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**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**

**ANNOUNCEMENT IN RELATION TO  
THE REPURCHASE PLAN OF A PORTION OF  
PUBLIC SHARES OF A SHARES**

This announcement is made by the board of directors (the “**Board**”) of Haier Smart Home Co., Ltd. (the “**Company**”) pursuant to the Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Pursuant to the Company Law of the PRC, Securities Law of the PRC, Listing Rules on Listing of Shares on Shanghai Stock Exchange, Rules on Repurchase of Shares by Listing Companies on Shanghai Stock Exchange, Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange — Share Repurchases promulgated by the Shanghai Stock Exchange and other laws and regulations and the provisions prescribed under the Articles of Association of the Company, the Company held the 27th Meeting of 10th Session of the Board on 30 March 2022, considered and approved the Resolution of Haier Smart Home Co., Ltd relating to the Repurchase a Portion of Public Shares of A Shares. We hereby announce the relevant information as follows:

**I. PURPOSE OF REPURCHASE OF A SHARES**

With our strong confidence in the future development prospects of the Company and the high recognition of the Company’s value, after considering the Company’s operating conditions, development prospects, financial conditions and future profitability and other factors, the Company intends to use its own funds to repurchase a portion of public shares of A shares by way of centralised bidding, for the purpose of implementing the Company’s employee share ownership plans or equity incentive, so that we can further improve the Company’s governance practice

and establish the long-term incentive mechanism, so as to ensure the implementation of our long term strategies and facilitate the conformity of interests and sharing of benefits of all shareholders and enhance the overall values of the Company.

## **II. REPURCHASE PLAN OF A SHARES**

### **1. Method and usage of repurchase of A shares**

The method of this repurchase of shares of the Company is to repurchase the A shares of the Company by way of centralised bidding on the Trading System of Shanghai Stock Exchange.

The repurchased shares shall be used in entirety to implement the Company's equity incentive scheme and/or employee share ownership plans. In the event that the Company is unable to fulfill the above-mentioned purpose within 36 months upon the completion of share repurchase, the unused portion shall be cancelled upon performing the relevant procedures.

### **2. Price or price range and pricing principles of repurchase of A shares**

According to the requirements of the Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange — Share Repurchases promulgated by the Shanghai Stock Exchange, the repurchase price must not exceed 150% of the average trading price of shares within 30 trading days prior to approval of this repurchase resolution by the Board, therefore, it is determined that the repurchase price will not be more than RMB35 per share. The exact repurchase price will be determined subject to factors such as stock price in the secondary market, the financial and operational situation of the Company.

From the date of approving the resolution by the Board until the completion of the repurchase, in the event that the Company implements dividend distribution, bonus shares, capital reserve fund conversion into additional capital, share sub-division, share reduction, allotment and other matters such as ex-right and ex-dividend related matters, the upper limit of the repurchase price will be correspondingly adjusted according to the relevant requirements of China Securities Regulatory Commission and Shanghai Stock Exchange from the date of the ex-right and ex-dividend of share price.

### **3. Total capital and source of capital intended for the purpose of repurchase of A shares**

The repurchased amount shall not exceed RMB3.0 billion and not less than RMB1.5 billion, the source of capital is from the Company's owned funds.

#### **4. Category, quantity and percentage of total share capital for the shares intended to be repurchased**

The category of the shares repurchased are the A shares issued by the Company. Based on the calculation for the upper limit of repurchase amount and the upper limit of repurchase price, the upper limit of the number of shares intended for repurchase is approximately 85.71 million shares, amounting to approximately 0.91% of the total share capital of the Company. The specific number of shares repurchased is the number of shares actually repurchased upon the expiry of repurchase period.

From the date of approving the resolution by the Board until the completion of the repurchase, in the event that the Company implemented dividend distribution, bonus shares, capital reserve fund conversion into additional capital increase, share sub-division, share reduction, allotment and other matters such as ex-right and ex-dividend, the number of shares repurchased will be correspondingly adjusted according to the relevant requirements of China Securities Regulatory Commission and Shanghai Stock Exchange from the date of ex-right and ex-dividend of share price.

#### **5. Period of repurchase of shares**

The period of this repurchase is within 12 months from the date the Board considered and approved the resolution of repurchase of shares.

