Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6690

CONNECTED TRANSACTION
CAPITAL INCREASE IN HAIER FINANCE

The Board is pleased to announce that, in order to improve the capital adequacy ratio and support business development, Haier Finance plans to increase its registered capital by converting undistributed profits into capital. The total capital increase amounts to RMB3,000 million. Haier Air-Conditioner and Haier Air-Conditioner Electronics, the Company's subsidiaries, as well as Haier Group and its subsidiary Haikeda have agreed to increase their capital in Haier Finance using undistributed profits in proportion to their existing shareholding by RMB900 million, RMB360 million, RMB150 million and RMB1,590 million, respectively. Upon completion of the Capital Increase, the shareholding of each party in Haier Finance will remain unchanged.

As at the date of this announcement, Haier Group holds, directly and indirectly, approximately 34% of the voting rights in the Company, therefore, Haier Group is a controlling Shareholder of the Company and hence Haier Group and its subsidiaries, Haikeda and Haier Finance, are connected persons of the Company. Accordingly, the Capital Increase constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Capital Increase, is higher than 0.1% but less than 5%, such transaction is subject to the requirements of reporting, annual review and announcement but are exempt from requirements of independent financial advisor's opinions and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that, in order to improve the capital adequacy ratio and support business development, Haier Finance plans to increase its registered capital by converting undistributed profits into capital. The total capital increase amounts to RMB3,000 million. Haier Air-Conditioner and Haier Air-Conditioner Electronics, the Company's subsidiaries, as well as Haier Group and its subsidiary Haikeda have agreed to increase their capital in Haier Finance using undistributed profits in proportion to their existing shareholding by RMB900 million, RMB360 million, RMB150 million and RMB1,590 million, respectively. Upon completion of the Capital Increase, the shareholding of each party in Haier Finance will remain unchanged.

2. CAPITAL INCREASE

Details of the Capital Increase are set out below:

Capital contributors

(1) Haier Air-Conditioner;

(2) Haier Air-Conditioner Electronics;

(3) Haier Group; and

(4) Haikeda

Proposed capital increase

As at 31 December 2024, the cumulative undistributed profits of Haier Finance available for distribution to Shareholders amounted to RMB9,056 million in total. In order to improve the capital adequacy ratio and enhance sustainability, Haier Finance plans to increase its registered capital from RMB7,000 million to RMB10,000 million, i.e. by converting RMB3,000 million of cumulative undistributed profits into paid-in capital in proportion to the Shareholders' shareholding as at 31 December 2024. The specific amount of capital increase and details of the capital contribution of each Shareholder after the Capital Increase are as follows:

Name of Shareholder(s)	**Amount of the Capital Increase** *(RMB0'000)*	**Cumulative total capital contribution** *(RMB0'000)*	**Proportion of capital contribution**
Haier Air-Conditioner	90,000	300,000	30%
Haier Air-Conditioner Electronics	36,000	120,000	12%
Haier Group	15,000	50,000	5%
Haikeda	159,000	530,000	53%

Upon completion of the Capital Increase, the shareholding of each party in Haier Finance will remain unchanged, and each party will obtain the additional registered capital of Haier Finance in proportion to their existing shareholding.

The Capital Increase follows the market-oriented principle. It is a joint investment between the Group and its connected persons, which is a joint capital increase using the undistributed profits of Haier Finance in proportion to the shareholdings of the connected persons, and the unit price of the capital increase is RMB1 per registered capital, which is fair and reasonable in terms of the transaction price and pricing method.

The Capital Increase is subject to the approval of the general meeting of Haier Finance and the Qingdao Bureau of National Financial Regulatory Administration.

