

Haier Smart Home Co., Ltd.

Announcement on Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds

The Board of Directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and accept full responsibility for the authenticity, accuracy and completeness of the content herein.

Reminder of important content:

- The completed investment projects funded by proceeds raised from convertible corporate bonds (hereinafter referred to as the “Proceeds”): “High-end Special Refrigerators with 500,000 Units Annual Outputs Project”, “Haier Jiaozhou Innovation Industrial Park Air Conditioning Intelligent Manufacturing and Upgrade Project”, “Project of Increasing 2 Million Sets of Energy-saving and Environmentally-friendly Air-conditioners Annually of Hefei Haier Air Conditioning Co., Ltd.”, “High-end Central Air-conditioner With an Annual Output of 1.5 Million Units Project”, “Haier Kitchen Appliance New Factory Project”, “Haier Kitchen Appliance Laiyang New Factory Project” and “Haier North India Industrial Park Project (Phase I)” (hereinafter collectively referred to as the “Closing Projects”).
- The use of Proceeds: the planned investment amount from Fund-raising Projects is RMB3,007,490,000 while the actual investment amount was RMB2,823,910,000 as of 31 December 2022 with a balance of RMB235,944,700 in proceeds (the account balance includes the income generated by the Company's purchase of wealth management products, interest on demand deposits, exchange gains and losses and unutilized Proceeds).
- Post-closing arrangements for Surplus Funds: the fund-raising projects through the public issuance of convertible corporate bonds by the Company have all been completed on 31 December 2022, and the Company intends to permanently supplement the Company's working capital with the Surplus Funds of RMB235,944,700 (the specific amount shall be subject to the actual bank balance at the time of the cancellation of the special account for raised funds).
- The completion of the above Closing Projects and the permanent replenishment of

working capital with the surplus Proceeds have been reviewed and approved at the 4th meeting of the 11th session of Board of Directors and the 4th meeting of the 11th session of Board of Supervisors.

Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company” or “Haier Smart Home”) held the 4th meeting of the 11th session of Board of Directors and the 4th meeting of the 11th session of Board of Supervisors on 30 March 2023, at which the “*Proposal on Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds of Haier Smart Home Co., Ltd.*” was reviewed and approved. Having considered the completion of all the fund-raising projects through the issuance of convertible corporate bonds by the Company on 31 December 2022, it was agreed to the completion of Closing Projects and the permanent replenishment of working capital by using surplus proceeds raised totaled RMB235,944,700 (the specific amount shall be subject to the actual bank balance at the time of the cancellation of the special account for raised funds). The relevant matters are hereby announced as follows:

I. Background of the Proceeds from issuance of convertible corporate bonds by the Company

With the approval of the China Securities Regulatory Commission “*Zheng Jian Xu Ke [2018] No.1912*” and the consent from Shanghai Stock Exchange, the Company has issued 30,074,900 convertible corporate bonds to the public (hereinafter referred to as the “Convertible Bond Issuance Project”), with a par value of RMB100 each. The total Proceeds were RMB3,007,490,000 and the net Proceeds were RMB2,980,024,800 after deducting the sponsorship underwriting fees and other issuance-related expenses. According to the *Capital Verification Report (Hexin Yan Zi (2018) No. 000090)* issued by Hexin Certified Public Accountants LLP (formerly known as “Shandong Hexin Certified Public Accountants LLP”) after its verification on the receipt of Proceeds, all the above Proceeds have been credited to the account.

The Company adopts a special account deposit system for Proceeds and has opened special accounts for related Proceeds. All Proceeds have been deposited in the corresponding special accounts after the receipt and a supervisory agreement has been signed with the sponsor of Convertible Bond Issuance Project and the bank for the Proceeds.

