

**Short Name:** Haier Smart Home

**Stock Code:** 600690

**No.:**L2020-023

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

### **Announcement in relation to 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. (hereinafter referred to as the “Company”) convened the 7th Meeting of the Tenth Session of the Board of Directors on 28 April 2020, which considered and approved *the Proposal of Haier Smart Home Co., Ltd. in relation to the Use of Idle Raised Funds for Cash Management*. According to the relevant regulations of *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies, Listing Rules of Shanghai Stock Exchange and the Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange*, the Company intends to use no more than RMB700 million of the idle raised funds for cash management within 18 months from the date of consideration and approval by the Board of Directors above, the details are as follows:

#### **I. Basic Information of 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

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years. After deducting various issuance fees, the net amount of raised funds was RMB 2,980,024,800. Shandong Hexin Certified Public Accountants (LLP) 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 Raised Funds* and/or *Tetrahedral Supervision Agreement on the Raised Funds in the special accounts* with the opening bank of raised funds, China International Capital Corporation Limited as the sponsor institution, and/or wholly-owned subsidiaries~~opening bank, the sponsor institution and the subsidiaries~~—implementing the investment projects financed by proceeds.

## II. The Use of Raised Funds

The basic information of the raised funds financed by proceeds of the Convertible Corporate Bonds are as follows:

Unit:RMB0,000

No.	Investment project financed by raised funds	The amount of raised funds proposed to be used
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	2,967

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	internet platform and U+ smart life platform construction projects	
<b>Total</b>		<b>300,749</b>

### **III. Current Information on Using part of the Idle Raised Funds for Cash Management**

The 26th Meeting of the Ninth Session of the Board of Directors on 24 January 2019 convened by the Company considered and approved the *Proposal of Qingdao Haier Co., Ltd. in relation to the Use of Idle Raised Funds for Cash Management*, pursuant to which, it was agreed that under the condition that it had no effect on the normal implementation of the investment projects financed by proceeds, no more than RMB1.5 billion of the idle raised funds would be used for cash management within 12 months from the date of consideration and approval by the Board of Directors. As of 31 December 2019, the amount of the idle raised funds for cash management used by the Company was RMB639,020,000. The counter parties purchasing of wealth management products of the Company, such as Qingdao Haier Road Sub-branch of China Construction Bank Co., Ltd. has no other relationships with the Company except for business transactions such as loans. The details of the aforementioned wealth management information are as follows:

Trustee	The type of entrusted wealth management	The amount of entrusted wealth management	Commencing date of entrusted wealth management	Termination date of entrusted wealth management	Annualized rate of return
Qingdao Haier Road Sub-branch of China Construction Bank Co., Ltd.	Qianyuan-Week-by-Week profit open style of principal guaranteed wealth management products	321,600,000	14 August 2019	On demand	3.00%

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Qingdao Branch of Bank of China Limited	BOC principal guaranteed wealth management product - Linked structured deposit	120,000,000	17 December 2019	18 May 2020	3.50%
Qingdao Branch of Bank of China Limited	BOC principal guaranteed wealth management product - Linked structured deposit	120,000,000	17 December 2019	18 May 2020	3.50%
Qingdao Branch of Bank of China Limited	BOC principal guaranteed wealth management product - RMB wealth management product open on schedule	40,000,000	15 November 2019	20 May 2020	3.10%
Qingdao Branch of Bank of China Limited	Large deposit certificate	37,418,078	29 January 2019	On demand	3.00%

#### **IV. Basic Information on Using part of the 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 RMB700,000,000 for cash management within 18 months from the date of consideration and approval by the Board of Directors on the condition that the normal implementation of the investment project financed by raised funds will not be affected, the details 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 raise money, further preserve

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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 wealth management products with high security and liquidity as well as a term 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 RMB700,000,000 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 7th Meeting of the Tenth Session of the Board of Directors.

(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) The purpose of investment

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,  
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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 select 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 Board of Supervisors 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

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performance of the Company to pursue 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 have 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 RMB700,000,000 for cash management.

### **(II) Opinions of the Board of Supervisors**

On 28 April 2020, the Company convened the 7th Meeting of the Tenth Session of the Board of Supervisors, on which, the *Proposal of Haier Smart Home Co., Ltd. in relation to Using Idle Raised Funds for Cash Management* has been considered and approved, and it is agreed that the Company shall use the idle raised funds of no more than RMB 700,000,000 for cash management.

### **(III) Opinions of the Sponsor Institution**

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After the verification, the Sponsor Institution believes that the use of the idle raised funds of no more than RMB700,000,000 for cash management by Haier Smart Home has been considered and approved by the Board of Directors and the Board of Supervisors, 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 (Revised in 2013), 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 result in change in disguise the use of the raised funds or jeopardize the interests of the shareholders of the Company.

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

#### **VIII. The accumulative amount of entrusted wealth management of the Company as of the date of this Announcement**

As of the date of this announcement, the accumulated amount of entrusted wealth management products from idle raised funds by the Company was RMB0.639 billion.

It is hereby notified the above.

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

28 April 2020

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