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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

**INSIDE INFORMATION
ACQUISITION OF
CARRIER COMMERCIAL REFRIGERATION BUSINESS**

This announcement is made by Haier Smart Home Co., Ltd. (the “**Company**” or “**Haier Smart Home**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that the Company intends to acquire, through its wholly-owned subsidiary (the “**Purchaser**”), the commercial refrigeration business (the “**Target Business**”) of Carrier Global Corporation, a company listed on the New York Stock Exchange of the United States of America (“**Carrier Group**” or the “**Vendor**”) at a cash consideration of approximately US\$640 million (equivalent to approximately RMB4,559 million, with the final consideration amount subject to adjustments at Completion). The Purchaser will acquire 100% of the equity interest and relevant assets of Carrier Refrigeration Benelux B.V. (the “**Target Company**”) (the “**Acquisition**” or the “**Transaction**”).

I. BACKGROUND AND PURPOSE OF THE TRANSACTION

Haier Smart Home is the world’s leading smart home solutions provider. The Company owns a portfolio of global home appliance brands, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA.

The cold storage segment within the commercial refrigeration market in Europe, Asia Pacific and North America is estimated to be approximately US\$11 billion in 2023 and is expected to grow at a compound annual growth rate (CAGR) of approximately 13% between 2023 and 2028. The key growth drive is new cold storage capacity, which is attributable to the increase in consumption of fresh and

frozen food products and the growing popularity of online food retail. The size of the frozen food retail segment within the commercial refrigeration market in Europe, Asia Pacific and North America is estimated to be approximately US\$15 billion in 2023. This segment is relatively stable and mainly consists of supermarket refrigeration cabinets.

Under the environment, social and governance (“ESG”) mega trend, sustainability initiatives across the globe are pushing the use of alternative refrigerants in the commercial refrigeration industry. The commercial refrigeration market has been deeply impacted and a number of countries has vowed to reduce the production and use of hydrofluorocarbons (“HFCs”). Notably, the Target Business owns a carbon dioxide (“CO₂”) refrigeration technology based on natural refrigerants, which is in line with the shift towards alternative refrigerant use and the increasing demand for sustainable development worldwide.

Together with the strength in the Company’s global leadership in home refrigeration, the Company intends to expand its business from “home refrigeration” to commercial refrigeration applications including food retail and cold storage, creating additional growth levers for the Company.

II. GENERAL INFORMATION ON THE COUNTERPARTY

Name of the Counterparty: Carrier Global Corporation (the parent company of the Vendor)

Place of Incorporation: Delaware, the USA

Principal Place of Business: Florida, the USA

Principal Businesses: Heating, ventilation and refrigeration, etc.

Major shareholder or *de facto* controller: The Capital Group Companies, Inc.

Except for jointly establishing a joint venture in the PRC, there is no other relationship between Carrier Global Corporation and the Company in respect of property rights, business, assets, claims and liabilities and personnel. Carrier Global Corporation is in good credit standing.

Name of the Counterparty: Carolin Holdings B.V.

Place of Incorporation: Rotterdam, the Netherlands

Principal Place of Business: Rotterdam, the Netherlands

Principal Businesses: Commercial refrigeration

Major shareholder or *de facto* controller: Carrier Global Corporation

Except for jointly establishing a joint venture in the PRC, there is no other relationship between Carrier Holdings B.V. and the Company in respect of property rights, business, assets, claims and liabilities and personnel. Carrier Holdings B.V. is in good credit standing.

III. INFORMATION ON THE TARGET BUSINESS

1. Target Business is competitive in the global commercial refrigeration market

Carrier is a brand with more than 120 years of history. The Target Business provides global leading end-to-end commercial refrigeration solutions, and its main products include refrigeration cabinets and mechanical systems used in food retail sector (such as supermarkets), and CO₂ refrigeration mechanical systems and associated services used in cold storage facilities.

The Target Business employs approximately 4,000 staff in 10+ countries and regions worldwide, of which about 200 are research and development staff and more than 2,300 are technical service engineers. The Target Business has been in long-standing partnerships with a large number of corporate customers for several years, and has accumulated deep technical expertise and knowledge in commercial applications in the CO₂ refrigeration sector. Furthermore, the Target Business and Haier set up a joint venture in 2001 to tap into the PRC market, which is owned as to 51% and 49% by the Target Business and Haier, respectively. The pre-tax profit margin of the joint venture was 7.1% in 2022.

