market financing price, relevant risk protection clauses obtained by external investors, and also the fact that this transaction will not lead to changes in the actual control of COSMOPlat, and will not cause significant changes in its internal management. Therefore, the pricing of this transaction is reasonable.

The difference of more than 20% between the transaction price and the book value of the Asset for Sale mainly resulted from the determination of the transaction price based on the assessment result of COSMOPlat under the market approach, which led to a large increased value, plus a premium over the assessed value, and taking into account the impact of RMB0.2 billion capital increase from A+ round of capital infusion after the assessment base date.

(III) Opinions of the Board and independent directors on pricing for this transaction

After analysis of the assessment, the Board held that the assessment approaches, major assessment assumptions, important assessment parameters used for the calculation model and assessment conclusion for this transaction were reasonable, and the pricing for this related party transaction, which was determined based on the assessed value upon negotiation by the two parties to this transaction, was fair and did not damage the rights and interests of the listed company and shareholders.

Independent directors held that the assessment agency in this transaction was qualified for securities and futures businesses and had the professional ability and independence for making the assessment. The assessment approaches, major assessment assumptions, important assessment parameters and assessment conclusion for this transaction were reasonable, and the pricing for this related party transaction, which was determined based on the assessed value upon negotiation by the two parties, was fair and did not damage the rights and interests of the Company and shareholders.

V. Main contents and performance of this related party transaction

(I) Main contents of this related party transaction

1. Two parties to the transaction: the Company and Haier Ecological Investment.
2. Object of transaction: 54.50% equity of COSMOPlat (corresponding to a registered capital of RMB749,733,359).

(II) Arrangement for performance of this transaction

The *Equity Transfer Agreement* mainly stipulates as follows:

1. Transaction consideration: RMB4,060 million.
2. Payment method: Haier Ecological Investment shall pay by lump sum RMB4,060 million to the bank account designated by the Company within 20 workdays from the date when the two parties to the agreement meet the preconditions (whichever is later) stipulated in Article 4.1.1 to Article 4.1.3 of the *Equity Transfer Agreement*.
3. Arrangement for delivery or transfer time: The date for industrial and commercial registration of the transfer of the Underlying Asset is the date for settlement of this transaction. The two parties to the agreement shall, within 30 workdays from the date when all the preconditions for settlement are satisfied, procure COSMOPlat to complete the formalities for industrial and commercial registration of the transfer of the Underlying Asset.
4. Time when the agreement takes effect: The agreement shall take effect upon affixing of signatures and official seals of the two parties thereto.
5. Preconditions for settlement: (1) the two parties have signed the agreement in accordance with the law; (2) this transaction has been approved at the Company's general meeting and necessary formalities for information disclosure have been fulfilled; (3) Haier Ecological Investment has completed the internal decision-making procedures for approval of this transaction in accordance with its articles of association; (4) Haier Group or the related parties designated by Haier Group has/have replaced the Company to provide a guarantee for the loans of Haier Digital Technology and signed a corresponding guarantee contract with Qingdao Branch (Sub-branch) of Bank of Communications Co., Ltd., and the Company has ceased to bear guarantee liability for the loans of Haier Digital Technology; (5) the subsidiaries of COSMOPlat, namely, MANIIQ (SINGAPORE), Haier Digital Technology and Blue Whale Technology, have repaid the loans as mentioned in "III. Basic information on the objects of related party transactions", "(VI) Guarantee, loan or entrusted wealth management provided by the Company and the Company's subsidiaries for COSMOPlat and its

subsidiaries” and “2. Loans provided by the Company’s subsidiaries to subsidiaries of COSMOPlat” in this announcement and cancelled the loan contract concerning such loans upon negotiation with the relevant lenders; (6) Haier Ecological Investment has paid in full the transaction price to the bank account designated by the Company; (7) the statements and undertakings made by the two parties under this Agreement have been true, accurate, complete and not misleading in any material aspect from the date of conclusion (inclusive) of the agreement to the settlement date (inclusive).

6. Liability for breach of contract: The breaching party shall bear the liability for breach of contract to the observant party in accordance with the agreement and the legal provisions, and compensate the observant party for all losses (including reasonable expenses incurred to avoid losses) caused by its breach of contract.

