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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**

**CONNECTED TRANSACTION  
DISPOSAL OF EQUITY INTEREST IN  
THE TARGET COMPANY**

The Board is pleased to announce that on 28 April 2022, Haier Hong Kong, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Haier Mold Technology, an indirect subsidiary controlled by Haier Group, pursuant to which Haier Hong Kong agreed to sell and Haier Mold Technology agreed to acquire 25% of the equity interest in the Mold Company.

During the past twelve months, Wuhan Haier Electric Co., Ltd.\* (武漢海爾電器股份有限公司) and Wuhan Haier Freezer Co., Ltd.\* (武漢海爾電冰櫃有限公司), subsidiaries controlled by the Company, have entered into a disposal agreement with Qingdao Haier Energy and Power Co. Ltd.\* (青島海爾能源動力有限公司), an indirect subsidiary controlled by Haier Group, to sell 75% equity interest in Wuhan Haier Energy and Power Co. Ltd.\* (武漢海爾能源動力有限公司) (the “**Previous Transactions**”).

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 the controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the Previous Transactions and the transaction contemplated under the Equity Transfer Agreement constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Hong Kong Listing Rules, the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Previous Transactions is less than 0.1%, therefore they were fully exempt from the requirements of reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As the Previous Transactions and the transaction contemplated under the Equity Transfer Agreement are conducted within 12 months and are connected to each other, such transactions are required to be aggregated. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the transaction contemplated under the Equity Transfer Agreement is higher than 0.1%, but the highest applicable percentage ratio on a combined basis with the Previous Transactions is less than 5%, such transactions are 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 on 28 April 2022, Haier Hong Kong, a subsidiary of the Company, entered into the Equity Transfer Agreement with Haier Mold Technology, an indirect subsidiary controlled by Haier Group, pursuant to which Haier Hong Kong agreed to sell and Haier Mold Technology agreed to acquire 25% of the equity interest in the Mold Company. The disposal is conducive to the acquisition of investment income and optimization of resource allocation by the Company.

## **2. THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date	28 April 2022
Parties	(1) Haier Hong Kong, as the transferor; and (2) Haier Mold Technology, as the transferee
Equity in the Target Company	25% equity interest in the Mold Company
Consideration	Haier Mold Technology shall pay a consideration of RMB277.0 million for the transfer of the equity interest.

The consideration of the Transaction is based on the appraised value set out in the valuation report prepared by Chungrui Worldunion Assets Appraisal Group Co., Ltd. by adopting the asset-based approach and market approach as at the valuation benchmark date of 31 December 2021 and is determined after arm's length negotiation between Haier Hong Kong and Haier Mold Technology.

According to the Asset Valuation Report (Chungrui Ping Bao Zi [2022] No. 000395) issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd., the carrying amount of the total shareholders' equity interest of the Mold Company appraised by ultimately adopting the market approach amounted to RMB849.099 million and the valuation of the total shareholders' equity interest amounted to RMB1,108 million with 31 December 2021 as the valuation benchmark date. Taking into account the audited profit after tax of the Mold Company as at 31 December 2021 of RMB37,556,500, the implied P/E ratio was 29.50.

With reference to the above valuation results and taking into account the P/E and P/B ratios of comparable companies in the specialised equipment manufacturing industry, the Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions and  
Manner of Payment

In accordance with the applicable foreign exchange management regulations, the payment of the equity transfer price by Haier Mold Technology to Haier Hong Kong's bank account in Hong Kong is subject to the completion of the change to the Industrial and Commercial Registration of the Transaction, and Haier Mold Technology shall pay Haier Hong Kong the consideration for the equity transfer in cash.

Change to the Industrial and Commercial Registration	Within 20 days after all materials other than the vouchers upon the completion of the Change to the Industrial and Commercial Registration of the Transaction have been confirmed as correct by the financial institution in which the accounts of Haier Hong Kong and Haier Mold Technology are maintained, Haier Hong Kong and Haier Mold Technology shall jointly cause the Target Company to complete the Change to the Industrial and Commercial Registration.
Payment Term	Haier Mold Technology shall pay the entire equity transfer price to Haier Hong Kong's bank account in Hong Kong within 45 days from the date of completion of the Change to the Industrial and Commercial Registration.
Closing Arrangement and Conditions	The date on which Haier Mold Technology fully settles the equity transfer payment shall be the closing date (" <b>Closing Date</b> ") of the equity interest in the Transaction. The parties confirm and agree that only from the Closing Date Haier Mold Technology shall be formally transferred the equity interest of the Target Company and become the shareholder of 100% equity interest of the Target Company.
Effective Date of the Agreement	The Equity Transfer Agreement becomes effective upon execution and seal of both parties.

### 3. INFORMATION ABOUT THE TARGET COMPANY

The Mold Company is a company incorporated in September 1992 in the PRC with limited liability and is principally engaged in the development, design, testing and drawing and manufacturing of molds and relevant products. The Mold Company is owned as to 25% and 75% by Haier Hong Kong and Haier Mold Technology, respectively.

The audited total assets, net assets, operating revenue, profit before tax and profit after tax of the Mold Company for the two financial years ended 31 December 2020 and 31 December 2021 are set as follows:

	<i>(RMB0'000)</i>	
	<b>Year ended/as at 31 December 2020</b>	<b>Year ended/as at 31 December 2021</b>
Total assets	139,877.21	142,779.12
Net assets	83,060.01	84,909.90
Operating revenue	68,349.05	75,134.29
Profit before tax	7,737.96	3,881.87
Profit after tax	6,926.76	3,755.65

As of March 31, 2022, the unaudited total assets of the Mold Company amounted to RMB1,355,664,800 and the net assets amounted to RMB850,586,900. From January to March 2022, the operating income of the Mold Company was RMB184,162,300 and the net profit amounted to RMB8,886,700.