II. The use, deposit and management of the Proceeds from Convertible Bond Issuance Project

(I) Use of funds for investment projects which are still using Proceeds

As of 31 December 2022, the use of funds for investment projects which are still using Proceeds is as follows:

Unit: RMB0'000

No.	Project name	Planned investment amount of Proceeds	Accumulated actual investment amount	Utilization progress of Proceeds
1	Project of high-end special refrigerators with 500,000 units annual outputs	52,420	51,998	99.20%
2	Project of Haier Jiaozhou Innovation Industrial Park Air Conditioning Intelligent Manufacturing and Upgrade	8,800	8,728	99.18%
3	Project of Increasing 2 Million Sets of Energy-saving and Environmentally-friendly Air-conditioners Annually of Hefei Haier Air Conditioning Co., Ltd.	20,864	20,129	96.48%
4	Project of high-end central air-conditioner with an annual output of 1.5 million units	37,314	26,190	70.19%
5	Project of Haier Kitchen Appliance New Factory	30,110	24,807	82.39%
6	Project of Haier Kitchen Appliance Laiyang New Factory	27,620	27,426	99.30%
7	Project of Haier North India Industrial Park Project (Phase I)	66,045	64,024	96.94%
Total		243,173	223,302	/

(II) Deposits of Proceeds

As of 31 December 2022, the special accounts for Proceeds and the deposits of Proceeds are as follows:

Unit: RMB

No.	Account name	Bank	Account No.	Balance (as of 31 December 2020)
1	Haier Smart Home Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000640	24,609,673.28
2	Haier Smart Home Co., Ltd.	BOC Qingdao Branch	244237870606	963,498.34
3	Haier Russian Washing Machine Co., Ltd.	ICBC Moscow Sub-branch	40702840500000010918 (USD)	Account closed ¹
4			40702810200000010918 (RUB)	Account closed ¹
5	Hefei Haier Air-Conditioning Electronic Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000669	31,479,491.47
6	Qingdao Haier (Jiaozhou) Air Conditioner Co., Ltd.	BOC Qingdao Branch	235138702712	159,143.37
7	Qingdao Haier	BOC Qingdao	228639313388	Account closed ²

No.	Account name	Bank	Account No.	Balance (as of 31 December 2020)
	Technology Co.,Ltd.	Branch		
8	Qingdao Haier Special Refrigeration Appliance Co., Ltd.	BOC Qingdao Branch	210438496214	84,399.74
9	AQUA Electrical Appliances Vietnam Co., Ltd	BOC HoChiMinh City Branch	100000600301527 (USD)	Account closed ³
10	Qingdao Haier Smart Kitchen Appliances Co., Ltd.	BOC Qingdao Branch	227338455528	1,941,102.29
11	Hefei Haier Air Conditioning Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000672	1,681,148.45
12	Laiyang Haier Smart Kitchen Appliances Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000674	26,209.21
13	Zhengzhou Haier Air- conditioning Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000670	Account closed ⁴
14	Haier Appliances (India) Private Limited	ICBC Mumbai Sub-branch	0166000100000164728 (RUB)	Account closed ⁵
15			0166000100000169238 (USD)	Account closed ⁵
Subtotal of balance in Proceeds account (converted to RMB amount)				60,944,666.15
The amount of idle Proceeds for cash management				175,000,000.00
Total balance of unused Proceeds				235,944,666.15

Note 1: The construction of the “Russian Drum Washer Manufacturing Base Project”, one of the Company’s fund-raising projects, has been completed and the Company has cancelled the special account for the fund-raising funds (account numbers: 40702840500000010918 (USD) and 40702810200000010918 (RUB)) opened at ICBC Moscow Sub-branch.

Note 2: The construction of the “Smart Home Operating System Based on Natural Interaction and Cloud Brain (U+) Project”, one of the Company’s fund-raising projects, has been completed with its balances of RMB27,170,000 permanently supplemented to the Company’s working capital, and the Company has cancelled the special account for the fund-raising funds (account number: 228639313388) opened at BOC Qingdao Branch.

Note 3: The construction of the “Vietnamese Front-loading Washing Machine Manufacturing Base Project”, one of the Company’s fund-raising projects, has been completed with its balances permanently supplemented to the Company’s working capital, and the Company has cancelled the special account for the fund-raising funds (account number: 100000600301527) opened at AQUA Electrical Appliances Vietnam Co., Ltd.