VI. Purpose of this related party transaction and impact of this related party transaction on the Company

(I) Purpose of this related party transaction

1. This transaction is beneficial for HSH to focus on the core business and promote the implementation of the IoT smart home ecological brand strategy

With the increasing demands of users for a better life and the development of artificial intelligence and the Internet of Things, home appliance consumption tends to be more high-end, complete-set, intelligent and scenario-based, featuring home appliance integration. With the demand of product function, scenario-based experience changed to the demand of ecological experience from the users, the home appliance industry is showing an evolution of “electrical appliances → networked appliances → scenarios → ecology”. Meanwhile, affected by factors such as the slowdown of macroeconomic growth and the lower demand of implementation of real estate regulation, growth of domestic home appliance industry has slowed down, concentration has continued to increase, and channel formats have become increasingly diversified, companies have been required to achieve the long-term sustainable development by optimizing internal resource allocation, improving the resource utilization and promoting transformation and upgrading.

In response to the times and industry trends, the Company is focusing on promoting the implementation of the smart home strategy, and develops to be the smart home ecological brand in the IoT era by developing “smart home experience cloud” which includes two aspects. Firstly, we provide the users with seamless best experience across the process through the complete-set smart scenario-based solutions. Specifically, we upgrade the traditional home appliance to the smart connected

appliance, based on which we build the complete-set scenario-based solutions such as smart kitchen and smart balcony to provide the users with seamless service experience such as clothes, food, accommodation, entertainment, health and safety across the process. Secondly, we establish a win-win platform connecting to millions of families with ecological parties by deeply optimizing our digital capabilities, including connecting the Company with users and resource parties, smart home APP and AI+IoT interactive system from demand to research and development, manufacturing and consumption. Therefore, the Company has developed the smart home experience centers, integrating designers, experience stores and ecological resources, and provide the users with the one-stop lifetime service experience of “designing, building and serving a home” through the smart home experience cloud platform, and empower ecological parties to work together.

In terms of business model, customer group, strategic positioning and resources, the development strategy of the Company and the industrial internet to be developed by COSMOPlat belong to different industries and have huge difference. Against increasingly fierce competition in the home appliance industry, the Company needs to focus on its main business and avoid conducting various businesses at the same time. Therefore, the Company intends to divest COSMOPlat, representing actions of the Company to sort out and integrate its subordinate businesses and further focus on the main business of smart home. By selling the equity of COSMOPlat, the Company will attach more attention to its main business, concentrate more resources to develop the experience cloud platform of smart home with the combination of virtuality and reality as well as the investment and innovation of channel network, technology research and development and operations, and promote the development of smart home business.

In addition, what the Company divested in this transaction is the business of providing industrial software and hardware products and services for B-end customers. The inter-connected factories through which the Company provides customized services for C-end users remain an asset of the listed company. Therefore, this transaction will not impact the core competitiveness of the listed company. The listed company will continue to deepen intelligent manufacturing and user-centric mass customization mode according to existing strategies, providing users with the best experience of the full life cycle of customized services.

2. This transaction will help the Company reduce future capital investment in non-core business and avoid the risk of short-term fluctuations in performance

COSMOPlat is mainly engaged in industrial Internet-related businesses that empower external SMEs, mainly including industrial Internet platforms, intelligent control, industrial intelligence and automation, precision moulds, and smart energy, providing enterprises with products and solutions, such as the building of inter-connected factories, mass customization, industrial application customization or trading, which is an industrial Internet ecological platform for intelligent manufacturing and modern

industry. At present, China's industrial Internet platforms generally remain in an industry cultivation stage featuring high R&D investment and long recovery cycle, and it will take time for the market to mature. The development of the COSMOPlat industrial Internet platform requires a large amount of capital investment to meet the funding needs of application capacity building, team building, channel building and expansion of new scenes, which increases the Company's cash flow burden to a certain extent. At the same time, given the uncertainty over the scene expansion and application implementation progress and lagging investment return, there is also the risk of short-term performance fluctuations.

Therefore, the sale of the equity in COSMOPlat will help optimize the Company's resource allocation, save the Company's non-core capital expenditure, repatriate funds, reduce gearing ratio, while the dis-combination of COSMOPlat's accounts will reduce the Company's risk of performance fluctuations.

3. This transaction is conducive to promoting COSMOPlat's long-term development, and also helps the Company share its future growth value

Facing challenges of the construction of current industrial Internet platforms at various levels, such as value creation, application scenarios, and technology, COSMOPlat requires clear positioning, professional management, large-scale capital investment and effective execution to advance its long-term development strategy. COSMOPlat exiting combined financial statements of listed companies will help provide more independence and flexibility for its development. With the support of Haier Group and various shareholders, it will constantly and flexibly consolidate resources for its development and growth.

After the divestiture of the controlling interests, HSH will held an aggregate of 18.75% equity, including 10.74% equity in COSMOPlat still directly held by HSH and 8.01% equity indirectly held in COSMOPlat through its majority-owned subsidiaries, HEG and its subsidiaries. HSH may continue to share the value brought by the independent development of COSMOPlat while avoiding the impact of COSMOPlat's performance fluctuations, which is in the Company's interests.