3. INFORMATION ABOUT THE TARGET COMPANY

Haier Finance Company, a company incorporated under the laws of the PRC, was established in 2002, the principal business of which is providing financial and financing advisory services, credit verification, and related consulting and agency services to group members; assisting group members in the collection and payment of transaction funds; approved insurance agency services; providing guarantees to group members; handling bill acceptance and discounting for group members; conducting internal transfer settlements among group members and designing corresponding settlement and clearing solutions; taking deposits from group members; providing loans and financial leasing to group members; conducting interbank lending; issuing approved financial company bonds; underwriting corporate bonds of group members; equity investments in financial institutions; securities investments; handling product consumer credit, buyer credit, and financial leasing for group members; handling entrusted loans and entrusted investments among group members. As at the date of this announcement, Haier Finance is owned as to 30%, 12%, 5% and 53% by Haier Air-Conditioner, Haier Air-Conditioner Electronics, Haier Group and Haikeda, respectively. Haier Group is the ultimate beneficial owner of Haier Finance.

The audited total assets, net assets, operating revenue, profit before tax and profit after tax of Haier Finance for the two financial years ended 31 December 2023 and 31 December 2024 are as follows:

		RMB0'000
	Year ended/as at 31 December 2023	**Year ended/as at 31 December 2024**
Total assets	7,568,696.03	7,612,039.47
Net assets	1,883,558.50	1,956,975.92
Operating revenue	169,939.00	198,301.27
Profit before tax	183,929.17	173,648.11
Profit after tax	141,773.46	129,416.83

Reasons for and Benefits of the Capital Increase

The Capital Increase is primarily for the purpose of increasing the capital adequacy ratio of Haier Finance, optimising its capital structure, enhancing its ability to withstand external risks, as well as strengthening the sustainability of Haier Finance and supporting its business development. It will also help increase the Company's investment efficiency, and has no adverse impact on its ability to continue as a going concern, profitability and asset position, and is in line with the Company's development strategy.

The Capital Increase is in line with the Company's strategic development objectives and will not have any adverse impact on the Company's ability to continue as a going concern and its profit or loss and asset position. Upon completion of the Capital Increase, it will not result in new related-party transactions or new horizontal competitions.

The Directors (including the independent non-executive Directors) believe that the Capital Increase is conducted on normal commercial terms, is fair and reasonable and in the interests of the Company and the Shareholders as a whole, but are not conducted in the ordinary or usual course of business of the Group due to the nature of the Capital Increase.

4. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, Haier Group holds, directly and indirectly, approximately 34% of the voting rights in the Company, therefore, Haier Group is a controlling Shareholder of the Company and hence Haier Group and its subsidiaries, Haikeda and Haier Finance, are connected persons of the Company. Accordingly, the Capital Increase constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Capital Increase, is higher than 0.1% but less than 5%, such transaction is subject to the requirements of reporting, annual review and announcement but are exempt from requirements of independent financial advisor's opinions and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As Mr. LI Huagang, Ms. SHAO Xinzhi and Mr. GONG Wei, the Directors of the Company, hold relevant interests in Haier Group, they have abstained from voting on the resolution of the Board for approving the Capital Increase. Save as disclosed above, other Directors do not have any material interests in the above resolution and they were not required to abstain from voting on the resolution of the Board for considering and approving the above resolution.

5. GENERAL INFORMATION

Information of the Company

The Company is a joint stock company incorporated in the PRC with limited liability, whose A Shares are listed on the Shanghai Stock Exchange, whose D Shares are listed on the Frankfurt Stock Exchange and whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange. The Company is the leading provider of home appliances and smart home solutions in the world. The Company's main businesses include the R&D, production and sales of smart home appliances such as refrigerators/freezers, washing machines, air conditioners, water heaters, kitchen appliances, small home appliances, and smart home scenario solutions. It creates whole scenario smart life experience with its rich product, brand and solution package to meet the needs of users for a better life.

Information of Haier Air-Conditioner

Haier Air-Conditioner, a company incorporated under the laws of the PRC, was established in 1996, and its main businesses include the R&D, manufacturing and sales of household air-conditioners. As at the date of this announcement, Haier Air-Conditioner is owned as to 98.0749% by the Company and is a subsidiary of the Company. The remaining equity interest of Haier Air-Conditioner is held by an independent third party.

Information of Haier Air-Conditioner Electronics

Haier Air-Conditioner Electronics, a company incorporated under the laws of the PRC, was established in 1999, and its main businesses include the R&D, production, sales and after-sales service of air-conditioners and cooling equipment. As at the date of this announcement, Haier Air-Conditioner Electronics is owned as to 99.02% by the Company and is a subsidiary of the Company. The remaining equity interest of Haier Air-Conditioner Electronics is held by an independent third party.

