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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 ACQUISITION OF REAL ESTATES ASSETS OF HAIER WHITE GOODS R&D CENTER

The Board is pleased to announce that on 27 March 2025, Haier Air-Conditioner, a subsidiary of the Company, entered into the Assets Transfer Agreement with Haier Group, pursuant to which, Haier Air-Conditioner agreed to acquire and Haier Group agreed to sell the Subject Assets in order to fulfill the needs of Haier Air-Conditioner in research and development (R&D), testing and office functions.

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 is a connected person of the Company. Accordingly, the transactions contemplated under the Assets Transfer Agreement constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios (as defined in the Hong Kong Listing Rules) for the transactions contemplated under the Assets Transfer Agreement are higher than 0.1% but 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 27 March 2025, Haier Air-Conditioner, a subsidiary of the Company, entered into the Assets Transfer Agreement with Haier Group, pursuant to which, Haier Air-Conditioner agreed to acquire and Haier Group agreed to sell the Subject Assets in order to fulfill the needs of Haier Air-Conditioner in research and development (R&D), testing and office functions.

2. ASSETS TRANSFER AGREEMENT

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

Date	27 March 2025
Parties	(1) Haier Air-Conditioner (as the transferee); (2) Haier Group (as a transferor)
Subject Assets	The Subject Assets refers to the real estate assets of Haier White Goods R&D Center, which are located at No. 1 Haier Road, Laoshan District, Qingdao City, Shandong Province, the People's Republic of China, with total gross floor area of land at 26,723.80 square meters and gross floor area of building at 61,327.48 square meters. The purpose of the Subject Assets is for R&D, testing and office functions. According to the information made available to the Directors, the initial cost of acquisition of the Subject Assets by Haier Group was RMB252 million.
Consideration	The consideration paid by Haier Air-Conditioner for the acquisition of the Subject Assets is RMB267.24 million (exclusive of tax). The consideration for the Transaction was determined by making reference to the valuation of RMB267.24 million (exclusive of tax) as at 31 December 2024 (the "**Valuation Date**") set out in the valuation report (the "**Valuation Report**") dated the Valuation Date prepared by China Faith Appraisers Co., Ltd. (北京國友大正資產評估有限公司) (qualified to assess securities and futures related business), and was determined after arms' length negotiations between Haier Air-Conditioner and Haier Group. The price of the Transaction is determined after negotiation between both parties by making reference to the valuation, which is fair and reasonable.

Payment method	Haier Air-Conditioner will pay Haier Group the consideration for the assets transfer in cash. The purchase of the Subject Assets will be financed by the internal funding of Haier Air-Conditioner
Payment term	The consideration of the transaction will be settled in two installments. The first installment of 50% of the total purchase price of RMB133.62 million will be settled within 10 days from the signing date of the Assets Transfer Agreement. The second installment of the remaining 50% of the total purchase price, i.e. RMB133.62 million, will be settled within 10 days from the date when the certificate of real estate title of the Subject Assets is obtained by Haier Air-Conditioner
Settlement of transaction	Within 15 days following the receipt of the first installment of the transfer price from Haier Air-Conditioner, Haier Group and Haier Air-Conditioner shall proceed to effect the registration at the relevant real estate registration office to change the ownership of the real estate to Airconditioning Co., with documents and information required for such registration of transfer of real estate ownership readily on hand.
Taxes and expenses to be borne	Both parties to the agreement shall bear their respective taxes and expenses to be incurred in the course of the Transaction in compliance with the relevant provisions of laws and regulations.
Effective date of the agreement	The Assets Transfer Agreement shall become effective upon the affixing of the official seals of both parties.

3. BASIS OF DETERMINATION OF THE TRANSACTION CONSIDERATION

According to the valuation report, the subject of valuation and scope of valuation were: the market value of the land use right of a piece of land with 26,723.80 square meters located at No. 1 Haier Road, Laoshan District, Qingdao City, Shandong Province, and the market value of a building erected thereupon with a gross floor area of 61,327.48 square meters, both being held by Haier Group. The valuation of the land use right was conducted by adopting the market approach, while the valuation of the building was conducted by adopting the cost approach.