Note 4: The construction of the “Haier (Zhengzhou) Innovation Industrial Park Air Conditioning Production Base Intelligent Manufacturing and Upgrade Project”, one of the Company’s fund-raising projects, has been completed with its balances of RMB46,270,000 (including the balance to be paid of

the project of RMB4,610,000) permanently supplemented to the Company's working capital, and the Company has cancelled the special account for the fund-raising funds (account number: 37150198551000000670) opened at CCB Haier Road Sub-branch.

Note 5: The construction of the "Haier North India Industrial Park Project (Phase I) Project", one of the Company's fund-raising projects, has been completed and the Company has cancelled the special account for the fund-raising funds (account numbers: 0166000100000164728 (RUB) and 0166000100000169238(USD)) opened at ICBC Mumbai Sub-branch.

(III) Management of Proceeds

1. Cash management

After deliberation at the 26th meeting of the 9th session of Board of Directors and the 7th and 22th meetings of the 10th session of Board of Directors, it was agreed that the Company may use no more than RMB1.5 billion, RMB700 million and RMB500 million of idle Proceeds for cash management within 12 months from 24 January 2019, within 18 months from 28 April 2020 and within 18 months from 30 August 2021 respectively, which can be utilized on a rolling basis within the above-mentioned quota and period. The independent directors, the Board of Supervisors and the sponsors expressed agreement or no objection to the above matters respectively.

As of 31 December 2022, the balance of financial products purchased by the Company from the above-mentioned proceeds for cash management was RMB175 million.

2. Replenishment of working capital

The Company held the 3rd meeting of the 10th session of Board of Directors on 29 August 2019, at which the "*Proposal on the Temporary Replenishment of Working Capital with Part of Idle Raised Funds of Haier Smart Home Co., Ltd.*" was reviewed and approved, and decided to use no more than RMB35 million of the Proceeds to replenish the working capital of "Russian Front-loading Washing Machine Manufacturing Base Project" temporarily for a period of no more than 12 months from the date of approval by the Board of Directors. The independent directors, the Board of Supervisors and the sponsors expressed agreement or no objection to the above matters respectively.

On 28 April 2020, the 7th meeting of the Company's 10th session of Board of Directors deliberated and approved the "*Proposal on the Part of Completed Investment Projects and Permanent Replenishment of Working Capital with Part of Surplus Raised Funds*", agreeing to permanently replenish the working capital with the surplus Proceeds totaled RMB97.03 million upon the completion of Russian Front-loading Washing Machine Manufacturing Base Project and Vietnamese Front-loading Washing Machine Manufacturing Base Project under "construction project of manufacturing base launched for the 'Belt and Road' and overseas new markets". Independent directors, the Board of Supervisors and the sponsors expressed their affirmative opinions on the foregoing matters. On 3 June 2020, the

Company's 2019 Annual General Meeting deliberated and approved the *“Proposal on the Part of Completed Investment Projects and Permanent Replenishment of Working Capital with Part of Surplus Raised Funds of Haier Smart Home Co., Ltd.”*.

On 31 March 2021, the 17th meeting of the Company's 10th session of Board of Directors deliberated and approved the *“Proposal on Closing Certain Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds”*, agreeing to the completion of “Haier (Zhengzhou) Innovation Industrial Park Air Conditioning Production Base Intelligent Manufacturing and Upgrade Project” and “Smart Home Operating System Based on Natural Interaction and Cloud Brain (U+) Project”, and the permanent replenishment of working capital with the surplus Proceeds totaled RMB73.75 million. Independent directors, the Board of Supervisors and the sponsors expressed their affirmative opinions on the foregoing matters. On 25 June 2021, the Company's 2020 Annual General Meeting deliberated and approved the *“Proposal on Closing Certain Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds”*.

As of 31 December 2022, a total of RMB2,823,910,000 of the Proceeds from the Convertible Bond Issuance Project was used, with a balance of RMB235,944,700 (the account balance includes the income generated by the Company's purchase of wealth management products, interest on demand deposits, exchange gains and losses and unutilized Proceeds).