If the following conditions are triggered during the repurchase period, the repurchase period shall expire early in advance, that is, the implementation of repurchasing scheme is completed:

- (1) If the amounts of shares repurchased during the aforesaid period reached the upper limit of RMB3.0 billion, then the implementation of the share repurchase plan will be completed, the period of repurchase shall expire earlier from that date.
- (2) In the event that the amounts of shares repurchased reached the lower limit of RMB1.5 billion, if according to the needs of the market conditions and equity incentive/employee share ownership plans, the Board has decided to terminate this repurchase plan earlier, then the period of repurchase shall expire earlier from the date the Board considered and approved the resolution.

The Company shall make decision on the repurchase according to the market conditions during the period of repurchase and implements it according to law.

**6. Expected changes of the Company's shareholding structure upon the completion of the repurchase**

According to the upper limit at an amount of RMB3.0 billion and lower limit at an amount of RMB1.5 billion for the share repurchase, as well as the upper limit of repurchase price at RMB35 per share, the corresponding upper limit and lower limit of repurchase share number are 85,714,286 shares and 42,857,143 shares, respectively. Based on the Company's latest shareholding structure on 28 February 2022, assuming the repurchased shares shall be fully used for equity incentive and/or employee share ownership plans and are fully targeted, then it is estimated that the Company's total share capital and changes in share capital structure after the repurchase and share transfer are as follows:

Estimation based on the upper limit of the number of repurchased shares of 85,714,286 shares:

Share category	Nature of shares	Before repurchase		After repurchase	
		Number of shares (shares)	Percentage (%)	Number of shares (shares)	Percentage (%)
<b>Domestically listed domestic shares (A shares)</b>	Tradable shares with restricted conditions	/	0.00	85,714,286	0.91
	Unrestricted tradable shares	6,308,552,654	66.78	6,222,838,368	65.88
	Total	6,308,552,654	66.78	6,308,552,654	66.78
<b>Overseas listed foreign shares (D shares)</b>	Total	271,013,973	2.87	271,013,973	2.87
<b>Overseas listed foreign shares (H shares)</b>	Total	2,866,687,131	30.35	2,866,687,131	30.35
<b>Total shares</b>		<b>9,446,253,758</b>	<b>100.00</b>	<b>9,446,253,758</b>	<b>100.00</b>

Estimation based on the lower limit of the number of repurchased shares of 42,857,143 shares:

Share category	Nature of shares	Before repurchase		After repurchase	
		Number of shares (shares)	Percentage (%)	Number of shares (shares)	Percentage (%)
<b>Domestically listed domestic shares (A shares)</b>	Tradable shares with restricted conditions	/	0.00	42,857,143	0.45
	Unrestricted tradable shares	6,308,552,654	66.78	6,265,695,511	66.33
	Total	6,308,552,654	66.78	6,308,552,654	66.78
<b>Overseas listed foreign shares (D shares)</b>	Total	271,013,973	2.87	271,013,973	2.87
<b>Overseas listed foreign shares (H shares)</b>	Total	2,866,687,131	30.35	2,866,687,131	30.35
<b>Total shares</b>		<b>9,446,253,758</b>	<b>100.00</b>	<b>9,446,253,758</b>	<b>100.00</b>

Upon the completion of implementing the share repurchase plan, the percentage of A shares held by the public over the Company's total number of shares is still over 10% and it will not lead to the result that the Company's shareholding is not conformed with the listing conditions, hence this repurchase will not affect the listing status of the Company and will not lead to a change of the controlling right of the Company.

### **III. DELIBERATION ON REPURCHASE SCHEME AND AUTHORIZATION ON HANDLING MATTERS RELATED TO REPURCHASE OF SHARES**

Pursuant to the relevant requirements under the Company Law of the PRC and the Articles of Association, as the repurchase of A shares shall be used for the purpose of equity incentive/employee share ownership plans, the repurchase of A shares is within the scope of authority for consideration and approval by the Board and is not subject to approval at the shareholders' general meeting.

To ensure the smooth implementation of this repurchase of shares, the Board authorizes the Company's management to handle matters related to the share repurchase within the scope of laws and regulations and in accordance with the principle of maximum protection of the interests of the Company and shareholders. The content and scope of authorization include but are not limited to:

- (1) To authorize the management of the Company to set up a special securities account for repurchase and other related matters;
- (2) To authorize the Company's management to select an opportunity to repurchase the Company's shares in accordance with relevant regulations, including the specific time, price, quantity of repurchasing etc.;
- (3) To authorize the Company's management to make, modify, supplement, sign, submit, report, and execute the agreements, contracts and documents that occurred in the process of repurchasing of the Company's shares, and make relevant reporting;
- (4) To authorize the Company's management to adjust the specific scheme of implementation according to the relevant laws and regulations and the requirements issued by the regulatory authorities and deal with the other matters related to share repurchase;
- (5) In accordance with relevant regulations (that is applicable laws, regulations, and relevant regulations of regulatory authorities), to deal with other matters not listed above but necessary for this share repurchase are handled.

