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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
PROPOSAL ON THE NEW ISSUE OF H SHARES UNDER
GENERAL MANDATE**

PROPOSAL ON THE NEW ISSUE OF H SHARES

The Board is pleased to announce that on the Board meeting held on 15 September 2021, the Company has passed the “Resolution on the Issue and Listing of New H Shares on the Main Board of The Stock Exchange of Hong Kong Limited” and other relevant resolutions, pursuant to which, the Company proposed to allot and issue not more than 73,000,000 H Shares (representing 0.78% and 2.59% of the total number of issued Shares and H Shares, respectively) under the General Mandate approved on the general meeting held on 25 June 2021 and the net proceeds will mainly be used for overseas business expansion and investment in ESG related areas. The Proposed New Issue of H Shares and listing is subject to approval by CSRC and the Hong Kong Stock Exchange. Upon obtaining the relevant regulatory approvals and further consideration and approval by the Board, the Company will formulate the terms of the Proposed New Issue within the approved scope before entering into the relevant final agreements.

As at the date of this announcement, the Company has not entered into subscription or placing agreement with any placee.

As the Proposal on the New Issue of H Shares is subject to approvals and the completion of the Proposed New Issue will be conditional upon the satisfaction of certain conditions, the Proposed New Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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Details of the Proposal on the New Issue of H Shares are set out below:

I. Overview of the Proposal on the New Issue of H Shares

1. Type of Shares under the New Issue

The Shares to be issued under the New Issue is ordinary H Shares. Upon issuance, the H Shares under the New Issue shall rank *pari passu* in all aspects with the issued Shares as at the date of the issue and allotment of such Shares.

2. Nominal value of the H Shares under the New Issue

The nominal value of the H Shares under the New Issue is RMB1.00 each.

3. Method of issue and target placees

Under the New Issue, the H Shares shall be placed privately and the target placees of the Proposed New Issue includes overseas investors who satisfy the requirements of relevant laws and regulations, as well as domestic securities institutions and qualified domestic institutional investors entitled to conduct overseas securities investment and management in accordance with relevant laws of the PRC.

It is the intention of the Company to further strengthen its shareholder base by introducing investors with strong strategic resources and willingness to invest in the Company for a longer term to participate in the New Issue. Such target placees within the scope of qualified domestic and overseas investors may include stakeholders inside the business ecosystem of the Company, such as its existing or potential industry partners. As at the date of this announcement, the Company has not entered into subscription or placing agreement with any placee. The placing arrangement and placees shall be subject to the subscription or placing agreement then signed.

4. Issue size

Shares to be issued under the New Issue in aggregate shall not exceed 73,000,000 H Shares (inclusive). The final number of H Shares to be issued shall be determined by the Board or authorized persons of the Board pursuant to the requirements of laws and subject to the approval of regulatory authorities and market conditions.

In the event that any bonus issue, capitalization from capital public reserve or any other ex-rights exercise occurs from the date of announcement of this Board resolution to the date of issue, the maximum number of H Shares to be issued under the New Issue of H Shares will be adjusted in accordance with the share capital of the Company subsequent to such ex-rights exercises. The adjustment shall be made as follows:

$$QA_1 = QA_0 * (1 + EA)$$

In which, QA_1 represents the adjusted maximum number of H Shares to be issued; QA_0 represents the maximum number of H Shares to be issued before adjustment; and EA represents the number of Shares of bonus issue or converted into share capital for each Share.

In case that CSRC or the Hong Kong Stock Exchange requires any adjustment to the abovementioned maximum number of issues, such adjustment shall be made according to the arrangement as approved by the relevant regulatory authorities.

5. Pricing

The issue price of the New Issue of H Shares shall be determined in accordance with market practice and relevant applicable laws and regulations, based on domestic and international capital market conditions at the time of the New Issue of H Shares, after taking into full consideration the interests of the existing Shareholders of the Company, the feedback of investors and the risks involved.

The New Issue shall be implemented pursuant to the General Mandate. The issue price per share of the new H Shares is subject to the requirements of relevant laws and regulations and shall be determined by the Board or its authorized person in accordance with market conditions.

6. Place of Listing

An application will be made for the listing of the H Shares under the New Issue on the main board of the Hong Kong Stock Exchange in accordance with relevant requirements.

