

# Haier Smart Home Co Ltd

Bloomberg: 6690 HK Equity | 600690 CH Equity | Reuters: 6690.HK | 600690.SS

Refer to important disclosures at the end of this report

DBS Group Research . Equity

16 Sep 2022

## H: BUY

Last Traded Price ( 15 Sep 2022):HK\$26.10(HSI : 18,930)  
Price Target 12-mth: HK\$38.59 (47.8% upside) (Prev HK\$39.58)

## A: BUY

Last Traded Price ( 15 Sep 2022):RMB26.88(CSI300 Index : 4,027)  
Price Target 12-mth: RMB34.15 (27.0% upside) (Prev RMB32.98)

### Analyst

Mavis Hui +852 36684188 mavis\_hui@dbs.com  
Kay Tan kaytan@dbs.com

### What's New

- More dedicated investments in the air conditioner segment brings substantial market share expansion
- Washing machine & refrigerator divisions stand strong
- Premiumisation, scenario-based strategies, successful overseas plans and cost efficiency enhancement continue to bring positive results. Maintain BUY

### Price Relative



### Forecasts and Valuation (H Shares)

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	209,726	227,556	251,935	278,360
EBITDA	14,601	17,098	20,518	22,334
Pre-tax Profit	13,554	15,916	20,025	22,103
Net Profit	8,877	13,067	15,476	17,453
Net Profit Gth (Pre-ex) (%)	12.0	100.3	15.0	14.0
EPS (RMB)	0.98	1.40	1.68	1.90
EPS (HK\$)	1.11	1.58	1.90	2.14
Core EPS (RMB)	0.72	1.39	1.62	1.84
Core EPS (HK\$)	0.81	1.56	1.82	2.08
EPS Gth (%)	(21.2)	42.4	20.2	12.8
Core EPS Gth (%)	(18.4)	93.7	16.7	14.0
Diluted EPS (HK\$)	0.81	1.56	1.82	2.08
DPS (HK\$)	0.41	0.52	0.63	0.71
BV Per Share (HK\$)	8.34	9.64	10.00	10.56
PE (X)	23.5	16.5	13.8	12.2
CorePE (X)	32.4	16.7	14.3	12.6
P/Cash Flow (X)	11.9	9.3	9.5	8.5
P/Free CF (X)	8.2	7.1	9.7	8.6
EV/EBITDA (X)	13.3	11.3	9.1	8.2
Net Div Yield (%)	1.6	2.0	2.4	2.7
P/Book Value (X)	3.1	2.7	2.6	2.5
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE(%)	15.5	17.8	19.2	20.8
Earnings Rev (%)			0	0
Consensus EPS (RMB)			1.63	1.89
Other Broker Recs:		B:15	S:1	H:2

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

## Strong gets stronger

### Investment Thesis

**Strong leadership in the high-end market.** Casarte, the premium brand of Haier, posted over 20% y-o-y growth in 1H22 sales, and is expected to sustain a similar growth pace. The brand continues to be a prime beneficiary of accelerated premiumisation in China, which helps supporting group profitability.

**Smart home solutions.** To satisfy the needs of different consumer groups, full-scenario solutions that provide home appliance & decoration services should beef up Haier's overall growth potential amid rising demand for one-stop services. In FY21, the sales volume of its high-end sets and smart sets grew by 62% and 15%, respectively, and these segments are well-poised to score double-digit CAGR in the coming few years.

**Ongoing global deployment.** Strong localisation strategies in the overseas markets should continue to safeguard its competitiveness given a toughened global shipping situation. Coupled with its comprehensive brand matrix, Haier stays in a favourable position to further expand its global prospects.

### Valuation:

Our target prices are HK\$38.59 (H-share) and RMB34.15 (A-share), based on 18x 12-month rolling PE that continues to trail 1SD above its four-year average PE (previous TPs: HK\$39.58 (H-share) and RMB34.15 (A-share), based on 19x FY22 PE that was equivalent to 1SD above average PE then).

### Where we differ:

Haier's expansion across multiple segments and markets should reinforce its overall prospects. We believe the company should sustain faster growth against most of its peers.

### Key Risks to Our View:

Operational risk in overseas markets; uncertainty of COVID-19 impacts; fluctuation of raw material prices & exchange rates.