The authorization period commences from the date when the Board considered approved this repurchase plan and ends on the date when the aforesaid authorization matters are completed.

#### **IV. MANAGEMENT ANALYSIS REGARDING THE IMPACT OF THIS REPURCHASE OF SHARES ON THE OPERATION, FINANCE AND OTHER ASPECTS OF THE COMPANY AND THE UNDERTAKING OF ALL DIRECTORS ON THIS REPURCHASE OF SHARES WHICH WILL NOT PREJUDICE THE DEBT PERFORMANCE ABILITY AND GOING CONCERN OF THE COMPANY**

As of 31 December 2021, total assets of the Company were RMB217.459 billion and monetary capital reached RMB45.857 billion, net assets attributable to the shareholders of the listed company were approximately RMB79.811 billion and the gearing ratio of the Company is 62.71%. Assuming that the upper limit of this repurchase amount is RMB3.0 billion, and based on the financial data estimation on 31 December 2021, the percentage of repurchased capital over the Company's total assets is 1.38%, representing a 3.76% of net assets attributable to the shareholders of the listed company.

Based on the operation, financial and future development conditions of the Company, the Company is of the view that the upper limit amount of the repurchase of shares of RMB3.0 billion shall not have any material impact on the Company's operation, financial and future development.

All directors undertake that they shall be honest and act in good faith with dedication and responsibility to protect the interests of the Company and the legal interests of the shareholders and this repurchase shall not prejudice the debt performance ability and going concern of the Company.

**V. EXPLANATION ON WHETHER THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY ARE INVOLVED IN TRADING OF SHARES OF THE COMPANY WITHIN 6 MONTHS PRIOR TO THE BOARD APPROVING THE RESOLUTION ON THE REPURCHASE OF SHARES AND WHETHER THERE WERE CONFLICTS OF INTEREST WITH THE REPURCHASE PLAN, WHETHER THEY ACT SEPARATELY OR IN COLLUSION WITH OTHERS IN CONDUCTING INSIDER TRADING AND MANIPULATE THE MARKET AND PLANS TO INCREASE OR REDUCE THEIR SHAREHOLDINGS DURING THE REPURCHASE PERIOD**

In November 2021 and March 2022, Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership), a party acting in concert with Haier Group Company, the actual controller of the Company, implemented and completed two rounds of shareholding increase plans, which were corresponding arrangements based on its confidence in the long-term development of the capital market in PRC and the Company's business prospects. Save as disclosed, there was no trading of shares of the Company by the controlling shareholders, actual controller, directors, supervisors and senior management of the Company within 6 months prior to the Board approving the resolution on the repurchase of shares. There were no conflicts of interest with the repurchase plan or any separate act or in collusion with others in conducting insider trading and manipulate the markets by the controlling shareholders, actual controller, directors, supervisors and senior management of the Company. The controlling shareholders, actual controller, directors, supervisors and senior management of the Company do not have any plans to increase or reduce their shareholdings for the time being during the repurchase period. If they intend to implement any plans in future to increase or reduce their shareholdings, the Company shall perform its information disclosure obligations in a timely manner according to the relevant requirements in due course.



**VI. THE COMPANY HAS MADE INQUIRIES OF THE SPECIFIC SITUATION WHETHER THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS, SHAREHOLDER HOLDING MORE THAN 5% OF THE SHARES HAVE PLANS TO REDUCE THEIR HOLDINGS OF SHARES IN NEXT 3 MONTHS AND NEXT 6 MONTHS**

The Company has issued enquiry to the directors, supervisors, senior management, controlling shareholders, actual controllers and persons acting in concert with them, shareholders holding more than 5% of the shares to check whether they have plans to reduce their holding of shares in next 3 months and next 6 months. The Company received the following replies: the Company's directors, supervisors, senior management, controlling shareholders, actual controllers and persons acting in concert with them, shareholders holding more than 5% of the shares temporarily had no plans to reduce their holdings of shares in next 3 months and next 6 months. If they have relevant plans, the disclosure procedures will be conducted according to the regulations.

