

Stock Code:600690

Stock Name: Haier Smart Home

No.: L2019-080

Convertible Bond Code:110049    Convertible Bond Name: Haier Convertible Bonds

Convertible Stock Code: 190049    Convertible Stock Name: Haier Converted Stocks

## **Haier Smart Home Co., Ltd.**

### **Announcement on Full Redemption and Delisting of “Haier Convertible Bonds”**

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.

#### **IMPORTANT INFORMATION:**

- Redemption record date: 16 December 2019
- Redemption price: RMB[100.20] each (par value plus current accrued interest)
- Redemption payment date: 17 December 2019
- Since the next trading day immediately following redemption record date (17 December 2019), the trading and conversion of the Haier Convertible Bonds will cease to be traded, and Haier Convertible Bonds will be delisted on Shanghai Stock Exchange upon the completion of the early redemption.

Given that the closing price of A Shares of Haier Smart Home Co., Ltd. (formerly known as “Qingdao Haier Co., Ltd.”, hereinafter referred to as the “Company”) is no less than 120% of the prevailing conversion price (RMB14.20 each) of “Haier Convertible Bonds (110049)” (hereinafter referred to as “Haier Convertible Bonds”) during 15 trading days (from 1 November 2019 to 21 November 2019 ) out of latest 30 consecutive trading days, the redemption terms of convertible bonds (hereinafter referred to as the “Convertible Bonds”) have been triggered according to

the *Prospectus in relation to the Public Issuance of A Share Convertible Corporate Bonds of Qingdao Haier Co., Ltd.* (hereinafter referred to as the “*Prospectus*”).

On 21 November 2019, the *Proposal on Exercise of the Right of Redemption of Haier Convertible Bonds of Haier Smart Home Co., Ltd.* was considered and approved at the 5th Meeting of the Tenth Session of the Board of Directors of the Company, agreeing to exercise the right of early redemption of Haier Convertible Bonds to redeem all outstanding Haier Convertible Bonds which appeared on the register on the redemption record date.

In accordance with the requirements of the *Administrative Measures on Securities Issuance of Listed Companies*, the *Rules Governing the Listing of Securities on the Shanghai Stock Exchange* and the Prospectus of the Company, matters relevant to redemption are hereby notified to all holders of Haier Convertible Bonds as follows:

### **I. Terms of Redemption**

According to the Prospectus of the Company, the terms of redemption are detailed as follows:

#### **(1) Terms of redemption upon maturity**

Within five trading days upon maturity of the Convertible Bonds, the Company will redeem all the Convertible Bonds from the Convertible Bond Holders which have not been converted into Shares by then, at a price calculated at 105% of the par value (including the interest accrued in the last interest accrual year).

#### **(2) Terms of conditional redemption**

During the conversion period of Convertible Bonds to be issued hereunder, if the closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days are no less than 120% of the prevailing conversion price, the Company shall have the right to redeem all or part of the outstanding Convertible Bonds, at a price equal to the par value of Convertible Bonds plus then accrued interest. The

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redemption period of the Convertible Bonds is same as the conversion period, both commencing on the first trading day immediately following the expiry of the six-month period after the date of issuance of the Convertible Bonds and ending on the maturity date of the Convertible Bonds.

Formula for calculation of the current accrued interest is:  $IA = B \times i \times t / 365$

IA : Accrued interest for the current period;

B: Aggregate par value of the convertible bonds held by the holders of convertible bonds;

i: Coupon rate of the convertible bonds in an interest accrual year;

t: Number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date up to the redemption date of that interest accrual year (including the last interest payment date and excluding the redemption date).

If there is a conversion price adjustment on the aforementioned 30 trading days, then for the transactions made before the conversion price adjustment, the calculations will be based on the conversion price and closing price prior to the adjustment; the transactions made at or after the adjustment will be calculated based on the conversion price and closing price after the conversion price adjustment.

Further, when the total par value of the outstanding Convertible Bonds is less than RMB30 million, the Board of Directors of the Company (or any person authorized by the Board of Directors) is entitled to redeem all outstanding Convertible Bonds at par value of the Convertible Bonds plus accrued interest for the current period.

## **II. Announcements on the Redemption of the Convertible Bonds**

### **(I) Redemption conditions**

Given that the closing price of A Shares of the Company is no less than 120% of

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the prevailing conversion price of “Haier Convertible Bonds” during 15 trading days (from 1 November 2019 to 21 November 2019) out of latest 30 consecutive trading days, the redemption terms of convertible bonds have been triggered

## (II) Redemption record date

The target of the current redemption is all holders of Haier Convertible Bonds which appear on the register of bonds at the China Securities Depository Clearing Corporation Limited Shanghai Branch (hereinafter referred to as “CSDCCL Shanghai Branch”) after trading hours of the Shanghai Stock Exchange on 16 December 2019.

## (III) Redemption price

According to the early redemption clauses stated in the Prospectus, the Redemption Price is par value of the convertible bonds plus the accrued interest for the current period, namely RMB100.20 per bond.