4. This transaction is conducive to good returns for the Company and enhancing capital strength

The current macro environment that China speeds up development of industrial Internet platforms is conducive to boosting COSMOPlat's valuation. Given the Company's focus on smart home strategies and financial investment returns, it is currently an opportunity for the Company to sell COSMOPlat's controlling interests to obtain better returns. The funds from this transaction can be used to enhance the Company's investment in smart home related industries and small and micro businesses. On the one hand, it can promote the construction of "Digital Haier" to enhance the Company's end to end efficiency,

build a smart home experience cloud platform construction; on the other hand, it can improve the smart home product line, enhance user experience, and invest in and incubate smart home related cutting-edge technologies, maintaining the Company's leadership in technology, creating synergy with the core business of smart home, creating high-end and complete smart home solutions, and boosting the implementation of the IoT smart home ecological brand strategy.

(II) The impact of this transaction on the Company

This related party transaction complies with the Company's development strategy, does not affect the main business of the listed company, i.e. smart home and its core capabilities, including the building of inter-connected factories and the development of smart manufacturing. At the same time, the operating income of COSMOPlat (deducting the offsetting part of consolidation) accounted for approximately 7% of the operating income of the listed company in 2019, and its net profit attributable to the owners of the parent company accounted for approximately 3% of net profit of the listed company attributable to shareholders. The Company no longer combining financial statements of COSMOPlat has no material adverse impact on the ability of the Company to continue as a going concern and asset status.

Upon preliminary calculation, it is expected that the disposal of controlling interests in COSMOPlat will translate into an investment income of approximately RMB2.3 billion and the increased net profit attributable to shareholders of the listed company of approximately RMB1.6 billion. The Company will confirm the gains from the disposal of controlling interests in COSMOPlat on the settlement date, and the specific amount of the listed company's results affected will be determined based on the audit and assessment of relevant assets on the settlement date.

After the completion of this transaction, the Company will directly hold 10.74% equity of COSMOPlat, and hold 18.75% equity of COSMOPlat in total through its majority-owned subsidiaries, Haier Electronics Group Co., Ltd. and Hefei Haier Washing Machine Co., Ltd., and COSMOPlat will no longer be included in the scope of the Company's consolidation and will become a related party of the Company. The existing transactions between it and the related parties of the Company will no longer constitute any related party transactions of the Company, but the transactions between it and the Company and subsidiaries will constitute the Company's related party transactions.

COSMOPlat and its majority-owned subsidiaries are currently holding companies of the Company. COSMOPlat's subsidiaries such as Qingdao Haier Moulds Co., Ltd. and Qingdao Haier Energy & Power Co., Ltd., etc. provide mould, energy and other products or services for subsidiaries of the Company. Meanwhile, COSMOPlat also procures raw materials required for production from the Company's procurement platforms including Haidarui and Haidayuan. These transactions will constitute

the related party transactions in the future, but in general, this transaction will not increase the Company's related party transactions after completion.

VII. Deliberation procedure for this related party transaction

On July 29, 2020, the ninth meeting of the tenth session of the Board of Directors of the Company deliberated and approved *Proposal of the Company's Transfer of 54.50% Equity and the Related Party Transactions of Haier COSMOPlat IOT Ecosystem Technology Co., Ltd.* The notice of this meeting shall be sent by email on July 26, 2020, and the meeting shall be held on July 29, 2020 on-site and via communication. All of the 9 directors have attended the meeting. Liang Haishan, Tan Lixia and Li Huagang are affiliated directors specified in Rule 10.2.1 of the *Listing Rules* and have withdrawn from voting. The remaining 6 non-affiliated directors attending the meeting voted and unanimously agreed to the proposal.

On July 29, 2020, the eighth meeting of the tenth session of the Board of Supervisors of the Company deliberated and approved *Proposal of the Company's Transfer of 54.50% Equity and the Related Party Transactions of Haier COSMOPlat IOT Ecosystem Technology Co., Ltd.*

The independent directors of the Company approved this related party transaction in advance, and the Audit Committee of the Board of Directors issued the audit opinion and agreed to submit this related party transaction to the Board of Directors of the Company for deliberation. The independent directors of the Company expressed their opinions on this transaction as follows: This transaction is beneficial for the Company to focus on the main business of smart home and optimize resource allocation, which is in line with the Company's interests. The assessment agency in this transaction was qualified for securities and futures businesses and had the professional ability and independence for making the assessment. The assessment approaches, major assessment assumptions, important assessment parameters and assessment conclusion for this transaction were reasonable, and the pricing for this related party transaction, which was determined based on the assessed value upon negotiation by the two parties, was fair and did not damage the rights and interests of the Company and shareholders.

