

## Haier Smart Home Co., Ltd.

# Announcement on Postponement of Part of Investment Projects Funded by Proceeds Raised from Convertible Corporate 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.

Haier Smart Home Co., Ltd. (hereinafter referred to as the "Company" or "Haier Smart Home") held the 17th meeting of the 10th session of Board of Directors and the 13th meeting of the 10<sup>th</sup> session of Board of Supervisors on 30 March 2021, at which the "*Proposal on Postponement of Part of Investment Projects Funded by Proceeds Raised from Convertible Corporate Bonds of Haier Smart Home Co., Ltd.*" was reviewed and approved, agreeing (1) to extend the construction completion period of "Project of High-end central air-conditioner with an annual output of 1.5 million units" to December 2022; (2) to extend the construction completion period of "Project of Haier North India Industrial Park Project (Phase I)" to December 2021; (3) to extend the construction completion period of "Project of Haier Kitchen Appliance New Factory" to December 2021. The relevant matters are hereby announced as follows:

### I. Background of the Proceeds from issuance of convertible corporate bonds

With the approval of the China Securities Regulatory Commission "Zheng Jian Xu Ke [2018] No.1912" and the consent from Shanghai Stock Exchange, the Company has issued 30,074,900 convertible corporate bonds to the public (hereinafter referred to as the "Convertible Bond Issuance Project"), each with a par value of RMB100. The total Proceeds were RMB3,007.49 million and the net Proceeds were RMB2,980.0248 million after deducting the sponsorship underwriting fees and other issuance-related expenses. According to the Capital Verification Report (Hexin Yan Zi (2018) No. 000090) issued by Hexin Certified Public Accountants LLP (formerly known as "Shandong Hexin Certified Public Accountants LLP") after its verification on the receipt of Proceeds, all the above Proceeds have been credited to the account.

The Company adopts a special account deposit system for Proceeds and has opened special accounts for related Proceeds. All Proceeds have been deposited in the corresponding special accounts after the receipt and a supervisory agreement has been signed with the sponsor and the bank that deposits Proceeds.

## II. The use, deposit and management of the Proceeds from Convertible Bond Issuance Project

### (I) Use of funds of the investment projects financed by proceeds

As of 31 December 2020, the use of funds of the investment projects financed by proceeds was as follows:

Unit: RMB0'000

No.	Project name	Planned Investment amount	Accumulated actual investment amount	Progress of fund investment
1	Project of high-end special refrigerators with 500,000 units annual outputs	52,420	50,970	97.23%
2	Project of Haier (Zhengzhou) Innovation Industrial Park Air Conditioning Production Base Intelligent Manufacturing and Upgrade	7,800	3,063	39.27%
3	Project of Haier Jiaozhou Innovation Industrial Park Air Conditioning Intelligent Manufacturing and Upgrade	8,800	5,612	63.77%
4	Project of Hefei Haier Air Conditioning Co., Ltd. on annually increasing 2 million sets of energy-saving and environmentally-friendly air-conditioners	20,864	15,731	75.40%
5	Project of high-end central air-conditioner with an annual output of 1.5 million units	37,314	17,602	47.17%
6	Project of Haier North India Industrial Park Project (Phase I)	66,045	50,227	76.05%
7	Project of Haier Kitchen Appliance New Factory	30,110	21,805	72.42%
8	Project of Haier Kitchen Appliance Laiyang New Factory	27,620	26,306	95.24%
9	Smart home operating system (U+) project based on natural interaction and cloud brain	2,967	219	7.39%
<b>Total</b>		<b>253,940</b>	<b>191,535</b>	<b>-</b>

## (II) Deposits of Proceeds

As of 31 December 2020, the special accounts for Proceeds and the deposits of Proceeds were as follows:

Unit: RMB

No.	Account name	Bank	Account No.	Balance (as of 31 December 2020)
1	Haier Smart Home Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000640	717,105.84
2	Haier Smart Home Co., Ltd.	BOC Qingdao Branch	244237870606	1,022,722.57
3	Haier Russian Washing Machine Co., Ltd.	ICBC Moscow Sub-branch	40702840500000010918(USD)	Account closed <sup>1</sup>
4			40702810200000010918(RUB)	Account closed <sup>1</sup>
5	Hefei Haier Air-Conditioning Electronic Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000669	2,979,846.24
6	Qingdao Haier (Jiaozhou) Air Conditioner Co., Ltd.	BOC Qingdao Branch	235138702712	272,204.30
7	Qingdao Haier Technology Co., Ltd.	BOC Qingdao Branch	228639313388	965,987.88
8	Qingdao Haier Special Refrigeration Appliance Co., Ltd.	BOC Qingdao Branch	210438496214	1,590,071.99
9	AQUA Electrical Appliances Vietnam Co., Ltd	BOC HoChiMinh City Branch	100000600301527(USD)	0.00
10	Qingdao Haier Smart Kitchen Appliances Co., Ltd.	BOC Qingdao Branch	227338455528	6,024,747.52
11	Hefei Haier Air Conditioning Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000672	4,820,666.06

