

Haier Smart Home Co., Ltd.

Announcement on the Use of Idle Raised Funds for Cash Management

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 are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

Haier Smart Home Co., Ltd. (formerly known as “Qingdao Haier Co., Ltd., hereinafter referred to as the “Company”) convened the 22nd Meeting of the Tenth Session of the Board of Directors and the 18th Meeting of the Tenth Session of the Board of Supervisors on 30 August 2021, at which the *Proposal on the Use of Idle Raised Funds for Cash Management of Haier Smart Home Co., Ltd.* was considered and approved. With the premise of complying with the relevant regulations of *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies*, *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Measures for the Management of Raised Funds of Listed Companies on Shanghai Stock Exchange*, the Company intends to use no more than RMB500 million of the idle raised funds for cash management within 8 months from the date of consideration and approval by the aforementioned meetings, the details of which are as follows:

I. Basic Information of the Raised Funds

As approved by the *Reply on Approving the Public Issuance of Convertible Corporate Bonds by Qingdao Haier Co., Ltd.* (Zheng Jian Xu Ke [2018] No. 1912) of the China Securities Regulatory Commission and agreed by the Shanghai Stock Exchange, the Company was approved to issue convertible corporate bonds of

RMB3,007.49 million in a par value of RMB100 each, and the total number of bonds issued is 30,074,900 and the Issue Price for each bond is RMB100, with a term of 6 years(hereinafter referred to as “Convertible Corporate Bonds”). After deduction the issuance fees, the net amount of raised funds is RMB2,980,024,800. Shandong Hexin Certified Public Accountants (LLP) (which has changed its name as “Hexin Certified Public Accountants (LLP)” currently) has verified the remittance of the raised funds and issued a *Capital Verification Report* (Hexin Yanzi (2018) No. 000090), and as verified by which the above-mentioned raised funds have been fully put in place. The Company has deposited the raised funds in the special accounts and entered into *Trilateral Supervision Agreement* on the investment projects with raised funds and/or the *Four-party Supervision Agreement* with account opening bank, sponsor and/or subsidiaries implementing raised funds investment projects.

II. The Use of the Raised Funds

The general information of the investment projects with raised funds from convertible corporate bonds are as follows:

Unit: RMB0,000

No.	Investment projects financed by raised funds	Proposed utilization amount of the raised funds
1	Production line smart manufacturing upgrade projects such as refrigerator and air-conditioning which lead the consumption upgrade	127,198
2	Complete set of smart kitchen appliances’ capacity layout projects which implement the big kitchen appliance strategy	57,730
3	Overseas emerging markets’ manufacturing base construction projects which layout the “One Belt, One Road”	112,854
4	Advanced R&D lab, COSMOPlat industrial internet platform and U+ smart life platform construction projects which improve the innovation	2,967
Total		300,749

III. The Current Progress of Using Partial Idle Raised Funds for Cash Management

On 28 April 2020, the *Proposal on the Use of Idle Raised Funds for Cash Management of Haier Smart Home Co., Ltd* was reviewed and approved at the 7th Meeting of the Tenth Session of the Board of Directors held by the Company, and it is agreed that the Company shall ensure that the maximum amount of idle raised funds for cash management shall not exceed RMB 700 million within 18 months from the date of approval by the Board of Directors without affecting the normal implementation of raised funds investment projects. As of 30 June 2021, the Company's idle raised funds for cash management amounted to RMB 387.35 million. As the counterparty of the Company's purchase of wealth management products, China Construction Bank Co., Ltd. Qingdao Haier Road Branch has no other relationship with the Company except for business transactions such as loans. The foregoing financial management details are as follows:

Unit: RMB0,000

Trustee	Type of entrusted financial management	Entrusted financial management amount	Start date of entrusted financial management	End date of entrusted financial management	Annualised yield rate
China Construction Bank Co., Ltd. Qingdao Haier Road Branch	Qianyuan-Zhouli Open Principal-guaranteed Wealth Management Products	155,850,000	2019/8/14	On demand	2.20%
Qingdao Branch of People's Bank of China	BOC Principal-guaranteed Wealth Management -Linked	91,500,000	2021/5/20	2021/11/16	3.00%

	Structural Deposits				
China Construction Bank Co., Ltd. Qingdao Haier Road Branch	Linked Structural Deposits	140,000,00 0	2021/6/18	2021/12/ 18	3.00%

IV. Basic Information on Utilization of Partial Idle Raised Funds for Cash Management

In order to improve the utilization efficiency of raised funds and increase the investment revenue, the Company intends to use idle raised funds up to RMB500 million for cash management within 18 months from the date of consideration and approval by the Board of Directors/Supervisors on the condition that the normal implementation of the investment project financed by raised funds will not be affected, the details of which are as follows:

(I) Purpose of the investment

In order to improve the capital utilization efficiency of the Company, the Company will carry out the cash management of idle raised funds, improve fund profitability, further preserve and enhance the capital value of the Company and safeguard the interest of the Shareholders without affecting the establishment of investment project financed by raised funds.