Selection of valuation approach

When performing a valuation task, valuation professionals shall analyze the applicability of the three basic approaches, namely the income approach, the market approach and the cost approach, and select from these approaches in accordance with valuation objective, valuation subject, type of value and data collection.

(1) Valuation approaches for the land use right

Valuation approaches for land use right include: the benchmark land price correction approach, the income capitalization approach, the cost approximation approach and the market approach. The selection of suitable valuation approach is based on specific circumstances such as valuation objective, type of value and data collection.

Benchmark land price correction approach: In September 2020, the People's Government of Laoshan District, Qindao City issued the Notice on Announcement of the Implementation of the Land Classification Adjustments and the Benchmark Land Premium Update Results of Laoshan District (關於公佈實施嶗山區土地級別調整和基準地價更新成果的通知) without publishing the coefficient correction system for the benchmark land price. Therefore the conditions for applying the benchmark land price correction approach could not be met, and there was not an applicable scope for this approach. Moreover, the time gap between the timing of benchmark land price and the valuation date is relatively large. It is thus not possible to determine the value of the land use right by adopting the benchmark land price correction approach.

Income capitalization approach:The income capitalization approach is applicable to valuation of land or real estate with actual or potential revenue. As there are relatively few cases of simple land leasing in the valuation subject's region, it is difficult to ascertain the reasonable rental level of the valuation subject, it is thus not possible to accurately ascertain the price of the land use right of the valuation subject by adopting the income capitalization approach.

Cost approximation approach: The cost approximation approach is generally used to assess the price of newly developed land, or land in such area or of such category where market is underdeveloped and land transactions are rare. The cost approximation approach was not applicable because it was difficult to accurately measure the various land costs of the subject.

Market approach: The market approach is for determining the price of a land under valuation by comparing it with cases of comparable transactions that have taken place in recent past of the valuation date in accordance with the principle of substitution, and arriving at a modified land value of the subject as at the valuation date based on the prices of those comparables as published, and taking into account the differences in transaction status, expiry date, regional factors, individual factors and years of use for the subject land. Based on specific circumstances of the land under valuation, information provided by the owner of the asset and the relevant information collected by the valuation professionals during on-site inspections and investigations, cases of comparable transactions may be obtained and thus, following a comprehensive analysis and comparison, the market approach has been adopted for this valuation of land use rights.

(2) Valuation approaches for the building

Valuation approaches for assets in the form of building include the market approach, the income approach and the cost approach. Valuation approach is selected by analyzing the applicability of the three approaches based on circumstances such as valuation objective, type of value and data collection.

Market comparison approach: This is a valuation approach whereby price of the subject building property is arrived at by comparing the subject with similar properties within the same supply-demand sphere that have been sold in near past of the valuation date. The valuation of the subject property is arrived at by modifying the prices of comparable completed transactions based on various factors. As there was a lack of market comparable transactions within the same region as the subject property as at the valuation date, the market comparison approach was not adopted for this valuation.

Income approach: the valuation of a building property is obtained by estimating the expected future income of the subject asset and discounting such objective figures of net income for each projected future period to its present value by applying an appropriate discount rate. As the valuation subject is for business premises purpose and there are relatively few cases of leasing of properties for the same purpose in the surrounding area, the income approach has not been adopted for this valuation.

The cost approach is a method, in which the valuation of the subject property is determined by all the investment required for replacement of similar building property (hereinafter referred to as the "replacement price") based on the market conditions at the time point of valuation and the structural features of the subject property multiplied by the overall newness rate of that property subject to a comprehensive valuation. In light of specific circumstances as to the type of valuation, the characteristics of the building and data collection, and in conjunction with the analysis of the applicability of the valuation approach, the cost approach was adopted for the valuation of the building within the scope of the valuation.

Valuation Assumptions

(1) Open market assumption

An asset can be traded freely in a fully competitive market, and its price is determined by the value judgment of independent buyers and sellers of the asset under the supply and demand conditions of a certain market.

(2) Trading assumption

It is assumed that all valuation subjects are already in the process of simulated transactions.

(3) Assumption of in-situ utilization of assets

The assumption of in-situ use refers to the assumption that an asset will be used continuously in its original location or installation.

(4) Existing use assumption

Existing use assumption refers to the assumption that an asset will continue to be applied into its current use.