7. Use of proceeds

The net proceeds of the New Issue of H Shares, after deducting related expenses, will be used for the following purposes:

- 1) 70% for production capacity expansion of overseas industrial parks;
- 2) 15% for investment in ESG (Environmental, Social, Governance) related areas, which relate but not limited to the management of impact on environment throughout product lifecycle, research and development of technologies relating to energy-saving and low carbon footprint product features, and strengthening our ability to pursue carbon neutrality;
- 3) 10% for further digitalisation of overseas industrial parks; and
- 4) 5% for overseas channel expansion and promotion.

8. Allocation of accumulated profits prior to the New Issue of H Shares

The unallocated profits accumulated by the Company prior to the New Issue of H Shares shall be shared between the new and existing Shareholders upon the completion of the New Issue of H Shares.

9. Validity of resolution

The resolution for the New Issue of H Shares shall be valid for 12 months from the date of consideration and approval of the proposal of the New Issue of H Shares by the Board.

10. Relevant authorization

In order to complete the New Issue of H Shares, the Board agreed to authorize the chairman of the Board (who may delegate the authority to others) to deal with the relevant matters in relation to the New Issue of H Shares (the “**Authorizations**”), including but not limited to:

- (1) formulate and implement the specific plan of the New Issue of H Shares, including but not limited to adjustment to use of proceeds and matters in respect of the Proposal on the New Issue of H Shares, such as the listing of the Shares on the Hong Kong Stock Exchange, and accordingly execute matters in respect of the New Issue of H Shares.
- (2) take all necessary and incidental actions and procedures in relation to the New Issue of H Shares, including but not limited to engaging placing agents, domestic and overseas legal advisers and other relevant intermediaries, applying to relevant domestic and overseas regulatory authorities for the approval, registration, filing and other procedures for

the issuance, reporting, trading and listing of the H Shares on behalf of the Company, executing, amending, terminating and/or approving any legal document in relation to the New Issue of H Shares (including but not limited to the subscription agreement and Hong Kong Stock Exchange listing application documents relating to the Shares) on behalf of the Company and handle any other matters relating to the issue and trading of H Shares.

- (3) prepare, modify, sign and submit the application materials related to the issuance, reporting, trading and listing in respect of the New Issue of H Shares (including but not limited to the application materials for the issuance of new H Shares to the CSRC), on behalf of the Company, in accordance with the relevant laws and regulations, opinions and suggestions of regulatory authorities and actual circumstances, and make any disclosure as required by the relevant authorities in relation to the Proposed New Issue of H Shares.
- (4) submit the application for listing of the H Shares to be issued to the Hong Kong Stock Exchange, including but not limited to the application for waiver from compliance with any applicable laws or regulations (the “**Listing Application**”), execute any documents in relation to the Listing Application and any application documents related to the Listing Application submitted by the then relevant party authorized by the chairman of the Board as the agent, and issue relevant announcements, circulars and notices related to the New Issue of H Shares on the websites of the Hong Kong Stock Exchange and the Company, and submit relevant forms, documents or other information to the Hong Kong Stock Exchange.
- (5) complete relevant procedures for updating industrial and commercial registration due to the change in registered capital of the Company and other matters of change thereof as a result of the New Issue of H Shares (including change of issued H Shares, registered capital and capital structure of the Company upon completion of the New Issue of H Shares).
- (6) deal with all other matters in relation to the New Issue of H Shares with full discretion, including but not limited to formulating, amending, approving, ratifying and confirming the issuance plan and all other terms, and signing, entering into and/or delivering any documents which are considered necessary and appropriate.

II. General Mandate

References are hereby made to the circular of the Company dated 4 June 2021 and the announcement regarding the poll results of the general meeting dated 25 June 2021, in relation to (among others) granting of the General Mandate to the Board to issue additional H Shares of the Company by Shareholders at the 2020 annual general meeting, pursuant to which, the Board or the chairman of the Board and their authorized persons are authorized to determine to allocate, issue and handle, at their discretion, such number of H Shares not exceeding 10% of the issued H Shares at the time of consideration and passing of the resolution by the Company to approve such General Mandate at the 2020 annual general meeting. The H Shares under the New Issue will be issued pursuant to the General Mandate by the Company.

In the event that the approval, permission or registration of regulatory authorities for the New Issue of H Shares is not obtained before the expiry of the General Mandate granted under the “Resolution to Grant a General Mandate to the Board of Directors on Additional Issuance of H Shares of the Company” as approved on the Company’s 2020 annual general meeting, the New Issue of H Shares may still be implemented within the limit of the general mandate as approved by the 2021 annual general meeting, provided that the number of H Shares to be issued under the New Issue shall not exceed the limit of next year’s general mandate as approved by the general meeting of the Company, and the Company is not required to convene a general meeting or a class meeting for reconsideration of matters in relation to the New Issue of H Shares.