### At A Glance

Issued Capital - H shares (m shs)	2,869
- Non H shrs (m shs)	6,309
H shs as a % of Total	31
Total Mkt Cap (HK\$m/US\$m)	255,839 / 32,592
Major Shareholders (%)	
Haier Cosmo Co., Ltd.	20.0
Haier Group Corporation	17.0
Major H Shareholders (As % of H shares)	
HCH (HK) Investment Management Co., Ltd.	18.8
H Shares-Free Float (%)	81.2
3m Avg. Daily Val. (US\$m)	26.60
GICS Industry: Consumer Discretionary / Consumer Durables & Apparel	



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

**Haier Smart Home Co Ltd****WHAT'S NEW****Latest meeting takeaways**

**Air conditioner seizing strong growth potentials.** In 1H22, Haier's air conditioner segment achieved 10.3% y-o-y growth, with its online and offline market shares increasing by 0.9ppt and 3.96ppt, respectively, to 14.1% and 19.8%, adding up to c.34% of the high-end market to rank at the forefront of the industry. By strengthening its cost control and improving production and management efficiency, the company has demonstrated strong ability to enhance product competitiveness and brand image, offering products with better cost advantages and supportive average selling prices (ASP).

Aside from air conditioners' relatively lower household penetration rate in China versus some developed countries hence offering more room for expansion, in terms of channel, Haier actively taps into both the new and old residential districts, as well as strengthening sales networks across the lower tier markets of China to better capture growth potentials of new demand and replacement demand. In overseas markets, product customisation and category expansion (e.g., movable air conditioners and dehumidifiers) dominate as its key strategies to meet various consumer needs in different geographic regions. Coupled with the rising popularity of scenario-based shopping experience across major markets, Haier stays on track to achieve its goal of capturing one-third of the market share within three years.

**Washing machines leading the industry.** Compared with a 20.6% y-o-y decline in the domestic washing machine market of China during 1H22, Haier showed strong growth of 14%, with an over 40% share in both the online and offline markets and over 75% in the high-end market. It is worth mentioning that Haier gained a competitive advantage through differentiated product designs, taking into account the gradual increase in consumer demand for clothing care. In particular, the dryers market grew by c.50%, while Haier doubled the growth. Accurate consumer demand analysis, hot-selling products, strong R&D capabilities, and model efficiency improvements have all brought positive feedbacks, and hence seeing over 50% growth in operating profits of the washing machine segment.

Going forward, given the continuous expansion in its export business to other countries, such as Vietnam and Russia, as well as its increasing exposure across various

shopping malls, home improvement stores, residential districts, and the lower tier markets to raise interactions with consumers, we believe that Haier could stay in a better position to stay closer to changing demand patterns and further reinforce its brand to maintain leading position in the washing machine market.

**Refrigerator and kitchen appliances.** Haier's refrigerator segment achieved 13.3% y-o-y growth in 1H22, with its domestic online and offline market shares increasing by 0.4ppt and 2.7ppt to 39.2% and 43.3%, respectively. Haier also captured over 50% of the high-end refrigerator market, up 9.9ppt. At the same time, its kitchen appliance segment grew by 11.4% to nearly RMB2bn, of which 27% was contributed by Casarte. Given the efficient implementation of scenario-based experiences and its premiumisation strategies, Casarte reached a 36% set-purchase rate in the kitchen-scenario in 1H22.

As of now, Haier has built 765 smart kitchen stores, and the company will open a Casarte smart kitchen experience store in Shanghai this year. Together with continuous product optimisation and enhancement and channel expansion, the kitchen-scenario business should sustain a sound growth prospect despite a weak macro.

**Ample room to expand.** Currently, to our understanding, Haier reached around 100% channel penetration in both the China market and developed countries, and c.70% penetration rate in developing markets such as India and Pakistan. While selected key categories like washing machines and refrigerators might have already seen nearly a 100% household penetration in China, so that replacement demand coupled with ASP increases could be main drivers for revenue expansion, the appliances with lower penetration in China (e.g., air-conditioner, kitchen appliance, small home appliances) as well as regions with a low overall penetration rate for home appliances should still offer ample room for Haier to tap growth.

