

Haier Smart Home Co., Ltd.

Special Report on the Deposit and Actual Use of

Raised Funds in the First Half of 2020

The Board of Directors of Haier Smart Home Co., Ltd. (hereinafter referred to as “Haier Smart Home” or “the Company”) prepared the special report on the deposit and actual use of raised funds in the first half of 2020 in accordance with relevant requirements of *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Raised Funds by Listed Companies* (Zheng Jian Hui Gong Gao [2012] No. 44) issued by the China Securities Regulatory Commission and the *Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange (Revised in 2013)* issued by the Shanghai Stock Exchange.

I. Basic Information of Raised Funds

(I) Information on actual amount and remittance of raised funds

As verified by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) Zheng Jian Xu Ke [2018] No. 1912 and approved by the Shanghai Stock Exchange, the Company has publicly issued 30,074,900 convertible corporate bonds, each with par value of RMB100. The total amount of raised funds from the issuance is RMB3,007.49 million, and the balance after deduction of sponsorship and underwriting fees (including value-added tax) of RMB23,909,500 was RMB 2,983,580,500. After deducting lawyers, accountants, credit rating, information disclosure, registration services, issuing fees and other issuance fees, the actual raised funds collected amounted to RMB3.5557 million, and the net amount of the actual raised funds was RMB2,980.0248 million. All the raised funds above was remitted on 24 December 2018. Shandong Hexin Certified Public Accountants LLP (currently

changed to “Hexin Certified Public Accountants LLP”) has verified the remittance of the raised funds and issued the *Capital Verification Report* (Hexin Yan Zi. (2018) No. 000090).

(II) Amount used and current balance of raised funds

As of 30 June 2020, the raised funds used accumulatively by the Company amounted to RMB2,004.70 million which included the interest income and the amount used to permanent supplement for the working capital was RMB61.72 million, and the balance of the raised funds amounted to RMB97,077.34 (account balance includes the revenue generated by the Company’s purchase of wealth management products, interest on demand deposits, and foreign exchange profit and loss and raised funds not yet invested).

II. Information on Deposit and Management of Raised Funds

The Company proceeded the special-account deposits for raised funds and set up special accounts for raised funds in the bank in accordance with the requirements of the *Management Regulations of Raised Funds*. The Company has entered into the *Trilateral Supervision Agreement on Special-account Deposits of Raised Funds* with the sponsor institutions including China International Capital Corporation Limited (CICC), China Construction Bank Corporation Haier Road Branch (hereinafter referred to as “CCB Haier Road Branch”) and Bank of China Limited Qingdao Sub-branch (hereinafter referred to as “BOC Qingdao Branch”), respectively, and has entered into the *Tetragonal Supervision Agreement on Special-account Deposits of Raised Funds* with the implementing entity of raised funds project and the sponsor institution including CICC, CCB Haier Road Branch, BOC Qingdao Branch, Bank of China (Hong Kong) Hochiminh City Sub-branch (hereinafter referred to as “BOC Hochiminh City Sub-branch”) and Industrial and Commercial Bank of China (Moscow) Limited (hereinafter referred to as “ICBC Moscow Sub-branch”) as well as Industrial and Commercial Bank of China, Mumbai Branch (hereinafter referred to as “ICBC Bombay Branch”), respectively. There is no significant difference between

such agreement and the *Trilateral Deposit Regulation Agreement for Special Account of Raised Funds (Model)* formulated by the Shanghai Stock Exchange.