12	Lai Yang Haier Smart Kitchen Appliances Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000674	11,054,566.55
13	Zhengzhou Haier Air-conditioning Co., Ltd.	CCB Haier Road Sub-branch	37150198551000000670	169,106.27
14	Haier Appliances (India) Private Limited	ICBC Mumbai Sub-branch	0166000100000164728(RUB)	1,570,590,735.34 <sup>2</sup>
15			0166000100000169238(USD)	18,739.80 <sup>2</sup>
Subtotal of balance in Proceeds account (converted to RMB amount)				169,685,217.42
The amount of idle Proceeds for cash management				463,518,078.00
Total balance of unused Proceeds				633,203,295.42

Note 1: The construction of the "Russian Drum Washer Manufacturing Base Project", one of the Company's fund-raising projects, has been completed and the Company has cancelled the special account for the fund-raising funds (account numbers: 40702840500000010918 (USD) and 40702810200000010918 (RUB)) opened at ICBC Moscow Sub-branch.

Note 2: As of December 31, 2020, the exchange rate of USD to RMB was USD1 = RMB6.5425 and the exchange rate of INR to RMB was INR1 = RMB0.08914.

### (III) Management of Proceeds

#### 1. Cash management

After deliberation at the 26th meeting of the ninth session of Board of Directors and the seventh meeting of the tenth session of Board of Directors, it was agreed that the Company may use no more than RMB1.5 billion and RMB 700 million of idle Proceeds for cash management within 12 months from 24 January 2019 and within 18 months from 28 April 2020 respectively, which can be utilized on a rolling basis within the above-mentioned quota and period. The independent directors, the board of supervisors and the sponsors expressed agreement or no objection to the above matters respectively.

As of 31 December 2020, the balance of financial products purchased by the Company from the above-mentioned proceeds for cash management was RMB463,518,078.00.

#### 2. Replenishment of working capital

The Company held the third meeting of the tenth Board of Directors on 29 August 2019, at which the *"Proposal on Using Part of Idle Proceeds to Temporarily Replenish Working Capital of Haier Smart Home Co., Ltd."* was reviewed and approved, and decided to use no more than RMB35 million of the Proceeds to replenish the working capital of “Russian Front-loading Washing Machine Manufacturing Base Project” temporarily for a period of no more than 12 months from the date of approval by the Board of Directors. The independent directors, the Board of Supervisors and the sponsors expressed agreement or no objection to the above matters respectively.

On 28 April 2020, the seventh meeting of the tenth session of Board of Directors deliberated and approved the *"Proposal on Completion of Part of Investment Projects Funded by Proceeds Raised and the Permanent Replenishment of Working Capital with the Surplus Proceeds"*, agreeing to permanently replenish the working capital with the surplus Proceeds totaled RMB97.03 million upon the completion of Russian Front-loading Washing Machine Manufacturing Base Project and Vietnamese Front-loading Washing Machine Manufacturing Base Project under “construction project of manufacturing base launched for the ‘Belt and Road’ and overseas new markets”. Independent directors, the Board of Supervisors and the sponsors expressed their agreement on the foregoing matters.

As of 31 December 2020, a total of RMB2,397,570,000 of the Proceeds from the Convertible Bond Issuance Project has been used, with a balance of RMB 63,320 (The account balance includes the income generated by the Company's purchase of wealth management products, interest on demand deposits, exchange gains and losses and unutilized Proceeds).

### **III. The general information and reasons for the postponement of part of investment projects funded by Proceeds**

Among the investment projects funded by Proceeds from the Convertible Bond Issuance Project, according to the implementation of the project and the Company's development strategy, the construction completion periods of the "Project of high-end central air-conditioner with an annual output of 1.5 million units", "Project of Haier North India Industrial Park Project (Phase 1)" and “Project of Haier Kitchen Appliance New Factory” are planned to be extended. The basic information and reasons for the postponement are as follows:

No.	Project name	Original deadline	Extended completion period	Specific reasons for the postponement
1	Project of high-end central air-	December 2018	December 2022	As the product planning of the production base was adjusted with market strategy, the product planning positioning of the