**Efficiency improvements.** Supply chain integration and channel transition should all help to boost operating efficiency ahead. Specifically, Haier is strengthening the production capacity of its core components to improve production efficiency and reduce costs. For instance, current efforts on the integration of air conditioners' supply chains are expected to reduce production costs of

## Haier Smart Home Co Ltd

the air conditioner segment by around 3ppt. Meanwhile, by providing added functions, such as inventory management and logistics, distributors will be prompted to focus more on sales enhancement to further optimise overall sales effectiveness and capacity utilisation.

**Overall outlook.** Increasing consumption power and growing demand for a quality lifestyle over the medium-term have all run in line with Haier's premiumisation strategies so far. Rising demand for better shop experience also well aligns with the scenario-based store operating strategies. On the whole, lucrative synergies between high-end brand Casarte and scene brand Three-Winged Bird should bring attractive growth and profitability enhancement. Casarte also recovered swiftly from the COVID-19 impacts in China, seeing sales rebounded to 20% y-o-y growth since June 2022, compared to a single-digit growth in Apr-May 2022, demonstrating its strength and prospects. Additionally, Haier is accelerating the pace of overseas expansion to further beef up performance in the medium-term.

In the short run, as the COVID-19 situation gradually stabilises, while 3Q22 has seen an ultra-hot summer, the three main white goods of washing machines, refrigerators and air conditioners are expected to maintain high single-digit or even double-digit y-o-y growth. Coupled with the recent double-digit decline in raw material prices, we believe Haier's 2H22 operations could outperform its 1H22 momentum. Overall, we expect Haier to stay on track to achieve at least its targets of >10% revenue growth and >15% earnings growth in 2022.

### Company Background

Haier Smart Home (Haier) is the largest global white goods manufacturer based in China, in terms of sales volume (source: Euromonitor). It mainly engages in the manufacturing and distribution of air conditioners, refrigerators, washing machines, kitchen appliances, and water heaters around the globe. Its brands include Haier, Casarte, Leader, GE Appliances, Fisher & Paykel, and Candy.

## Historical PE and PB band

Forward PE band (x)



PB band (x)



Source: Thomson Reuters, DBS HK

## Haier Smart Home Co Ltd

### Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F
Sales	200,762.0	209,725.8	227,556.1	251,935.0	278,360.2
Gross Margin	29.8	29.7	31.2	31.2	31.3
EBITDA Margin	6.3	7.0	7.5	8.1	8.0
Operating Cash Flows	15,082.0	17,599.1	23,129.6	22,361.0	25,123.9
Cash	36,178.8	46,461.3	45,857.2	44,849.4	47,319.9

Source: Company, DBS HK

### Segmental Breakdown (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
<b>Revenues (RMB m)</b>					
Refrigerator	58,438	61,538	71,570	77,955	85,380
Air Conditioner	29,128	29,999	37,531	41,245	45,329
Kitchen App & Water Heater	39,133	41,218	47,715	51,862	56,523
Washing Machines	44,714	48,452	54,759	58,945	63,793
Integrated Channel Services	28,058	27,386	15,002	20,872	26,318
Electrical components	0	0	0	0	0
Non-core operations	1,292	1,133	979	1,056	1,017
<b>Total</b>	<b>200,762</b>	<b>209,726</b>	<b>227,556</b>	<b>251,935</b>	<b>278,360</b>
<b>Gross profit (RMB m)</b>					
Refrigerator	18,861	19,970	22,734	25,101	27,663
Air Conditioner	9,093	8,223	10,482	11,714	13,372
Kitchen App & Water Heater	13,598	14,448	17,219	18,961	20,882
Washing Machines	14,632	16,050	18,425	19,923	21,690
Integrated Channel Services	2,877	2,772	1,479	2,087	2,684
Electrical components	0	0	0	0	0
Non-core operations	833	787	734	792	763
<b>Total</b>	<b>59,894</b>	<b>62,251</b>	<b>71,073</b>	<b>78,578</b>	<b>87,055</b>
<b>Gross profit Margins (%)</b>					
Refrigerator	32.3	32.5	31.8	32.2	32.4
Air Conditioner	31.2	27.4	27.9	28.4	29.5
Kitchen App & Water Heater	34.7	35.1	36.1	36.6	36.9
Washing Machines	32.7	33.1	33.6	33.8	34.0
Integrated Channel Services	10.3	10.1	9.9	10.0	10.2
Electrical components	N/A	N/A	N/A	N/A	N/A
Non-core operations	64.5	69.5	75.0	75.0	75.0
<b>Total</b>	<b>29.8</b>	<b>29.7</b>	<b>31.2</b>	<b>31.2</b>	<b>31.3</b>