As of 30 June 2020, the accounts and deposits of raised funds are as follows:

Unit of amount: RMB (If not specified)

No.	Account-opening Unit	Bank of Deposit	Account No.	Initial Deposit Amount	Balance as of 30 June 2020
1	Haier Smart Home Co., Ltd.	CCB Haier Road Branch	37150198551000000640	1,503,746,923.92	468,302.71
2	Haier Smart Home Co., Ltd.	BOC Qingdao Branch	244237870606	1,479,833,530.58	12,165,024.95
3	Haier Russia Washing Machine Co., Ltd.	ICBC Moscow Sub-branch	40702840500000010918 (US\$)		
4			40702810200000010918 (RUB)		
5	Hefei Haier Air Conditioning Electronics Co., Ltd.	CCB Haier Road Branch	37150198551000000669		5,913,038.30
6	Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	BOC Qingdao Branch	235138702712		137,513.62
7	Qingdao Haier Technology Co., Ltd.	BOC Qingdao Branch	228639313388		1,126,519.25
8	Qingdao Haier Special Refrigerating Appliance Co., Ltd.	BOC Qingdao Branch	210438496214		7,874,366.93
9	AQUA Electrical Appliances Vietnam Co., Ltd	BOC Hochiminh City Sub-branch	100000600301527(US\$)		4,870,279.16
10	Qingdao Haier Smart Kitchen Appliance Co., Ltd.	BOC Qingdao Branch	227338455528		2,142,051.65
11	Hefei Haier Air-conditioning Co., Limited	CCB Haier Road Branch	37150198551000000672		5,884,216.33

No.	Account-opening Unit	Bank of Deposit	Account No.	Initial Deposit Amount	Balance as of 30 June 2020
12	Laiyang Haier Smart Kitchen Appliance Co., Ltd.	CCB Haier Road Branch	37150198551000000674		15,709,062.58
13	Zhengzhou Haier Air-conditioning Co., Ltd.	CCB Haier Road Branch	37150198551000000670		2,667,784.18
14	Haier Appliances (India) Private Limited	ICBC Bombay Branch	0166000100000164728 (Rupee)		2,624,418,994.69
15			0166000100000169238 (US\$)		7,510,416.00
Subtotal of raised funds account balance (converted to RMB)					387,755,297.29
The amount of idle raised funds for cash management					583,018,078.00
Total unused raised funds balance				2,983,580,454.50	970,773,375.29

Note1: As of 24 December 2018, the total funds raised by the Company amounted to RMB3,007.49 million, and the balance of raised funds after deducting sponsor and underwriting fees was RMB2,983.58 million, which has been remitted to the special accounts of supervision for raised funds including CCB Haier Road Branch (account number: 37150198551000000640), BOC Qingdao branch (account number: 244237870606), and then allocated the funds to the special accounts opened by each implementation project company to use.

Note2: The “Russia Front Loading Washing Machine Manufacturing Base Project” of the Company’s raised investment projects has been completed, and the Company has canceled the special accounts of raised funds (account number: 40702840500000010918 (US\$) and 40702810200000010918 (RUB)) opened in the ICBC Moscow Sub-branch.

III. Information on Actual Use of Raised Funds in the first half of 2020

(I)Comparative Table on Use of Raised Funds

Unit of amount: RMB0’000

Total amount of raised funds: 298,358	Total amount of raised funds which has been used accumulatively: 200,470
Total amount of raised funds for changing purposes: 66,045	Total amount of raised funds used in 2018: 0
Proportion of total amount of raised funds for changing purposes: 22.14%	Total amount of raised funds used in 2019: 167,665 (Including replacement investment in advance)
	Total amount of raised funds used from January to June in 2020: 32,805

Investment Project		Total Investment Amount of Raised Funds			Accumulated Investment Amount of Raised Funds at the Closing Date				Date when Project Reaches the Scheduled Availability (Or the Completion Level of Project at the Closing Date)
Committed Investment Project	Actual Investment Project	Committed Investment Amount before Fund-raising	Committed Investment Amount after Fund-raising	Accumulated Investment Amount	Committed Investment Amount before Fund-raising	Committed Investment Amount after Fund-raising	Accumulated Investment Amount	Difference between Actual Investment Amount and Committed Investment Amount after the Fund-raising	
Annual production of 500 thousand high-end special refrigerator project	Annual production of 500 thousand high-end special refrigerator project	52,420	52,420	46,340	52,420	52,420	46,340	-6,080	June 2019
Air-conditioner production base smart manufacturing upgrading project of Haier (Zhengzhou) innovation industrial park	Air-conditioner production base smart manufacturing upgrading project of Haier (Zhengzhou) innovation industrial park	7,800	7,800	2,812	7,800	7,800	2,812	-4,988	December 2020
Air-conditioner smart manufacturing upgrading project of Haier Jiaozhou	Air-conditioner smart manufacturing upgrading project of Haier Jiaozhou	8,800	8,800	4,224	8,800	8,800	4,224	-4,576	December 2020