#### **4. USE OF PROCEEDS FROM THE EQUITY TRANSFER AND FINANCIAL IMPACT**

The net proceeds from the Equity Transfer will be used as general working capital of the Company. Upon the completion of the Equity Transfer, based on the difference between the consideration received for the Equity Transfer and the net book value of the equity interest disposed of, it is expected that a gain from Equity Transfer of approximately RMB5.674 million will be recorded by the Company. The Equity Transfer will not have any material impact on the assets and liabilities of the Company.

#### **5. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Transaction is in line with the development and strategic objectives of the Company and there is no adverse effect on the operating sustainability, gain or loss and asset position of the Company. It is beneficial to the Company's focus on the smart home appliance business, optimization of resource allocation, generation of investment income and the long-term development of the Company.

After the Transaction, the Company will cease to hold any equity interest in the Mold Company. There is no change to the scope of the consolidated statements of the Company.

The Directors (including the independent non-executive Directors) believe the transaction contemplated under the Equity Transfer Agreement is on normal commercial terms and the terms set out in such agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, but are not in the ordinary or usual course of business of the Company due to the nature of such transaction.

## **6. 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 the controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the Previous Transactions and the transaction contemplated under the Equity Transfer Agreement constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to the Hong Kong Listing Rules, the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the Previous Transactions is less than 0.1%, therefore they were fully exempt from the requirements of reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As the Previous Transactions and the transaction contemplated under the Equity Transfer Agreement are conducted within 12 months and are connected to each other, such transactions are required to be aggregated. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) for the transaction contemplated under the Equity Transfer Agreement is higher than 0.1%, but the highest applicable percentage ratio on a combined basis with the Previous Transactions is less than 5%, such transactions are 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. LIANG Haishan, Mr. XIE Juzhi and Mr. LI Huagang, Directors of the Company, hold relevant interests in Haier Group, consequently, they have abstained from voting on the resolution of the Board for approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, other Directors do not have any material interests in the transaction and they were not required to abstain from voting on the resolution of the Board for considering and approving the Equity Transfer Agreement and the transaction contemplated thereunder.

## **7. 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 Hong Kong**

Haier Hong Kong, a company incorporated in Hong Kong, was established in 2010 and is wholly-owned by the Company. Its principal business is investment holding.

### **Information of Haier Group**

Haier Group, a company incorporated under the laws of the PRC, was established in 1984 and is the controlling Shareholder of the Company. 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 equipments, 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; research, development and transfer of technological achievements; and lease of self-owned properties. 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 Haier Mold Technology

Haier Mold Technology, a company incorporated under the laws of the PRC, was established in 2021 and is wholly-owned by Haier COSMO IOT Ecosystem Technology Co., Ltd. (海爾卡奧斯物聯生態科技有限公司) and an indirect subsidiary controlled by Haier Group. Its principal business is the operation of internet platform in the mold industry. According to the unaudited financial statements published by Haier Mold Technology as of December 31, 2021, in its individual financial statement, its total assets amounted to RMB676,561,000 and the net assets were RMB660,400,000. In 2021, the operating income of Haier Mold Technology amounted to RMB44,000 and the net profit amounted RMB-1,639,800.

## 8. 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
“Change to the Industrial and Commercial Registration”	the change to the industrial and commercial registration of the Target Company in the Transaction
“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), which includes its subsidiaries where the context requires
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules

“D Share(s)”	the D share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Company 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
“Equity Transfer Agreement”	Agreement on the Transfer of Equity Interest in Qingdao Haier Mold Co., Ltd.* (青島海爾模具有限公司) between Haier Shareholdings (Hong Kong) Limited and Qingdao Haier Mold Smart Cloud Technology Co., Ltd.* (青島海模智雲科技有限公司)” entered into between Haier Hong Kong and Haier Mold Technology
“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 Group”	Haier Group Corporation, a company incorporated under the laws of the PRC and our controlling Shareholder
“Haier Hong Kong”	Haier Shareholdings (Hong Kong) Limited, a wholly-owned subsidiary of the Company
“Haier Mold Technology”	Qingdao Haier Mold Smart Cloud Technology Co., Ltd.* (青島海模智雲科技有限公司), an indirect subsidiary controlled by Haier Group
“Hong Kong Listing Rules”	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
“Mold Company” or “Target Company”	Qingdao Haier Mold Co., Ltd.* (青島海爾模具有限公司), owned as to 25% and 75% by Haier Hong Kong and Haier Mold Technology, respectively
“PRC”	the People’s Republic of China

“Previous Transaction(s)”	The transfer of 75% equity interest in Wuhan Haier Energy and Power Co. Ltd.* (武漢海爾能源動力有限公司) by Wuhan Haier Electric Co., Ltd.* (武漢海爾電器股份有限公司) and Wuhan Haier Freezer Co., Ltd.* (武漢海爾電冰櫃有限公司), subsidiaries of the Company, to Qingdao Haier Energy and Power Co. Ltd.* (青島海爾能源動力有限公司), at a transaction consideration of RMB15.3158 million
“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
“Transaction” or “Equity Transfer”	the transaction contemplated under the Equity Transfer Agreement, in which Haier Mold Technology intends to acquire 25% equity interests in the Mold Company held by Haier Hong Kong by cash
“%”	per cent

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

Qingdao, the PRC  
28 April 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