No.	Project name	Original deadline	Extended completion period	Specific reasons for the postponement
	conditioner with an annual output of 1.5 million units			project was changed to more intelligent high-end products. In response to the above changes and market demand, reasonable control of the investment scale and schedule, so far, the actual number of production lines under development has been reduced compared with the original plan. The implementation progress has been postponed. From 2021 to 2022, we will continue to build new internal and external machine assembly lines and auxiliary facilities to produce new series of cabinet machines, embedded machines and fans.
2	Project of Haier North India Industrial Park Project (Phase I)	October 2020	December 2021	Due to the impact of the COVID-19 epidemic, the India went into lockdown. Technical and management personnel cannot enter the country, so some work has to be postponed or transferred online, resulting in the mandatory suspension of certain projects. Subsequently, construction has basically resumed with the substitution measures of employing local labors. The project is still under construction and the implementation progress has been postponed.
3	Project of Haier Kitchen Appliance New Factory	June 2018	December 2021	Some products of this project have been put into production and have generated benefits, but: (1) due to the unpredictable market demand and the impact of the epidemic, the production capacity of some originally planned products has been postponed; (2) in order to meet the high-growth demand in the range hood market, smart kitchens range hood production line equipment are required to further improvement and upgrading; (3) in line with the new demand of the oven market, it is necessary to supplement and upgrade the equipment of the smart kitchen oven production line to produce new micro-steaming products.

#### IV. Impact of extending part of investment projects funded by Proceeds on the Company

The extension of part of the investment projects funded by Proceeds is a prudent decision made based on the actual implementation of such projects, which will not change the content, total investment amount and implementation entities of the project, and will not have a substantial impact on the implementation of the investment projects funded by Proceeds. And there is no any shifting of or shifting in disguise of the investment of Proceeds or any damage to the interests of the shareholders, and no material adverse impact on the Company's normal operations. The postponement of such projects is in line with the Company's long-term development plan.

## **V. Opinions from independent directors, the Board of Supervisors and the sponsors on postponement of part of investment projects funded by Proceeds**

### **(I) Opinion of the independent directors**

The independent directors of the Company issued the following independent opinions on relevant matters in relation to the postponement of part of investment projects funded by proceeds raised from convertible corporate bonds above considered at the 17th meeting of the tenth session of Board of Directors:

“The postponement of part of investment projects funded by Proceeds raised from convertible corporate bonds of the Company is line with the development strategy plan of the Company and the interest of all shareholders, which will not cause adverse effect on the Company’s production and operation and help to achieve the optimization of capital allocation and the maximizing benefits. We agree to postponement (1) the construction completion period of ‘Project of high-end central air-conditioner with an annual output of 1.5 million units to December 2022; (2) the construction completion period of ‘Project of Haier North India Industrial Park Project (Phase I)’ to December 2021; (3) the construction completion period of ‘Project of Haier Kitchen Appliance New Factory’ to December 2021.”

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

*The Proposal on postponement of Part of Investment Projects Funded by Proceeds Raised from Convertible Corporate Bonds of Haier Smart Home Co., Ltd.* was considered and approved at the 13th meeting of the tenth session of Board of Supervisors of the Company on 30 March 2021, pursuant to which, it was agreed to postponement part of investment projects funded by proceeds raised from convertible corporate bonds above.

### **(III) Opinion of sponsors**

China International Capital Corporation Limited, as the sponsor of the Convertible Bond Issuance Project, had issued the following verification opinions on relevant matters regarding extension of part of investment projects funded by proceeds raised:

“1. *The Proposal on postponement of Part of the Investment Projects Funded by Proceeds Raised from Convertible Corporate Bonds* of the Company was approved on the 17th meeting of the tenth Board of Directors and the 13th 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 (2013 revision)*.

2. The Company postponed part of investment projects funded by Proceeds, which only involves changes in investment progress of such project without adjustment to total investment amount and construction scale of such project. Therefore, there is no any shifting of or shifting in disguise of the investment of Proceeds or any damage to the interests of the shareholders; the postponement adjustment to the investment projects funded by proceeds has no adverse effect on the normal operation of the Company and is in line with the Company’s long-term development plan.

In conclusion, as the sponsors of Haier Smart Home, China Capital Corporation agreed the extension of period of part of investment projects funded by proceeds raised from convertible corporate bonds.”

## **VI. Documents available for inspection**

(1) Resolutions of the 17th Meeting of the Tenth Session of the Board of Directors of Haier Smart Home Co., Ltd.;

(2) Resolutions of the 13th Meeting of the Tenth Session of the Board of Supervisors of Haier Smart Home Co., Ltd.;

(3) The Independent Opinions from Independent Directors of Haier Smart Home Co., Ltd. on the Matters in relation to 17th Meeting of the Tenth Session of the Board of Directors;

(4) Verification Opinions of China International Capital Corporation Limited on the Postponement of Part of Investment Projects Funded by Proceeds Raised from Convertible Corporate Bond of Haier Smart Home Co., Ltd.

The announcement is hereby given.



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

30 March 2021

*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.*