

**Stock Name:** Haier Smart Home

**Stock Code:** 600690

**No.:** L2020-022

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

# **Announcement on the Completion of Part of Investment Projects Financed by Proceeds and the Permanent Replenishment of Working Capital with Raised Funds Savings**

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 and the 7th meeting of the Tenth session of the Board of Supervisors on 28 April 2020, which considered and approved the *Proposal on the Completion of Part of Investment Projects Financed by Proceeds and the Permanent Replenishment of Working Capital with Raised Funds Savings*, pursuant to which, it was agreed to use the raised funds savings of the completed projects, which were Russia Front Loading Washing Machine Manufacturing Base Project and Vietnam Front Loading Washing Machine Manufacturing Base Project of the “Project on ‘the Belt and Road’ Layout and Construction of Manufacturing Base in Overseas Emerging Market” to permanently replenish working capital. This matter still needs to be submitted to 2019 Annual General Meeting of the Company for consideration, details are as follows:

### **I. Basic Information of the Raised Funds**

According to the *Reply on Approving the Public Issuance of Convertible Corporate Bonds by Qingdao Haier Co., Ltd.* (Zheng Jian Xu Ke [2018] No. 1912) issued by the China Securities Regulatory Commission on 4 December 2018 and as agreed by the Shanghai Stock Exchange, the Company issued convertible corporate Note: This Announcement has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

bonds of RMB3,007.49 million in a par value of RMB100 each to the public, 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 the “Convertible Corporate Bonds”). After deducting the issuance fees, the net raised funds is RMB2,980,024,800. 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 the Raised Funds* and/or *Quadrilateral Supervision Agreement on the Raised Funds* with the opening bank, the sponsor institution and/or the subsidiaries implementing the investment project financed by proceeds.

## II. Summary of the Investment Project Financed by Proceeds

### (I) Investment project financed by proceeds

The basic information of the investment project financed by proceeds for the convertible corporate bonds are as follows:

Unit: RMB0,000

No.	Project name	Amount of the funds raised to be invested
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 enhance the innovation capabilities	2,967

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<b>Total</b>	300,749
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(II) Information on deposit of raised funds at special account

As of the end of 2019, the deposits of raised funds are detailed as the following table:

Unit: RMB

No	Account-opening Unit	Opening Bank	Bank Account	Account Balance (31 December 2019)
1	Haier Smart Home Co., Ltd.	CCB Haier Road Branch	3715019855 1000000640	24,908,005.13
2	Haier Smart Home Co., Ltd	BOC Qingdao Branch	2442378706 06	5,851,758.52
3	Haier Russia Washing Machine Co., Ltd.	ICBC Moscow Sub-branch	4070284050 0000010918(USD)	8,526,346.55
4			4070281020 0000010918(RUB)	3,115,917.42
5	Hefei Haier Air-conditioning Co., Limited	CCB Haier Road Branch	371501985510 00000669	11,783,114.18
6	Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	BOC Qingdao Branch	235138702712	4,226,274.08
7	Qingdao Haier Technology Co., Ltd.	BOC Qingdao Branch	228639313388	1,124,565.06
8	Qingdao Haier special refrigerating Appliance Co., Ltd.	BOC Qingdao Branch	210438496214	14,977,223.34

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9	AQUA Electrical Appliances Vietnam Co., Ltd	BOC Hochiminh City Sub-branch	100000600301527(USD)	5,759,825.57
10	Qingdao Haier Smart Kitchen Appliance Co., Ltd.	BOC Qingdao Branch	227338455528	2,682,803.35
11	Hefei Haier Air-conditioning Co., Limited	CCB Haier Road Branch	37150198551000000672	6,777,728.86
12	Laiyang Haier Smart Kitchen Appliance Co., Ltd.	CCB Haier Road Branch	37150198551000000674	7,304,220.36
13	Zhengzhou Haier Air-conditioning Co., Ltd.	CCB Haier Road Branch	37150198551000000670	1,917,970.30
14	Haier Appliances (India) Private Limited	ICBC Bombay Sub-branch	0166000100000164728 (Rupee)	4,287,521,401.83
15			0166000100000169238(USD)	16,420,921.20
Subtotal of balance of raised funds (amount converted into RMB )				716,038,702.85
The amount of idle raised funds for cash management				639,018,078.00
Total balance of the unutilized raised funds				1,355,056,780.85