innovation industrial park	innovation industrial park								
Newly increased 2 million sets of energy-saving environment protection air-conditioner project of Hefei Haier Air-conditioner Co., Ltd.	Newly increased 2 million sets of energy-saving environment protection air-conditioner project of Hefei Haier Air-conditioner Co., Ltd.	20,864	20,864	14,224	20,864	20,864	14,224	-6,640	December 2018
Annual production of 1.5 million air-conditioner project of High-end central air-conditioning	Annual production of 1.5 million air-conditioner project of High-end central air-conditioning	37,314	37,314	15,865	37,314	37,314	15,865	-21,449	December 2018
PCBA computer board Tianjin Plant construction project	Haier North India Industrial Park Project (Phase I)	5,395	66,045	35,844	5,395	66,045	35,844	-30,201	October 2020
PCBA computer board Hefei plant construction project		18,529			18,529				
Advanced research and development laboratory construction		10,621			10,621				

project of smart home appliance									
Industrial smart research institute construction project		31,500			31,500				
Haier kitchen appliance new plant project	Haier kitchen appliance new plant project	30,110	30,110	19,991	30,110	30,110	19,991	-10,119	June 2018
Haier kitchen appliance Laiyang new plant project	Haier kitchen appliance Laiyang new plant project	27,620	27,620	22,370	27,620	27,620	22,370	-5,250	August 2019
Russia Front Loading Washing Machine Manufacturing Base Project	Russia Front Loading Washing Machine Manufacturing Base Project	34,058	34,058	28,968	34,058	34,058	28,968	-5,090	December 2019
Vietnam Front Loading Washing Machine Production Center Project	Vietnam Front Loading Washing Machine Production Center Project	12,751	12,751	9,636	12,751	12,751	9,636	-3,115	July 2019
Smart home operating system (U+) project based on natural interaction and cloud brain	Smart home operating system (U+) project based on natural interaction and cloud brain	2,967	2,967	196	2,967	2,967	196	-2,771	June 2021

construction project	construction project								
Total		300,749	300,749	200,470	300,749	300,749	200,470	-100,279	-

Note 1: The discrepancy between the total amount in the above table and the sum of each sub-item value is caused by rounding.

Note 2: The “Russia Front Loading Washing Machine Manufacturing Base Project” of the Company’s raised investment projects has been completed, and the project’s surplus funds of RMB61.72 million (including the remaining amount of RMB22.06 million to be paid for the project) have been used to permanently supplement the Company’s working capital. When the project balance satisfies the payment conditions, the Company will pay with its own funds in accordance with the relevant contracts.

Note 3: The “Vietnam Front Loading Washing Machine Production Center Project” of the Company’s raised investment projects has been completed. The project’s surplus fund of RMB34.48 million (including the remaining amount of RMB7.30 million to be paid for the project) is intended to be used to permanently supplement the Company’s working capital, which has not been transferred out of the special accounts for raised funds.

(IV) Information on Utilization of Idle Raised Funds

1. For cash management

After deliberation at the 26th Meeting of the Ninth Session of Board of Directors and the 7th Meeting of the Tenth Session of Board of Directors, it was agreed that the Company will use the idle raised funds which not exceed RMB1.5 billion and RMB0.7 billion within 12 months from 24 January 2019 and within 18 months from 28 April 2020 for cash management, respectively, which can be used on a rolling basis within the above quota and time limit. The independent directors, the board of supervisors and the sponsor institution expressed their opinions with agreement on the above matters, respectively.