2. General Information on the Target Company

Carrier Refrigeration Benelux B.V. is a company incorporated in the Netherlands. The Carrier Group is in the process of restructuring the Target Business into the Target Company. As at the date of this Announcement, the restructuring is still in progress. Set out below is the unaudited financials of the Target Business for the past two fiscal years, simulated based on the Purchaser's financial due diligence:

Unit: US\$ million

	2021 (unaudited)	2022 (unaudited)
Revenue	1,218.0	1,227.6
Net profit	45.6	58.1
Net cash flows from operating activities	17.8	85.8

	31 December 2021 (unaudited)	31 December 2022 (unaudited)
Total operating assets	630.3	588.8
Total operating liabilities	521.5	500.4
Total net operating assets	108.8	88.4

IV. GENERAL INFORMATION ON THE TRANSACTION

1. Entering into the Agreement

Pursuant to the Equity Transfer Agreement entered into between the parties, the Company intends to acquire the commercial refrigeration business of Carrier Group through a wholly-owned subsidiary at a cash consideration of approximately US\$640 million (equivalent to approximately RMB4,559 million, with the final consideration subject to adjustments at Completion). The Vendor intends to restructure the Target Business into the Target Company and the Purchaser will complete the acquisition of the Target Business through the acquisition of 100% equity interest and assets of the Target Company.

In respect of the Transaction, the Purchaser and the Vendor intend to enter into a series of strategic cooperation agreements and trademark licensing agreements prior to the Completion, according to which the brand licensing arrangements are as follows: the Purchaser will be licensed to use the "Carrier" trademark globally in relation to the Target Business for a period of 2 years and a

proprietary trademark for the Target Business that reflects the distinctive features of “Carrier” and “Commercial Refrigeration” globally for a period of 16 years in connection with the Target Business on a royalty-free basis.

2. Consideration of the Transaction

The Transaction has been considered and approved by the President’s Office meeting of the Company.

3. Approvals and other procedures necessary for the Transaction to become effective

The Transaction does not constitute a related party transaction nor material asset restructuring under *the Administrative Measures for the Material Asset Reorganization of Listed Companies* (《上市公司重大資產重組管理辦法》). As the Transaction involves an overseas acquisition, it remains conditional to the filing or approval procedures with relevant domestic and overseas government authorities.

V. IMPACTS OF THE TRANSACTION ON THE LISTED COMPANY

The Transaction will establish a commercial refrigeration platform for Haier Smart Home, promoting the “Comprehensive Cold Chain Strategy” and expanding growth opportunities. Through the Transaction, Haier Smart Home will extend its application scenarios from household refrigeration to food retail refrigeration and cold storage, meanwhile leveraging Carrier Commercial Refrigeration as a core platform to expand into other commercial cold chain use cases and applications in the future. In addition, benefiting from the newly acquired technology, end-to-end service capabilities, and excellent customer relationships, Haier Smart Home will be able to expand from standardized C-end household products to customized B-end commercial products and services, leading to additional growth opportunities.

The Transaction will further expand Haier Smart Home’s business deployments in Europe, create synergies, and improve market competitive positioning. Haier Smart Home has been deeply deployed in Europe for over 20 years, having established a network of production, sales, and service centers for household appliances. As a leading enterprise in the European commercial refrigeration market, Carrier has strong business partnerships, top-notch ToB channel capabilities, and a skilled engineering team in Europe. Through the Transaction, the Target Company can accelerate its business development and enhance its competitiveness by leveraging on the resources of Haier Smart Home in Europe.

Leveraging the 20+ years partnership between Haier and Carrier, the Transaction will enable the Company to capture the growth opportunities in the China and Asia-Pacific markets. Haier and Carrier Commercial Refrigeration established a China joint venture in 2001. Additionally, Haier Smart Home boasts extensive industry knowledge and experience in the China market. By leveraging the Company’s

strengths in large-scale procurement, core supply chain, and channel capabilities in the China and Asia-Pacific markets, the acquisition of Carrier Commercial Refrigeration is well-positioned to contribute to the Company's future growth.

According to the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, the Articles of Association of Haier Smart Home Co., Ltd. and other provisions, the Transaction is a decision-making matter in relation to the President's Office meeting of the Company and does not constitute a related party transaction nor material asset restructuring. The Purchaser's capital contribution with its own funds will not adversely affect the Company's financial and operating conditions, and there are no circumstances that will compromise the interests of the Company and its Shareholders.

The completion of the Transaction will not lead to competition of the Company with the controlling shareholder and *de facto* controller of the Company or affect the independence of production and operation of the Company.

VI. IMPLICATIONS OF HONG KONG LISTING RULES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the parties to the Transaction and their ultimate beneficial owners are independent of and not connected with the Company and/or its connected persons (as defined under the Hong Kong Listing Rules). Therefore, the Transaction does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) for the Transaction is less than 5%, the Transaction does not constitute a notifiable transaction under Chapter 14 of the Hong Kong Listing Rules.

The Transaction is subject to risks arising from both domestic and overseas regulatory approvals. As the Transaction involves an overseas acquisition, it remains conditional to the filing or approval procedures with relevant domestic and overseas government authorities, and there exists a certain level of uncertainty. Following the Acquisition, the performance of the Target Company may be affected by, amongst others, uncertainties in the macroeconomic environment, exchange rates fluctuations, and business operations. Therefore, certain investment risks may be pertinent to the Acquisition. The shareholders of the Company and other potential investors are advised to be cautious of the risks associated with their investments.

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

Qingdao, the PRC
14 December 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*