(III) Information on the use and balance in the completed investment projects financed by proceeds

The completed investment projects financed by proceeds were the sub-projects of the “Project on ‘the Belt and Road’ Layout and Construction of Manufacturing Base in Overseas Emerging Market”, which were Russia Front Loading Washing Machine Manufacturing Base Project and Vietnam Front Loading Washing Machine Manufacturing Base Project. As of 15 April 2020, information on the use and balance of raised funds in the completed investment projects are as follows:

Unit: RMB 0,000

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<b>Investment project financed by the proceeds</b>	<b>Planned investment amount of raised funds</b>	<b>Accumulated investment amount of raised funds</b>	<b>Net wealth management income and interest income after deducting handling fees</b>	<b>Unused amount of the raised funds investment</b>	<b>The amount of the last installments of the project to be paid</b>
Russia Front Loading Washing Machine Manufacturing Base Project	34,058	27,985	99	6,172	2,206
Vietnam Front Loading Washing Machine Manufacturing Base Project	12,751	9,219	-	3,532	1,059
<b>Total</b>	<b>46,809</b>	<b>37,204</b>	<b>99</b>	<b>9,703</b>	<b>3,266</b>

Note: The original currencies of the amount of the unused amount of the raised funds investment in the above table were all in foreign currency, which shall be converted into RMB according to the exchange rate announced by the People's Bank of China

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on 15 April 2020. The specific exchange rate is: US\$1 = RMB7.0402; RUB1 = RMB0.0965. The accumulated investment amount of raised funds is derived and calculated based on the planned investment amount and the unused investment amount converted into RMB, including the effect of the difference in the exchange rate conversion point in time.

### **III. Previous Arrangement of Temporary Replenishment of Working Capital with Part of Idle Raised Funds**

The Company convened the 3rd Meeting of the Tenth Session of the Board of Directors on 29 August 2019, which considered and approved that Russia Front Loading Washing Machine Manufacturing Base Project used the raised Funds which not exceeding RMB35 million to temporarily replenish the working capital within 12 months from the date of approval by the Board.

Up to now, the term of the aforementioned temporary replenishment of working capital is still within 12 months from the aforementioned date of approval by the Board, and the Company intends to directly convert the total amount of RMB29.69 million of the temporary replenishment of working capital which has been used to replenish previously into permanent replenishment of working capital and will no longer be returned to the special fund-raising account.

### **IV. The Main Reasons of Saving Raised Funds**

1. In the construction process of the investment projects financed by proceeds, the Company used the raised funds strictly in accordance with the relevant requirements of the raised funds management, and according to the project planning and the actual situation, the Company strengthened the cost control, supervision and management. The Company used the raised funds carefully and saved part of the raised funds on the premise of ensuring the quality of the investment projects financed by proceeds as well as in line with reasonable, effective and frugal principles.

2. In the implementation process of the investment projects financed by proceeds, the Company carried out detailed investigations and scientific planning, strengthened the comprehensive management of production, and significantly improved in the production automation, intelligence and product R & D manufacturability, reduced the implementation cost, and obtained a higher output of

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production capacity with the same input related to production, thereby saving part of the raised funds.

3. In the implementation process of the investment projects financed by proceeds, the Company used idle raised funds for cash management and obtained certain interest income.

## **V. Plan of Use of Raised Funds Savings**

After completing the construction of Russia Front Loading Washing Machine Manufacturing Base Project and Vietnam Front Loading Washing Machine Manufacturing Base Project, the production scale of the Company has been improved and the supporting liquidity investment has increased. In order to further improve the efficiency of raised funds, 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 raised funds investment of RMB97.03 million in total in terms of the aforementioned two projects (the actual amount is subject to the balance of the special account on the date of transferring the funds) to permanently replenish working capital of the Company for daily operations of the Company. When the last installments of the project meets 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 raised funds, and thus the supervision agreements of the special account will be terminated, which was entered into by the Company with the sponsor institution, the project implementation body and the opening bank. ~~Moreover~~In addition, the aforementioned amount of RMB29.69 million that has been used for temporary replenishment of working capital would be directly converted to permanent replenishment of working capital and will not be returned to the special account of raised funds.