Source: Company, DBS HK

## Haier Smart Home Co Ltd

### Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	200,762	209,726	227,556	251,935	278,360
Cost of Goods Sold	(140,868)	(147,475)	(156,483)	(173,357)	(191,306)
<b>Gross Profit</b>	<b>59,894</b>	<b>62,251</b>	<b>71,073</b>	<b>78,578</b>	<b>87,055</b>
Other Opg (Exp)/Inc	(51,725)	(52,551)	(57,581)	(63,170)	(69,797)
<b>Operating Profit</b>	<b>8,169</b>	<b>9,700</b>	<b>13,492</b>	<b>15,408</b>	<b>17,258</b>
Other Non Opg (Exp)/Inc	3,505	1,012	100	2,168	2,367
Associates & JV Inc	1,409	1,620	2,403	2,100	2,300
Net Interest (Exp)/Inc	(893)	(1,196)	(211)	(251)	(322)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	2,441	2,419	132	600	500
<b>Pre-tax Profit</b>	<b>14,630</b>	<b>13,554</b>	<b>15,916</b>	<b>20,025</b>	<b>22,103</b>
Tax	(2,296)	(2,232)	(2,699)	(3,204)	(3,537)
Minority Interest	(4,128)	(2,446)	(150)	(1,346)	(1,114)
Preference Dividend	0	0	0	0	0
<b>Net Profit</b>	<b>8,206</b>	<b>8,877</b>	<b>13,067</b>	<b>15,476</b>	<b>17,453</b>
Net Profit before Except.	5,765	6,458	12,935	14,876	16,953
EBITDA	12,722	14,601	17,098	20,518	22,334
<b>Growth</b>					
Revenue Gth (%)	9.5	4.5	8.5	10.7	10.5
EBITDA Gth (%)	1.1	14.8	17.1	20.0	8.9
Opg Profit Gth (%)	(13.9)	18.7	39.1	14.2	12.0
Net Profit Gth (%)	10.3	8.2	47.2	18.4	12.8
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	29.8	29.7	31.2	31.2	31.3
Opg Profit Margin (%)	4.1	4.6	5.9	6.1	6.2
Net Profit Margin (%)	4.1	4.2	5.7	6.1	6.3
ROAE (%)	18.8	15.5	17.8	19.2	20.8
ROA (%)	4.6	4.5	6.2	7.0	7.7
ROCE (%)	8.0	8.9	12.1	13.7	15.2
Div Payout Ratio (%)	30.0	37.2	32.9	33.0	33.0
Net Interest Cover (x)	9.1	8.1	63.8	61.4	53.7