III. The use and balance of Proceeds from Closing Projects

According to the implementation of the project, the Closing Projects have been completed on 31 December 2022 and realized predetermined availability. As of 31 December 2022, the use and balance of Proceeds from Closing Projects are as follows:

Unit: RMB0'000

Investment projects funded by the Proceeds	Planned investment amount of Proceeds	Accumulated utilized amount of Proceeds	Investment amount of Proceeds unutilized	Amount to be paid for last installment of projects
Project of high-end special refrigerators with 500,000 units annual outputs	52,420	51,998	422	-
Project of Haier Jiaozhou Innovation Industrial Park Air Conditioning Intelligent Manufacturing and Upgrade	8,800	8,728	72	-

Project of Increasing 2 Million Sets of Energy-saving and Environmentally-friendly Air-conditioners Annually of Hefei Haier Air Conditioning Co., Ltd	20,864	20,129	735	687
Project of high-end central air-conditioner with an annual output of 1.5 million units	37,314	26,190	11,124	4,821
Project of Haier Kitchen Appliance New Factory	30,110	24,807	5,303	3,623
Project of Haier Kitchen Appliance Laiyang New Factory	27,620	27,426	194	-
Project of Haier North India Industrial Park Project (Phase I)	66,045	64,024	2,021	-
Total	243,173	223,302	19,871	9,131
Net financing income and interest income, net of charges			3,723	-
Total surplus Proceeds from Closing Projects			23,594	9,131

Based on the above, as of 31 December 2022, the aforementioned Closing Projects have remained RMB235,944,700 in Proceeds.

IV. The main reason for saving Proceeds

1. In the construction process of fund-raising projects, the Company used the Proceeds strictly in accordance with the relevant requirements of the Proceeds management, and according to the project planning and the actual situation, the Company optimized the project implementation plan and strengthened the cost control, supervision and management. The Company used the Proceeds carefully and saved part of the Proceeds on the premise of ensuring the quality of the investment projects funded by Proceeds as well as in line with reasonable, effective and frugal principles.

2. In the implementation process of fund-raising projects, the Company carried out detailed investigations and scientific planning, strengthened the comprehensive management of production, and significantly improved the production automation, intelligence and product R&D manufacturability, reduced the implementation cost, and obtained a higher output of production capacity with the same input related to production,

thereby saving part of the Proceeds.

3. In the implementation process of fund-raising projects, the Company used idle Proceeds for cash management and obtained certain interest income.

V. Plan of use of surplus Proceeds

In order to further enhance the efficiency of Proceeds, improve liquidity situation of the Company, reduce financial costs of the Company, and promote the economic benefits of the Company, the Company intends to use the unused amount of the Proceeds for investment of RMB235,944,700 in total (including the income generated by the Company's purchase of wealth management products, interest on demand deposits, exchange gains and losses and unutilized Proceeds, and the specific amount shall be subject to the actual bank balance at the time of the cancellation of the special account for raised funds) in terms of the Closing Projects to permanently replenish working capital of the Company for daily operations of the Company. When the last installments of the projects meet the conditions of payment, the Company would make the payment with its own funds in accordance with the relevant contracts. After the supplement of working capital, the Company will cancel the relevant accounts of Proceeds, thus the supervisory agreements of the special account entered into by the Company with the sponsors, the project implementation body and the bank will be terminated.

VI. The impact of Closing Fund-Raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds on the Company

The completion of Closing Projects and the permanent replenishment of working capital with the total amount of RMB235,944,700 (including the income generated by the Company's purchase of wealth management products, interest on demand deposits, exchange gains and losses and unutilized Proceeds, and the specific amount shall be subject to the actual bank balance at the time of the cancellation of the special account for raised funds) of surplus Proceeds is an arrangement made according to the actual implementation progress of investment projects funded by proceeds raised from convertible corporate bond by the Company. There is no any shifting of or shifting in disguise of the investment of Proceeds. It will help to improve the efficiency of the Proceeds, to reduce the Company's financial cost and to promote the Company's business development, which is in the interest of all shareholders.