Formula for calculation of the current accrued interest is:  $IA = B \times i \times t / 365$

IA : Accrued interest for the current period;

B: Aggregate par value of the convertible bonds held by the holders of convertible bonds;

i: Coupon rate of the convertible bonds in an interest accrual year;

t: Number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date up to the redemption date of that interest accrual year (including the last interest payment date and excluding the redemption date).

Coupon rate of the convertible bonds in the current interest accrual year (from 18 December 2018 to 16 December 2019): 0.20%

Number of days on which interest is accrued: in total of 364 days from 18 December 2018 to 16 December 2019 (including the first date and excluding the last

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date)

Accrued interest for the current period:  $IA = B \times i \times t/365 = 100 \times 0.20\% \times 364/365 = \text{RMB}0.20$

Redemption price = Par value + Accrued interest for the current period  
 $= 100 + 0.20 = \text{RMB}100.20$  per bond

The income tax for the interests of investor bonds is as follows:

1. Explanation on levying income tax for the interest of corporate bonds from individual investors

According to the requirements under relevant regulations and documents such as the *Individual Income Tax Law of the PRC* and the *Regulations on the Management of Enterprise Bonds*, the individual investors of the bonds should pay individual income tax for interests of corporated bonds in respect of their income from interests of bonds.

According to the requirements under the *Circular of the State Administration of Taxation on Strengthening the Works Relating to Withholding and Payment of the Individual Income Tax From Interests of Enterprises Bond* (Guo Shui Han [2003] No.612), the individual income tax of the interests of bonds will be uniformly charged by the various payment institutions when they pay interests to the individuals holding the bonds, and then being put in storage on site. Each payment institution shall do well in withholdings and paying individual income tax in accordance with the relevant requirements under the *Individual Income Tax Law*. If such payment institutions fail to perform the abovementioned obligations of withholding and paying individual income tax for interests of bonds, the legal liability resulted thereby shall be borne by themselves.

Explanation on levying individual income tax for interests of bonds is as follows:

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- (1). Taxpayer: individual investors of the bonds.
- (2). Object of taxation: income from interests of the bonds.
- (3). Tax rate: 20% of interests.
- (4). Way of collection: Withholding by the interest payment institutions in a lump sum when individual investors receive interests at the interest payment institution.
- (5). Obligor of withholding and payment: Interest payment institutions in charge of interest payment for the Bonds
- (6). Collection management department of interest tax on the Bonds: Taxation authorities at the places the interest payment institutions are located.

## 2. Explanation on collection of income tax on corporate bond interests from non-resident enterprises

According the *Circular on the Enterprise Income Tax and Value-added Tax Policy of Foreign Institutions Investing in Domestic Bonds Market* (《关于境外机构投资境内债券市场企业所得税增值税政策的通知》) (Cai Shui [2018] No. 108), from 7 November 2018 to 6 November 2021, the income from interests of bonds generated by the foreign institutions through investing in domestic bonds market is temporarily exempted from enterprise income tax and value-added tax. The scope of abovementioned temporary exemption from enterprise income tax does not include the interests of bonds obtained by the institutions or places established by the foreign institution in domestic which are related to such institutions or places.

## 3. Explanation on collection of income tax on corporate bond interests from bondholders other than aforementioned two categories.

For bondholders other than those identified above, they would pay income tax on their own.

## (IV) Redemption procedures

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Prior to the end of the redemption period of the Haier Convertible Bonds, the Company will issue at least three indicative announcements on the China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), notifying the holders of the Haier Convertible Bonds regarding various matters of the redemption.

Once the Company exercises its right of redemption in full, all Haier Convertible Bonds registered at the CSDCCL Shanghai Branch will be frozen starting from the next trading day (17 December 2019) after the Redemption Record Date.

At the end of the redemption, the Company will announce the redemption results and the impact of the redemption on the China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

(V) Redemption Payment Date: 17 December 2019

The Company shall appoint CSDCCL Shanghai Branch to distribute, through CSDCCL Shanghai Branch's settlement system, the redemption monies to the holders of the Haier Convertible Bonds which appear on the register of bonds on the Redemption Record Date and have carried out the designated transactions with the member units of the Shanghai Stock Exchange, and to make corresponding reductions in the amount of the Haier Convertible Bonds held by such holders. Investors who have carried out comprehensive designated transactions can receive their redemption payments on the Redemption Payment Date at the designated securities business department. The redemption monies of the investors who have not yet carried out comprehensive designated transactions will be temporarily held by the CSDCCL Shanghai Branch, and will be distributed once the designated transactions have been made by the relevant investors.

(VI) Trading and conversion into shares

Holders of Haier Convertible Bonds may convert the Convertible Bonds at par

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value of RMB100.00 each bond into shares of the company at the prevailing conversion price of RMB14.20 per bond on and before the Redemption Record Date (16 December 2019).

Starting from the next trading day (17 December 2019) after the Redemption Record Date, Haier Convertible Bonds shall cease to be traded or converted.

### **III. Contact Information**

Contact department: Securities department of the Company

Telephone number: 0532-8893 1670

It is hereby notified the above.

Haier Smart Home Co., Ltd.

29 November 2019