(5) There will be no significant changes in the macro political, economic, or social environment of the subject company's location.

(6) There will be no significant changes in exchange rates, interest rates, tax rates, inflation, demographics, or industrial policies.

(7) The information provided by the principal and relevant parties is true, lawful and complete.

Valuation Conclusion

In this valuation, the land use right has been valued by adopting the market approach, and the building erected thereupon has been valued by adopting the cost approach. The specific valuation conclusions are set out below:

The carrying value of the land use right held by Haier Group as at the Valuation Date was RMB8.0725 million, with its valuation being estimated at RMB37.0400 million (exclusive of output VAT), deriving a value increment of RMB28.9675 million and a rate of increment of 358.84%. The carrying value of the building was RMB138.5660 million, with its valuation being estimated at RMB230.2000 million (exclusive of output VAT), deriving a value increment of RMB91.6340 million and a rate of increment of 66.13%. The results of the asset valuation are summarized below:

In RMB0'000

No.	**Item**	**Carrying value** A	**Valuation** B	**Value increment/ reduction** C = B-A	**Incremental rate (%)** D = C/A × 100%
1	Land use right	807.25	3,704.00	2,896.75	358.84
2	Building	13,856.60	23,020.00	9,163.40	66.13
3	Total	14,663.86	26,724.00	12,060.14	82.24

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY TRANSFER AGREEMENT

After the Transaction, the Company will be able to make R&D and testing arrangements more flexibly based on its future R&D needs and enhance the efficiency of its R&D personnel. In contrast with long-term leasing, purchasing the Subject Assets can save rental expenses in the long-term use, while avoiding the uncertainty caused by the expiration of the lease contract or the increase in rent.

The Directors (including independent non-executive Directors) believe that the transactions contemplated under the Assets Transfer Agreement are entered into on normal commercial terms and that the terms contained in the Agreement are fair and reasonable and in the interests of the Company and shareholders as a whole. However, due to the nature of the transactions, they are not conducted in the ordinary or usual course of business of the Group.

5. 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 is a connected person of the Company. Accordingly, the transactions contemplated under the Assets Transfer Agreement constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios (as defined in the Hong Kong Listing Rules) for the transactions contemplated under the Assets Transfer Agreement are higher than 0.1% but 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. LI Huagang, Ms. SHAO Xinzhi and Mr. GONG Wei, the Directors of the Company, hold relevant interests in Haier Group, and therefore they have abstained from voting on the resolution of the Board for approving the Assets Transfer Agreement. 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 Assets Transfer Agreement.

6. 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 Air-Conditioner

Haier Air-Conditioner, a company incorporated under the laws of the PRC, was established in 1996, and its principal business is the R&D, manufacturing and sales of household air conditioners. As at the date of this announcement, Haier Air-Conditioner, in which the Company holds 98.0749% equity interest, is a subsidiary of the Company. The remaining equity interest of Haier Air-Conditioner is held by an independent third party.

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, and 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 equipment, 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; and research, development and transfer of technological achievements; lease of self-owned properties. Haier Group is an urban collective ownership enterprise. 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.

7. 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
"Assets Transfer Agreement"	The assets transfer agreement dated 27 March 2025 entered into between Haier Air-Conditioner and Haier Group
"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 of Hong Kong (stock code: 6690)
"connected person(s)"	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
"Group"	the Company and its subsidiaries
"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 Air-Conditioner"	Qingdao Haier Air-Conditioner Co., Ltd. (青島海爾空調器有限總公司), a subsidiary of the Company

"Haier Group"	Haier Group Corporation, a company incorporated under the laws of the PRC, and the controlling Shareholder of the Company
"Hong Kong Listing Rules"	the 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
"PRC"	the People's Republic of China
"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
"Subject Assets"	the subject of the transactions under the Assets Transfer Agreement, namely the real estate assets of Haier White Goods R&D Center, which are located at No. 1 Haier Road, Laoshan District, Qingdao City, Shandong Province, the PRC
"Transaction"	pursuant to the Assets Transfer Agreement, Haier Air-Conditioner intends to acquire the Subject Assets of Haier Group by cash
"%"	per cent

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

Qingdao, the PRC
27 March 2025

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*