VII. Opinions from independent directors, the Board of Supervisors and the sponsors on Closing Fund-Raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds

(I) Opinions of the independent directors

The independent directors of the Company issued the following opinions on relevant matters in relation to Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds considered at the 4th meeting of the 11th session of Board of Directors:

“The completion of ‘High-end Special Refrigerators with 500,000 Units Annual Outputs Project’, ‘Haier Jiaozhou Innovation Industrial Park Air Conditioning Intelligent Manufacturing and Upgrade Project’, ‘Project of Increasing 2 Million Sets of Energy-saving and Environmentally-friendly Air-conditioners Annually of Hefei Haier Air Conditioning Co., Ltd.’, ‘High-end Central Air-conditioner With an Annual Output of 1.5 Million Units Project’, ‘Haier Kitchen Appliance New Factory Project’, ‘Haier Kitchen Appliance Laiyang New Factory Project’ and ‘Haier North India Industrial Park Project (Phase I)’ (hereinafter collectively referred to as the ‘Closing Projects’) and permanent replenishment of working capital with the total amount of RMB235,944,700 of surplus Proceeds is an arrangement made by the Company according to the actual implementation progress of the investment project funded by Proceeds and it is in line with the Company’s development strategy plan and the interests of all shareholders, which will help to improve the efficiency of the Proceeds, to achieve the optimization of capital allocation and the maximizing benefits. There is no any shifting of or shifting in disguise of the investment of Proceeds. It will not bring adverse effect on the production and operation of the Company, and there is no harm to the interest of the Company’s shareholders, especially the small and medium shareholders. Therefore, it is agreed to complete the Closing Projects and use the total amount of RMB235,944,700 of surplus Proceeds to permanently replenish working capital.”

(II) Opinions of the Board of Supervisors

The *Proposal on Closing Certain Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds* was considered and approved at the 4th meeting of the 11th session of Board of Supervisors of the Company on 30 March 2023, pursuant to which, it was agreed to the completion of the Closing Projects and permanent replenishment of working capital with their surplus Proceeds.

(III) Opinions of sponsors

China International Capital Corporation Limited (CICC), as the sponsor of the Company’s Convertible Bond Issuance Project, had issued the following verification opinions on relevant matters on Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds:

“The matters relating to the Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds of Haier Smart Home was approved by the Board of Directors and the Board of

Supervisors, and the independent directors issued opinions with clear consent that such matters were complied with the requirements under the *Measures for the Administration of the Sponsorship of the Offering and Listing of Securities of the PRC*, the *Listing Rules for Stocks in Shanghai Stock Exchange*, the *Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardised Operation* and the *Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies* and other relevant laws, regulations and regulatory documents. Completing the investment projects funded by Proceeds and using surplus Proceeds to permanently replenish working capital of the Company will help to improve the efficiency of the Proceeds and are in the interest of all shareholders. There is no any shifting of or shifting in disguise of the investment of Proceeds, and there is no harm to the interest of the Company’s shareholders, especially the small and medium shareholders.

In conclusion, as the sponsor of Haier Smart Home, China International Capital Corporation Limited agrees the Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds by the Haier Smart Home in accordance with relevant laws and regulations.”

VIII. Documents available for inspection

(1) Resolutions of the 4th Meeting of the 11th Session of the Board of Directors of Haier Smart Home Co., Ltd.;

(2) Resolutions of the 4th Meeting of the 11th Session of the Board of Supervisors of Haier Smart Home Co., Ltd.;

(3) The Independent Opinions from Independent Directors of Haier Smart Home Co., Ltd. on the Matters in relation to 4th Meeting of the 11th Session of the Board of Directors;

(4) Verification Opinions of China International Capital Corporation Limited on Closing Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds of Haier Smart Home Co., Ltd..

The announcement is hereby given.

The Board of Directors of Haier Smart Home Co., Ltd.
30 March 2023