This transaction is still subject to consideration at the general meeting of the Company.

No government approval is required for this transaction.

VIII. Historical related party transactions requiring special explanation

Within the 12 months before this transaction, there was no transaction between the Company and Haier Ecological Investment.

The related party transactions between the Company and Haier Group and its subsidiaries within 12 months prior to the disclosure of this announcement are as follows:

No.	Description of related party transaction	Amount of related party transactions (RMB'0,000)
1	COSMOPlat, a subsidiary of the Company, acquired 5% equity of Qingdao Haier Energy and Power Co., Ltd. held by its related party Haier Group Technology R&D Center; Qingdao Manniq Intelligent Equipment Co., Ltd. (青岛曼尼科智能装备有限公司), a wholly-owned subsidiary of COSMOPlat, acquired 50% equity of Qingdao Haier Robot Co., Ltd. held by its related party Qingdao Haier Special Plastic R&D Co., Ltd.; Haier Digital Technology (Qingdao) Co., Ltd., a wholly-owned subsidiary of COSMOPlat, acquired 60.01% equity of Qingdao Penghai Software Co., Ltd. held by its related party Haier Group	6,777.23
2	Qingdao Haier Smart Home Co., Ltd., a subsidiary of Haier Electric Appliance Group Co., Ltd. (a subsidiary of the Company), 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 its related party RRS Internet of Things Co., Ltd.	3,400.00
3	To solve the defects of property rights, Qingdao Electrical Appliance Technology and Equipment Research Institute, a subsidiary of the Company, transferred to its related party Haier Group its idle state-owned industrial land use right located in Haier Industrial Park, Laoshan District, Qingdao	1,060.37
4	Dalian Energy, a subsidiary of COSMOPlat (a subsidiary of the Company), acquired the real estate located at No. 5, Quannan Street, Export Processing Zone, Dalian Free Trade Zone, which was held by its related party Qingdao Haier Investment and Development Co., Ltd.	818.69
5	Dalian Haier Refrigerator Co., Ltd., a subsidiary of the Company, acquired the real estate located at No.12 Xunluo Road, Export Processing Zone, Dalian Free Trade Zone, which was held by its related party Qingdao Haier Investment and Development Co., Ltd.	7,135.90
6	To solve the defects of property rights, Haier Group used its land use rights to increase capital to Hefei Haier Air Conditioner Co., Ltd., Hefei	8,522.63

	Haier Plastic Co., Ltd., Wuhan Haier Electric Freezer Co., Ltd. and Wuhan Haier Electric Appliance Co., Ltd.	
7	To solve the defects of property rights, Haier Group used its land use rights to increase capital to Hefei Haier Washing Machine Co., Ltd. (a subsidiary of the Company)	507.75
8	Dalian Haier Refrigerator Co., Ltd., a subsidiary of the Company, acquired the real estates located at No. 10, Xunluo Road, Export Processing Zone, Dalian Free Trade Zone, and No. 3, Quannan Road, Export Processing Zone, Dalian Free Trade Zone, which were held by its related party Qingdao Haier Investment and Development Co., Ltd.	15,823.73
9	Haier Group used its land use rights to increase capital to Qingdao Haier Air Conditioning Electronics Co., Ltd.	1,595.47
Total		45,641.77

IX. Opinions of independent financial consultant

Zheshang Securities Co., Ltd., an independent financial consultant engaged by the Company, is of the opinion: the related party transactions involved in this transaction comply with the provisions of the *Company Law*, the *Securities Law* and other relevant laws and regulations, which have been deliberated and approved by the ninth meeting of the tenth session of the Board of Directors of Haier Smart Home, and the necessary information disclosure has been made. This transaction is still subject to the deliberation and approval at the general meeting of Haier Smart Home. The object of transaction involved in this transaction has been audited and evaluated by accounting firms and asset appraisal institutions with securities practice qualification. The pricing of this related party transaction is within a reasonable range and the decision-making process is in compliance with relevant regulations.

X. Reference Documents

- (I) The resolutions on the ninth meeting of the tenth session of the Board of Directors;
- (II) The resolutions on the eighth meeting of the tenth session of the Board of Supervisors;
- (III) Independent opinions of independent directors on this related party transaction;
- (IV) Prior approval opinions of independent directors on this related party transaction;
- (V) The written audit opinions of the Audit Committee of the Board of Directors on this related party transaction;

- (VI) Audit Report of COSMOPlat;
- (VII) Assessment Report of COSMOPlat;
- (VIII) Report of Independent Financial Consultant.

Best regards.

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

July 29, 2020