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Haier

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

CANCELLATION OF CERTAIN SHARE OPTIONS IN THE 2021 A SHARE OPTION INCENTIVE SCHEME, THE 2022 A SHARE OPTION INCENTIVE SCHEME

References are made to the announcements dated 29 July 2021 and 28 April 2022, the circulars dated 31 August 2021 and 7 June 2022 (the “**Circulars**”), and the poll results announcements dated 15 September 2021 and 28 June 2022, of Haier Smart Home Co., Ltd. (the “**Company**”), in relation to, among others, the proposed adoption of the 2021 A Share Option Incentive Scheme (the “**2021 Incentive Scheme**”) and the 2022 A Share Option Incentive Scheme (the “**2022 Incentive Scheme**”). Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as defined in the Circulars.

I. CANCELLATION OF CERTAIN SHARE OPTIONS IN THE 2021 INCENTIVE SCHEME

1. Certain participants resigned and ceased to meet incentive conditions

Seven participants of the first grant of options and one participant of the reserved grant of options have resigned, and each of them has ceased to be a participant. The Company intends to cancel the 764,740 options and 843,930 options granted to those seven participants of the first grant of options and one participant of the reserved grant of options, respectively, and of which no cancellations were made pursuant to any failure to meet the performance targets below.

2. Failure to meet the target in performance appraisal of the Company

Pursuant to the rule “Conditions on Grant and Exercise of the Share Options” in the 2021 Incentive Scheme, the performance appraisal of the Second Exercise Period of the first grant and reserved grant of Share Options is as follows: “the growth rate of the Company’s net profit attributable to the parent company¹ in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%”.

The net profit attributable to the parent company in 2022 amounted to RMB14,710,923,500, representing an increase of 12.48% compared to the net profit attributable to the parent company in 2021, which does not meet the target of the performance appraisal at company level, and the exercise conditions for the Second Exercise Period of the first grant and reserved grant of Share Options of the 2021 Incentive Scheme were not met. The Company intends to cancel the 9,047,052 Share Options of the 393 participants (initially granted to 400 participants and adjusted to 393 participants as a result of the abovementioned resignations) of the first grant under the 2021 Incentive Scheme that failed to meet the exercise conditions for the Second Exercise Period, and intends to cancel the 736,257 Share Options of the 17 participants (initially granted to 18 participants and adjusted to 17 participants as a result of the

¹ The “net profit attributable to the parent company” in 2021 represents the audited figure in the 2021 audit report, which amounted to RMB13,067,000,000, and other “net profit attributable to the parent company” represents audited net profit attributable to the parent company after excluding the one-off impact on profit or loss arising from any material asset disposal/acquisition (if any) for the year. In this regard, with reference to relevant requirements in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules, material asset disposals and acquisitions are defined as: ① material asset disposals and acquisitions with an individual project transaction amount representing over 5% (inclusive) of the latest audited net asset attributable to the parent company of the listed company, or ② asset with a net profit arising from an individual transaction or net profit of target acquisition representing over 5% of the latest audited net profit attributable to the parent company of the listed company. Same hereinafter.

abovementioned resignations) of the reserved grant under the 2021 Incentive Scheme that failed to meet the exercise conditions for the Second Exercise Period.

Combining the company and individual levels, the Company cancelled 9,811,792 options of the first grant and 1,580,187 options of the reserved grant, amounting to 11,391,979 in total from the 2021 Incentive Scheme.

II. CANCELLATION OF CERTAIN SHARE OPTIONS IN THE 2022 INCENTIVE SCHEME

1. Certain participants resigned and ceased to meet incentive conditions

40 participants have resigned and each of them has ceased to be a participant. The Company intends to cancel the 2,327,684 options granted to those 40 participants.

2. Failure to meet the target in performance appraisal of the Company

Pursuant to the rule “Conditions on Grant and Exercise of the Share Options” in the 2022 Incentive Scheme, the performance appraisal of the First Exercise Period of the Share Options is as follows: “the growth rate of the Company’s net profit attributable to the parent company in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%”.