(II) Scope of the investment

In order to control investment risks and not to affect the normal implementation of investment project financed by raised funds, the invested products are limited to principal-guaranteed wealth management products with high security and liquidity as well as a term of within 12 months. The invested products shall not be used for securities investment, and may not purchase high-risk wealth management products with stock and its derivatives and unsecured bonds as investment targets. The above-mentioned wealth management products shall not be used for pledge, and the designated product settlement account shall not be used for the deposit of funds other than the raised fund or for any other purposes.

(III) Limit of the investment

The Company intends to use part of idle raised funds up to RMB500 million for cash management. The funds can be used on a rolling basis during the investment period.

(IV) Term of the investment

It shall be valid within 18 months from the date of consideration and approval by the 22nd Meeting of the Tenth Session of the Board of Directors and the 18th Meeting of the Tenth Session of the Board of Supervisors.

(V) Implementation

The Board of Directors of the Company authorizes the chairman of the Board and its authorized persons to exercise the decision and sign the relevant contract documents within the limit.

V. Investment Risk Analysis and Risk Control Measures

(I) Investment risk

The financial market is affected by macro-economy to a greater extent and such that, the possibility that such investment may be affected by market fluctuation cannot be ruled out. The Company will intervene to such extent as and when appropriate, taking account of the economic situation and changes in financial market, and the actual gain of short-term investment is therefore unpredictable.

(II) The following measures to be taken in respect of investment risk

1. Selecting investment targets strictly and selecting products with high liquidity and security issued by financial institutions such as banks with good reputation, large scale, ability to guarantee capital security, better operational efficiency and strong capital operation capability.

2. The Company will select the appropriate types and duration of wealth management products according to the Company's operating arrangements and the investment plan of the raised funds to ensure that the normal operation of the raised funds will not be affected.

3. The financial department of the Company will establish ledgers and manage the products purchased, and establish and improve accounting accounts to do a good job in accounting of the use of funds.

4. The independent directors and the Supervisory Committee have the right to supervise and inspect the use of funds. The internal audit department of the Company regularly evaluates the potential risks and revenue of each investment according to the principle of prudence and reports to the Audit Committee of the Board of Directors.

5. The Company will perform its information disclosure obligations in accordance with the relevant regulations of the Shanghai Stock Exchange in a timely manner.

VI. Impacts on the Company

The Company adheres to standard operation and risk prevention. On the basis that the progress of investment project financed by the raised funds is not affected and fund security is ensured, the purchase of principal-guaranteed wealth management products by using part of idle raised funds will not affect the Company's daily operation and the normal implementation of investment projects financed by the raised funds. Through appropriate wealth management, we can improve utilization efficiency of the funds to gain certain investment returns while improving the overall performance of the Company to pursuit more returns on investment for shareholders of the Company.

VII. Explanation on the Opinions Regarding the Matter

(I) Opinions of the Independent Directors

For the proposed use of idle raised funds for cash management, the independent directors of the Company has clearly agreed that the decision-making process for the use of idle raised funds for cash management is in compliance with the provisions of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange*, the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory*

Requirements for Management and Use of Raised Funds of Listed Companies of the China Securities Regulatory Commission and other regulations. Under the premise of ensuring the normal operation of the Company, the security of the raised funds and the normal implementation of the investment project financed by the raised funds, the purchase of principal-guaranteed wealth management products with high liquidity and safety and a term of no more than 12 months by using idle funds can improve the utilization efficiency of idle funds of the Company, increase the investment returns of the Company, and conform to the interests of the Company and the shareholders as a whole without jeopardizing the interests of the Company and its shareholders. It is agreed that the Company shall use the idle raised funds of no more than RMB500 million for cash management.

(II) Opinions of the Supervisory Committee

On 30 August 2021, the Company convened the 18 Meeting of the Tenth session of the Supervisory Committee, on which, the *Proposal on the Use of Idle Raised Funds for Cash Management of Haier Smart Home Co., Ltd.* has been considered and approved, and it is agreed that the Company shall use the idle raised funds of no more than RMB500 million for cash management.

(III) Opinions of the Sponsor

After the verification, the sponsor, China International Capital Corporation Limited, believes that the use of the idle raised funds of no more than RMB500 million for cash management by Haier Smart Home has been considered and approved by the Board of Directors and the Supervisory Committee, and the independent directors expressed opinions with explicit consent, and it is in accordance with the provisions of the *Approach of Business Management for Securities Issuance and Listing*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange (2013 revision)*, the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised*

Funds of Listed Companies and other relevant laws, regulations and regulatory documents. The proposed use of the idle raised funds for cash management is conducive to improving the utilization efficiency of the idle raised funds and gaining certain revenue, and does not conflict with the implementation plan of the investment project financed by the raised funds of the Company, and does not have any influence on the carrying out of the investment project financed by the raised funds, and does not change in disguise the use of the raised funds or jeopardize the interests of the shareholders of the Company.

In summary, the sponsor has no objection to the use of the idle raised funds for cash management by Haier Smart Home.

VIII. The Accumulated Amount of Entrusted Financial Management of the Company

As of 30 June 2021, the Company's use of idle raised funds for entrusted wealth management has accumulated to RMB387.35 million.

It is hereby notified the above.

The Board of Directors of Haier Smart Home Co., Ltd.

30 August 2021