Information of Haier Group

Haier Group, a company incorporated under the laws of the PRC, was established in 1984 and is a controlling Shareholder of the Company, and its scope of operation is: technology development, technology consultancy, technology transfer, technology services, including industrial internet, etc.; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology (方案系統軟件技術); the production of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; domestic commercial (excluding national restricted, licensed and controlled commodities) wholesale and retail; export and import business (refer to foreign enterprise confirmation certificate for details); economic technology consultancy; and research, development and transfer of technological achievements; lease of self-owned properties. Haier Group is an urban collective ownership enterprise. According to the Regulations on Urban Collective Ownership Enterprises of the People's Republic of China promulgated by the State Council, which was revised in February 2016, all property under the urban collective ownership belongs to the working people collectively and the worker representative organization is its governing body.

Information of Haikeda

Haikeda, a company incorporated under the laws of the PRC, was established in 1988. It is a subsidiary of Haier Group, primarily engaged in the research, development, production, sales, and maintenance of: communication equipment, televisions and other household audiovisual equipment, audio and video equipment, instruments and meters, electronic components, computer software, hardware and peripherals, office equipment and consumables, tax-controlled cash registers, photography equipment, digital products, satellite television ground reception equipment, digital TV set-top boxes. It also provides after-sales services, network engineering, system integration, software and embedded system development, technical services and technology transfer, import and export of goods and technology, testing of electronic, electrical and optoelectronic equipment as well as rubber and plastic products, equipment leasing, and factory leasing. As at the date of this announcement, Haikeda is 100% owned by Haier Group (Qingdao) Jinying Holding Co., Ltd. (海爾集團(青島)金盈控股有限公司), a subsidiary of Haier Group.

6. DEFINITION

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

"A Share(s)"	the ordinary share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange
"Board"	the board of directors of the Company
"Capital Increase"	Haier Air-Conditioner, Haier Air-Conditioner Electronics, Haier Group and Haikeda have agreed to increase their capital in Haier Finance using undistributed profits in proportion to their existing shareholding in the amount of RMB900 million, RMB360 million, RMB150 million and RMB1,590 million, respectively
"Company"	Haier Smart Home Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose A Shares are listed on the Shanghai Stock Exchange (stock code: 600690), whose D Shares are listed on the China Europe International Exchange AG D Share Market and quoted on the Frankfurt Stock Exchange (stock code: 690D), and whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6690)
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"D Share(s)"	the D share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the China Europe International Exchange AG D Share Market on the Frankfurt Stock Exchange (stock code: 690D)
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"H Share(s)"	the H shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6690)
"Haier Air-Conditioner"	Qingdao Haier Air-Conditioner Co., Ltd. (青島海爾空調器有限總公司), a subsidiary of the Company

"Haier Air-Conditioner Electronics"	Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司), a subsidiary of the Company
"Haier Finance"	Haier Group Finance Co., Ltd. (海爾集團財務有限責任公司), a subsidiary of the Company
"Haier Group"	Haier Group Corporation, a company incorporated under the laws of the PRC, and a controlling Shareholder of the Company
"Haikeda"	Qingdao Haikeda Electronics Co., Ltd. (青島海科達電子有限公司), a subsidiary of the Company
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary shares of the Company, including A Share(s), D Share(s) and H Share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"%"	per cent

By order of the Board
Haier Smart Home Co., Ltd.*
LI Huagang
Chairman

Qingdao, the PRC
27 March 2025

As at the date of this announcement, the executive Directors of the Company are Mr. LI Huagang and Mr. GONG Wei; the non-executive Directors are Mr. YU Hon To, David, Ms. Eva LI Kam Fun and Ms. SHAO Xinzhi; and the independent non-executive Directors are Mr. CHIEN Da-Chun, Mr. WONG Hak Kun, Mr. LI Shipeng and Mr. WU Qi.

* *For identification purpose only*