The net profit attributable to the parent company in 2022 amounted to RMB14,710,923,500, representing an increase of 12.48% compared to the net profit attributable to the parent company in 2021, thus the exercise conditions for the First Exercise Period of the Share Options of the 2022 Incentive Scheme were not met. The Company intends to cancel the 25,607,303 Share Options under the 2022 Incentive Scheme granted to 1,794 participants (initially granted to 1,834 participants and adjusted to 1,794 participants as a result of the abovementioned resignations) that failed to meet the exercise conditions for the First Exercise Period.

Combining the company and individual levels, the Company cancelled 27,934,987 Share Options of the 2022 Incentive Scheme.

III. THE IMPACT OF THE CANCELLATION ON THE COMPANY’S RESULTS

The cancellation of certain Share Options will not have a substantial impact on the Company’s financial status and operating results. The Company’s management team will continue to earnestly perform their duties and strive to create value for shareholders.

IV. OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

(1) Regarding the cancellation of certain Share Options in the 2021 Incentive Scheme

Pursuant to the relevant requirements of the 2021 Incentive Scheme, since the exercise conditions for the Second Exercise Period of the first/reserved grant of Share Options of the 2021 Incentive Scheme were not met and since certain participants have resigned, it is agreed that certain Share Options of the 2021 Incentive Scheme shall be cancelled. The above-mentioned cancellation will not have a significant impact on the Company's financial status and operating results, nor will it jeopardize the interests of the Company and all shareholders, in particular the small and medium shareholders. The cancellation is compliant with relevant requirements such as the Measures for the Administration of Share Incentive Plans of Listed Companies and the 2021 Incentive Scheme. The voting procedure is legal and compliant.

(2) Regarding the cancellation of certain Share Options in the 2022 Incentive Scheme

Pursuant to the relevant requirements of the 2022 Incentive Scheme, since the exercise conditions for the First Exercise Period of Share Options of the 2022 Incentive Scheme were not met and since certain participants have resigned, it is agreed that certain Share Options of the 2022 Incentive Scheme shall be cancelled. The above-mentioned cancellation will not have a significant impact on the Company's financial status and operating results, nor will it jeopardize the interests of the Company and all shareholders, in particular the small and medium shareholders. The cancellation is compliant with relevant requirements such as the Measures for the Administration of Share Incentive Plans of Listed Companies and the 2022 Incentive Scheme. The voting procedure is legal and compliant.

V. OPINION OF THE BOARD OF SUPERVISORS

(1) Regarding the cancellation of certain Share Options in the 2021 Incentive Scheme

Pursuant to the relevant requirements of the 2021 Incentive Scheme, since the exercise conditions for the Second Exercise Period of the first/reserved grant of Share Options of the 2021 Incentive Scheme were not met and since certain participants have resigned, it is agreed that certain Share Options of the 2021 Incentive Scheme shall be cancelled. The above-mentioned cancellation will not have a significant impact on the Company's financial status and operating results, nor will it jeopardize the interests of the Company and all shareholders, in particular the small and medium shareholders. The cancellation is compliant with relevant requirements such as the Measures for the Administration of Share Incentive Plans of Listed Companies and the 2021 Incentive Scheme. The voting procedure is legal and compliant.

(2) Regarding the cancellation of certain Share Options in the 2022 Incentive Scheme

Pursuant to the relevant requirements of the 2022 Incentive Scheme, since the exercise conditions for the First Exercise Period of Share Options of the 2022 Incentive Scheme were not met and since certain participants have resigned, it is agreed that certain Share Options of the 2022 Incentive Scheme shall be cancelled. The above-mentioned cancellation will not have a significant impact on the Company's financial status and operating results, nor will it jeopardize the interests of the Company and all shareholders, in particular the small and medium shareholders. The cancellation is compliant with relevant requirements such as the Measures for the Administration of Share Incentive Plans of Listed Companies and the 2022 Incentive Scheme. The voting procedure is legal and compliant.

VI. VIEWS OF THE LEGAL OPINION LETTER

The Company has obtained the necessary approval and authorization for the cancellation at the current stage, and it is compliant with the relevant requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Share Incentive Plans of Listed Companies, the 2021 Incentive Scheme and the 2022 Incentive Scheme.

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

Qingdao, the PRC
27 April 2023

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