If any approval, permission, filing or registration, where applicable, for issue is obtained by the Company during the valid period of the resolution for the New Issue of H Shares, the Company may complete such New Issue of H Shares within the validity confirmed by such approval, permission, filing or registration by regulatory authorities.

III. Conditions Precedent to the Proposed New Issue

The Proposed New Issue is subject to approval by CSRC. Upon the approval by CSRC, the Company will enter into subscription and/or placing agreement with relevant parties and apply to the Hong Kong Stock Exchange for the issue, registration and listing of H Shares under the Proposed New Issue and complete all filing and approval procedures regarding the Proposed New Issue.

IV. Implications of the Proposed New Issue to the shareholding structure of the Company

As at the date of this announcement, Shares in issue of the Company comprise A Shares, D Shares and H Shares. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the completion of the Proposed New Issue (assuming (a) the maximum number of the H Shares to be issued is 73,000,000; and (b) there will be no change to the total number of Shares in issue from the date of this announcement to the date of completing the Proposed New Issue (other than as a result of the Proposed New Issue)) is as follows:

Class of Shares	At the date of this announcement		Immediately following the completion of the Proposed Additional Issue	
	Number of Shares	Approximate percentage to the total shares in issue	Number of Shares	Approximate percentage to the total shares in issue
A Share	6,308,552,654	67.15%	6,308,552,654	66.63%
D Share	271,013,973	2.88%	271,013,973	2.86%
H Share	<u>2,815,047,486</u>	<u>29.96%</u>	<u>2,888,047,486</u>	<u>30.50%</u>
Total	<u>9,394,614,113</u>	<u>100%</u>	<u>9,467,614,113</u>	<u>100%</u>

No change in control of the Company is expected to occur following the completion of the Proposed New Issue.

V. Fundraising Activities in the Past 12 Months

On 29 July 2021, the Board considered and approved the proposed adoption of the 2021 A Share Option Incentive Scheme, which is approved by the Shareholders on 15 September 2021, details of which are set out in the Company's announcement dated 29 July 2021 and circular dated 31 August 2021.

Save as disclosed above, the Company has not conducted any fundraising activities involving the issue of any equity securities in the 12 months immediately preceding the date of this announcement.

VI. Reasons for and Benefits of the Proposed New Issue

The Company intends to further strengthen its working capital position through the New Issue, mainly to support overseas business expansion and investment in ESG related areas and relevant investments in the related ESG area. It is the intention of the Company to further strengthen its shareholder base by introducing investors with strong strategic resources and willingness to invest in the Company for a longer

term to participate in this placing. The Board considers that this proposal is in line with the Company's strategic objective to continue to expand its overseas market share and provide smart home solutions to users worldwide.

As the Proposal on the New Issue of H Shares is subject to approval and the completion of the Proposed New Issue is conditional upon the satisfaction of certain conditions, the Proposed New Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A Share(s)”	domestic share(s) of the Company with a nominal value of RMB1 each which are listed on the Shanghai Stock Exchange and traded in Renminbi
“Board”	the board of directors of the Company
“Company”	Haier Smart Home Co., Ltd., a joint stock company incorporated in the PRC on 28 April 1989 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 Stock Exchange (stock code: 6690)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by Shareholders at the 2020 annual general meeting to authorize the Board or chairman of the Board and their authorized persons to allocate, issue and handle, at their discretion, such number of H Shares not exceeding 10% of the issued H Shares at the time of consideration and passing of the resolution by the Company to approve such general mandate at the 2020 annual general meeting
“H Share(s)”	the overseas listed share(s) of the Company with a nominal value of RMB1 each which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Proposal on the New Issue of H Shares”	the proposal in relation to the Proposed New Issue of H Shares
“Proposed New Issue” or “New Issue”	the Proposed New Issue of H Shares and other related resolution(s) in relation to the proposed new issue of not more than 73,000,000 H Shares (representing 0.78% of the total number of issued Shares prior to the Proposed New Issue) by the Company pursuant to the General Mandate
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holders of the Company’s Shares
“Share(s)”	Shares of the Company, comprising of A Shares, D Shares and H Shares
“%”	per cent

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

Qingdao, the PRC
15 September 2021

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