Source: Company, DBS HK

## Haier Smart Home Co Ltd

**Balance Sheet (RMB m)**

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	23,571	24,492	26,490	26,178	26,334
Invt in Associates & JVs	20,461	21,568	23,232	22,120	22,968
Other LT Assets	42,875	43,152	44,129	45,539	46,442
Cash & ST Invt	40,468	49,181	48,960	48,349	51,320
Inventory	28,229	29,447	39,863	38,838	42,996
Debtors	24,967	30,066	27,986	34,868	38,525
Other Current Assets	6,883	5,554	6,799	5,746	5,740
<b>Total Assets</b>	<b>187,454</b>	<b>203,459</b>	<b>217,459</b>	<b>221,638</b>	<b>234,325</b>
ST Debt	15,902	15,211	20,849	17,000	18,000
Creditors	53,059	57,539	67,368	71,717	79,143
Other Current Liab	26,648	36,643	36,580	39,170	38,732
LT Debt	20,280	18,535	3,373	3,000	3,000
Other LT Liabilities	6,574	7,421	8,206	7,823	8,148
Shareholder's Equity	47,889	66,816	79,811	81,581	86,188
Minority Interests	17,102	1,295	1,272	1,346	1,114
<b>Total Cap. &amp; Liab.</b>	<b>187,454</b>	<b>203,459</b>	<b>217,459</b>	<b>221,638</b>	<b>234,325</b>
Non-Cash Wkg. Capital	(19,629)	(29,115)	(29,300)	(31,436)	(30,613)
Net Cash/(Debt)	4,286	15,435	24,737	28,349	30,320
Debtors Turn (avg days)	45.1	47.9	46.6	45.5	48.1
Creditors Turn (avg days)	134.5	141.6	149.1	150.9	147.8
Inventory Turn (avg days)	67.8	73.8	82.7	85.4	80.2
Asset Turnover (x)	1.1	1.1	1.1	1.1	1.2
Current Ratio (x)	1.1	1.0	1.0	1.0	1.0
Quick Ratio (x)	0.7	0.7	0.6	0.7	0.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	0.1	(23.1)	(30.4)	2.5	1.4
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

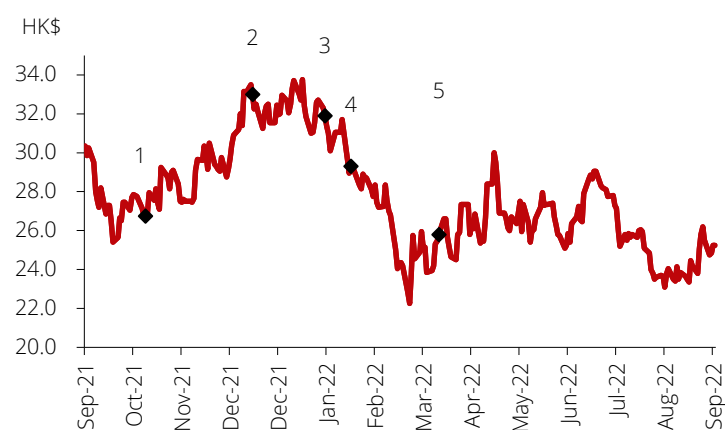
**Cash Flow Statement (RMB m)**

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	14,630	13,554	15,916	20,025	22,103
Dep. & Amort.	4,553	4,901	3,605	5,109	5,076
Tax Paid	(1,475)	(1,859)	(2,296)	(2,232)	(2,699)
Assoc. & JV Inc/(loss)	(1,409)	(1,620)	(1,886)	(2,100)	(2,300)
(Pft)/ Loss on disposal of FAs	(397)	0	0	0	0
Chg in Wkg.Cap.	848	1,457	3,677	2,567	3,122
Other Operating CF	(1,669)	1,165	4,114	(1,009)	(178)
<b>Net Operating CF</b>	<b>15,082</b>	<b>17,599</b>	<b>23,130</b>	<b>22,361</b>	<b>25,124</b>
Capital Exp.(net)	(39)	7,783	7,372	(500)	(286)
Other Invt.(net)	1,534	617	700	658	679
Invt in Assoc. & JV	0	324	290	307	298
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(2,641)	(13,998)	(16,429)	(10,213)	(8,321)
<b>Net Investing CF</b>	<b>(1,147)</b>	<b>(5,274)</b>	<b>(8,067)</b>	<b>(9,748)</b>	<b>(7,630)</b>
Div Paid	(4,204)	(4,290)	(4,018)	(7,719)	(8,000)
Chg in Gross Debt	(401)	(2,467)	(9,827)	(3,888)	(6,219)
Capital Issues	441	1,331	42	267	154
Other Financing CF	(1,848)	4,400	(1,839)	367	(2,256)
<b>Net Financing CF</b>	<b>(6,013)</b>	<b>(1,026)</b>	<b>(15,641)</b>	<b>(10,973)</b>	<b>(16,321)</b>
Currency Adjustments	294	(637)	(105)	(371)	(238)
Chg in Cash	8,216	10,663	(684)	1,269	935
Opg CFPS (RMB)	2.16	1.79	2.08	2.15	2.39
Free CFPS (RMB)	2.29	2.81	3.27	2.38	2.70