**VII. RELEVANT ARRANGEMENTS TO CANCEL OR TRANSFER REPURCHASED SHARES ACCORDING TO LAW**

The shares of this repurchase shall be fully used for the purpose of implementing the Company's equity incentive scheme and/or employee share ownership plans. If the Company is unable to fulfill the abovementioned purposes within 36 months upon the completion of the repurchase of shares, the unused portion shall be cancelled by performing relevant procedures. The Company will then perform its information disclosure obligations in a timely manner according to the specific implementation status.

**VIII. RELEVANT ARRANGEMENTS TO PREVENT JEOPARDISING CREDITORS' INTERESTS**

If this repurchase of shares is unable to be fully used for the purpose of equity incentive scheme and/or employee share ownership plans within 36 months upon the completion of the repurchase of shares, then the unused portion shall be cancelled by performing relevant procedures and the registered capital of the Company shall be reduced. The Company shall then perform creditors' notification and other procedures according to the requirements under Company Law of the PRC and other rules and regulations.



## **IX. OPINIONS OF INDEPENDENT DIRECTORS IN RELATION TO ISSUES SUCH AS THE COMPLIANCE, NECESSITY, JUSTIFICATION AND FEASIBILITY OF THE SCHEME OF REPURCHASE OF A SHARES**

1. This repurchase of the Company is in compliance with the Company Law of the PRC, the Securities Law of the People's Republic of China, the Opinions on Supporting the Repurchase of Shares by Listed Companies, the Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange — Share Repurchases and the relevant requirements of the Articles of Association of the Company etc.
2. The Company continues to finance the repurchase of shares of the Company from its own funds, and shall constantly be used for the purpose of implementing the Company's equity incentive scheme and/or employee share ownership plans in a bid to further improve the Company's governance structure and build innovative long-term incentive and binding mechanism of management stock-holding in order to ensure the achievement of our long-term business target and advancement of conformity of interests and sharing of benefits for the shareholders in general and enhancement of the overall values of the Company.
3. The maximum amount of capital intended to be used for this repurchase shall not exceed RMB3.0 billion, the source of capital is financed by the Company's own funds. This repurchase will not have any significant impact on the abilities of operation, financial, research and development, profitability, debt performance and future development of the Company and will not affect the listing status of the Company.

In summary, the independent directors of the Company are of the view that this repurchase of public shares is legal and in compliance with the relevant regulations and not only is it necessary, but also reasonable and feasible, and is in line with the interests of the Company and the shareholders as a whole, without prejudice to the interest of minority shareholders.

## **X. SITUATIONS AND RELATED ARRANGEMENTS FOR OPENING A SPECIAL ACCOUNT FOR REPURCHASE**

According to the requirements prescribed under the Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange — Share Repurchases, the Company will open a special securities account for repurchase with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. The special securities account for repurchase will be used only for the purpose of repurchasing shares of the Company.

## **XI. UNCERTAINTY RISK OF REPURCHASE SCHEME**

1. After being approved by the Board of the Company upon consideration, this repurchase is still subject to the risk that the repurchase plan is unable to implement due to the share price of the Company continuously exceeding the upper price limit as disclosed under the repurchase scheme.
2. If there are major events that have significant impacts on the Company's stock trading price or the Board decides to terminate the repurchase plan and other matters, the repurchase plan is subject to the risk that it will not be implemented smoothly.
3. This repurchase is subject to the risk that the repurchased stock may be unable to be fully transferred as a result of the equity incentive scheme or employee share ownership plans failed to be adopted by the decision-making bodies such as a board meeting and general meeting of the Company or waiver of subscription by equity incentive recipients. Hence, it is subject to the risk that the repurchased shares may be unable to be transferred into equity incentive scheme or employee share ownership plans upon the expiration of validity period for treasury stock in special accounts for repurchase.
4. The risk that the repurchase plan may be altered or terminated in accordance with the rules owing to material changes of the Company's production operation, financial situation, external objective circumstance and other reasons.

All investors are cordially reminded to perform rational investment and pay attention to investment risks.

By order of the Board  
**Haier Smart Home Co., Ltd.\***  
**LIANG Haishan**  
*Chairman*

Qingdao, the PRC  
30 March 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. LIANG Haishan, Mr. LI Huagang and Mr. XIE Juzhi; the non-executive Directors are Mr. WU Changqi, Mr. LIN Sui, Mr. YU Hon To, David and Ms. Eva LI Kam Fun; 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