As of 30 June 2020, the balance of wealth management products purchased by the Company with the above-mentioned raised funds for cash management was RMB 583,018,078.00.

2. For temporary replenishment of working capital

The Company convened the 3th Meeting of the Tenth Session of Board of Directors on 29 August 2019, which considered and approved the *Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital of Haier Smart Home Co., Ltd.*, and decided to use the raised funds which not exceed RMB35 million of raised funds to temporarily supplement the working capital of the Russia Front Loading Washing Machine Manufacturing Base Project, and the period shall not exceed 12 months from the date of approval by the board of directors. The independent directors, the board of supervisors, and the sponsor institution expressed their opinions with agreement on the above matters.

On 28 April 2020, the 7th Meeting of Tenth Session of Board of Directors of the Company deliberated and approved the *Proposal on Closing Some Fund-raising Projects and Permanently Supplementing Liquidity with the Surplus Raised Funds*, pursuant to which, it agreed to permanently supplement the working capital with the surplus raised funds after the completion of the Russia Front Loading Washing Machine Manufacturing Base Project under the “laying out ‘One Belt and One Road’, overseas emerging market manufacturing base construction project”. The amount of RMB29.69 million that has been used for temporary supplementing working capital would be directly converted into the amount for permanent supplementing working capital and would not be returned to the special accounts for the raised funds.

(V)Explanation on the Raised funds which has not been used up

1.The utilization of raised funds

The Company’s actual net raised funds was RMB2,983.58 million. As of 30 June 2020, the raised funds used accumulatively by the Company amounted to RMB2,004.70 million which included the interest income and the amount used to permanent supplement for the working capital was RMB61.72 million

2. Reasons for unused raised funds and plan for using the remaining funds

As of 30 June 2020, the Company’s raised funds has not been used up, mainly because the Air-conditioner Production Base Smart Manufacturing Upgrading Project

of Haier (Zhengzhou) Innovation Industrial Park, Air-conditioner Smart Manufacturing Upgrading Project of Haier Jiaozhou Innovation Industrial Park, Haier North India Industrial Park Project (Phase I) of the raised investment projects are still under construction, and the Company will actively promote the construction of raised investment projects.

Among the Company's raised investment projects, the construction of the Russia Front Loading Washing Machine Manufacturing Base Project has been completed. RMB61.72 million of surplus funds raised from the project (including the remaining amount of RMB22.06 million to be paid for the project) has been used to permanently supplement the Company's working capital. The construction of the Vietnam Front Loading Washing Machine Production Center Project has been completed, and RMB34.48 million of surplus funds raised from the project (including the remaining amount of RMB7.30 million to be paid for the project) is intended to be used to permanently supplement the Company's working capital, and it has not been transferred out of the special accounts for raised funds.

Reasons for the surplus funds of the projects included:

(1) During the construction of raised investment projects, the Company used raised funds in strict accordance with the relevant requirements on the management of raised funds, and strengthened the control, supervision and management of expenses based on project planning and actual conditions. Under the premise of ensuring the quality of raised investment projects, and based on the principles of reasonableness, effectiveness and frugality, the funds raised were used cautiously and part of the funds raised was saved.

(2) During the implementation of raised investment projects, the Company has conducted detailed research and scientific planning, and then strengthened the comprehensive management of production so as to achieve significant improvement in terms of production automation, intelligence, and product R&D manufacturability, and reduced the implementation costs, and a higher output of production capacity has

been achieved with the equal production relevant investment, thus saving part of the raised funds.

(3) During the implementation of raised investment projects, the Company used idle raised funds for cash management and obtained certain interest income.

VI. Issues in Usage and Disclosure of Raised Funds

There was no untimely, untrue, inaccurate or incomplete disclosure of relevant information disclosed by the Company, and there was no major illegal storage, usage, management and disclosure of raised funds.

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

28 August 2020