Source: Company, DBS HK

## Haier Smart Home Co Ltd

### H Share - Target Price & Ratings History

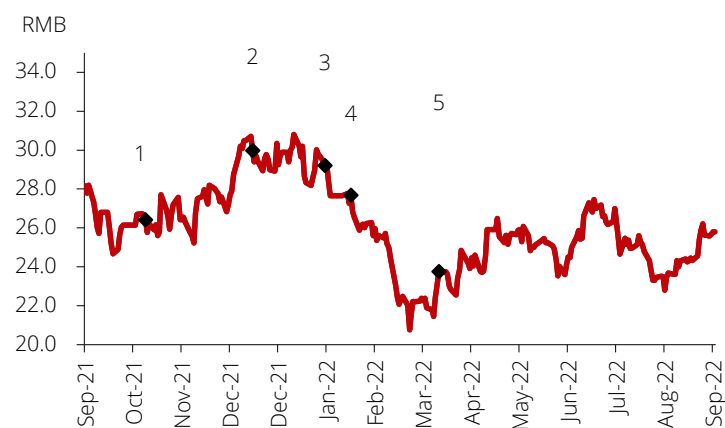


S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	13-Oct-21	HK\$26.75	HK\$39.08	Buy
2:	14-Dec-21	HK\$33.50	HK\$40.15	Buy
3:	25-Jan-22	HK\$32.30	HK\$42.90	Buy
4:	9-Feb-22	HK\$29.60	HK\$42.90	Buy
5:	1-Apr-22	HK\$25.45	HK\$39.58	Buy

Source: DBS HK

Analyst: Mavis Hui  
Kay Tan

### A Share - Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	13-Oct-21	RMB26.64	RMB32.57	Buy
2:	14-Dec-21	RMB30.71	RMB33.46	Buy
3:	25-Jan-22	RMB29.45	RMB35.75	Buy
4:	9-Feb-22	RMB27.77	RMB35.75	Buy
5:	1-Apr-22	RMB23.10	RMB32.98	Buy

Source: DBS HK

Analyst: Mavis Hui  
Kay Tan

## Haier Smart Home Co Ltd

DBS HK recommendations are based on an Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 16 Sep 2022 08:09:38 (HKT)

Dissemination Date: 16 Sep 2022 08:24:09 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER

**This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK").** This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.



**Haier Smart Home Co Ltd**

---

**ANALYST CERTIFICATION**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES**


1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in Haier Smart Home Co Ltd-H (6690 HK) recommended in this report as of 13 Sep 2022.
2. **Compensation for investment banking services:**  
DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.
3. **Disclosure of previous investment recommendation produced:**  
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

---

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

## RESTRICTIONS ON DISTRIBUTION

<b>General</b>	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
<b>Singapore</b>	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
<b>United Kingdom</b>	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

<b>Dubai International Financial Centre</b>	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <a href="http://www.dbs.com/ae/our--network/default.page">http://www.dbs.com/ae/our--network/default.page</a>.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
<b>United States</b>	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
<b>Other jurisdictions</b>	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

**DBS Bank (Hong Kong) Limited**

13<sup>th</sup> Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

## Haier Smart Home Co Ltd

---

### DBS Regional Research Offices

---

#### HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

13th Floor One Island East,

18 Westlands Road, Quarry Bay, Hong Kong

Tel: 852 3668 4181

Fax: 852 2521 1812

e-mail: dbsvhk@dbs.com

#### SINGAPORE

DBS Bank Ltd

Contact: Paul Yong

12 Marina Boulevard,

Marina Bay Financial Centre Tower 3

Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@dbs.com

Company Regn. No. 196800306E

#### INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower

Ciputra World 1, 32/F

Jl. Prof. Dr. Satrio Kav. 3-5

Jakarta 12940, Indonesia

Tel: 62 21 3003 4900

Fax: 6221 3003 4943

e-mail: indonesiaresearch@dbs.com

#### THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Piwat Tower Building,

9th, 14th-15th Floor

Rama 1 Road, Pathumwan,

Bangkok Thailand 10330

Tel. 66 2 857 7831

Fax: 66 2 658 1269

e-mail: research@th.dbs.com

Company Regn. No 0105539127012

Securities and Exchange Commission, Thailand