The permanent replenishment of working capital with raised funds savings is in compliance with the relevant requirements such as the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies as well as the Measures for the Management of Raised Funds* by CSRC and the *Measures for the Management of Raised Funds* of Note: This Announcement has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

*Listed Companies (Revised in 2013)* on the Shanghai Stock Exchange, and is conducive to enhancing the utilization efficiency of the funds. It does not conflict with the implementation plan of the investment project financed by the raised funds, and does not have any influence on the carrying out of the investment project financed by the raised funds, as well as not change in disguise the investment direction of the raised funds or jeopardize the interests of the shareholders.

## **VI. The Opinions of the Independent Directors, the Board of Supervisors and Sponsor Institution on Permanent Replenishment of Working Capital with Raised Funds Savings**

### **(I) Opinions of the Independent Directors**

1. The permanent replenishment of working capital with raised funds savings in the investment projects financed by proceeds to be completed of the Company is conducive to enhancing the utilization efficiency of the raised funds, reducing financial costs and improving profitability, which is in compliance with the interests of the Company and the shareholders as a whole;

2. Both the contents and decision-making procedures of the aforementioned issues conform to the relevant provisions of the *Measures for the Management of Raised Funds of Listed Companies (Revised in 2013)* on the Shanghai Stock Exchange and the *Measures for the Management of Raised Funds* of the Company. It does not conflict with the implementation plan of the investment project financed by the raised funds, 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 investment direction of the raised funds or jeopardize the interests of the shareholders;

3. It is agreed that the Company shall permanently replenish the working capital with the total amount of RMB97.03 million of the unused raised funds investment of the projects to be completed. The total amount of RMB29.69 million, which previously used to temporarily replenish the working capital, would be directly converted into permanent replenishment of working capital and will no longer be returned to the special fund-raising account.

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

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*The Proposal on the Completion of Part of the Investment Projects Financed by Proceeds and Using the Raised Funds Savings to Permanently Replenish Working Capital* was considered and approved at the 7th meeting of the Tenth Board of Supervisors of the Company on 28 April 2020, pursuant to which, it was agreed to use the total amount of RMB97.03 million of the unused raised funds investment of the completed projects, which were Russia Front Loading Washing Machine Manufacturing Base Project and Vietnam Front Loading Washing Machine Manufacturing Base Project of the “Project on ‘the Belt and Road’ Layout and Construction of Manufacturing Base in Overseas Emerging Market” to permanently replenish working capital. The total amount of RMB29.69 million, which previously used to temporarily replenish the working capital, would be directly converted into permanent replenishment of working capital and will no longer be returned to the special fund-raising account.

(III) Opinions of the Sponsor Institution

After verification, CICC believes that:

1. *The Proposal on the Completion of Part of the Investment Projects Financed by Proceeds and Using the Raised Funds Savings to Permanently Replenish Working Capital* by the Company was considered and approved on the 7th meeting of the Tenth board of directors and the 7th meeting of the Tenth board of supervisors, all independent directors issued independent opinions with clear consent, and the Company fulfilled the corresponding procedures and complied with relevant regulations such as the *Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange*. The matter of using the raised funds savings to permanently replenish working capital of the Company still needs to be submitted to the 2019 annual general meeting of the Company for consideration.

2. Completing part of the investment projects financed by proceeds and using the raised funds savings to permanently replenish working capital by the Company will help to improve the efficiency of the raised funds and are in the interest of all shareholders. There is no change or disguised change in the direction of raised funds, and there is no harm to the interest of the Company's shareholders, especially the small and medium shareholders, and it complies with the relevant regulations such as

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*Listing Rules for Stocks in Shanghai Stock Exchange and Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange.*

In conclusion, as the sponsor institution of Haier Smart Home, CICC agrees the completion of part of investment projects financed by proceeds and permanent replenishment of working capital with raised funds savings by the Haier Smart Home in accordance with relevant laws and regulations.

**VII. The Explanation on Submitting Permanent Replenishment of Working Capital with part of Raised Funds Savings to General Meeting for Consideration**

The matter on permanently replenishing working capital with raised funds savings of the Company still needs to be submitted to 2019 Annual General Meeting for consideration.

It is hereby notified the above.

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

28 April 2020

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