

**Authentication Report of Haier Smart Home Co., Ltd. On
Pre-investment in Investment
Projects Financed by Proceeds with Self-raised Funds
Hexin Zhuan Zi. (2019) No.000373**

<u>Table of Contents</u>	<u>Page No.</u>
I . Authentication Report	1-2
II . Special Explanation on Pre-investment in Investment Projects Financed by Proceeds with Self- raised Funds	3-4



**Hexin Certified Public Accountants LLP
29 October 2019**

Authentication Report of Haier Smart Home Co., Ltd on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds

Hexin Zhuan Zi. [2019] No.000373

To all shareholders of Haier Smart Home Co., Ltd.:

Commissioned by your company, we conducted special authentication over annexed *Special Explanation of Haier Smart Home Co., Ltd on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds* (hereinafter referred to as *Special Explanation on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds*) prepared by the management of Haier Smart Home Co., Ltd. (formerly known as “Qingdao Haier Co., Ltd.”, hereinafter referred to as “Haier Smart Home”).

I. Responsibilities of the management

Responsibilities of the management of Haier Smart Home are to prepare *Special Explanation on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds* in accordance with *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Capital Raised by Listed Companies* of China Securities Regulatory Commission and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange* of Shanghai Stock Exchange and requirements of relevant format directives, and to ensure contents to be authentic, accurate and complete and be free from fraud representations, misleading statements and material omissions.

II. Responsibilities of certified public accountants

Our responsibility is to issue authentication opinions over *Special Explanation on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds* prepared by the management of Haier Smart Home on the basis of implementing authentication works. We executed authentication works in accordance with rules of principles of *Other Authentication Business Principles No.3101 of Certified Public Accountants of China--- Authentication Businesses Other Than Auditing and Reviewing of Historical Financial Information*. Such principles require us to plan and implement authentication works to obtain assurance over whether information of authentication

objects contains material misrepresentations. During the process of executing authentication works, we implemented authentication procedures we believe necessary such as understanding, inquiring, inspecting and re-calculating. We believe that, our authentication works provide reasonable foundation for expressing opinions.

III. Authentication opinions

We believe that, *Special Explanation on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds* prepared by the management of Haier Smart Home has been prepared in accordance with *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Capital Raised by Listed Companies* of China Securities Regulatory Commission and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange* of Shanghai Stock Exchange and relevant format directives, and faithfully reflects information of Haier Smart Home on pre-investment in investment projects financed by proceeds with self-raised funds from 30 April 2019 to 8 October 2019 in terms of all material aspects.

IV. Restrictions over users of the report and purpose of use

This special report is only for the use of Haier Smart Home with the purpose of replacing self-raised funds of pre-investment in investment projects financed by proceeds with capital raised, without written consent from our accountant firm, it shall not be used for other purposes. The consequences caused by misuse should be irrelevant to certified public accountants and out firm which executed the authentication business.

Hexin Certified Public Accountants LLP

Certified Public Accountant:Zhao Bo

Jinan, China

Certified Public Accountant:Li Xiangzhi

29 October 2019

Special Explanation of Haier Smart Home Co., Ltd. on Pre-investment in Investment Projects Financed by Proceeds with Self-raised Funds

According to *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Capital Raised by Listed Companies* of China Securities Regulatory Commission and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange (Revised in 2013)* of Shanghai Stock Exchange and related rules of relevant format directives, special explanations of detailed information of Haier Smart Home Co., Ltd. (formerly known as “Qingdao Haier Co., Ltd.”, hereinafter referred to as “Haier Smart Home”) of pre-investment in investment projects financed by proceeds with self-raised funds are as follows:

I . Basic information of capital raised

With approval from China Securities Regulatory Commission (hereinafter referred to as “CSRC”) of *Approval on Verifying and Approving Public Issuance of Convertible Corporate Bonds of Haier Smart Home Co., Ltd.* (ZJXK[2018] No.1912), Haier Smart Home is approved to issue convertible corporate bonds with a total nominal value of RMB3,007.49 million, the issuing price is RMB100 per piece, and they are issued in accordance with nominal value with a term of six years. As of 24 December 2018, the public issuance of A share convertible corporate bonds totally raised capital of RMB3,007,490,000.00. After deducting sponsor and underwriting fees of RMB23,909,545.50, all capital raised of totally RMB2,983,580,454.50 has been remitted into the regulation account for capital raised of Haier Smart Home. Totally RMB3,555,700.00 of other issuance expenses such as attorney fee, accountant, credit rating, information disclosure, registration service and issuance handling fee have not been deducted from the aforesaid capital raised, after deducting the aforesaid issuance expenses from the actually received capital raised, the net amount of actual capital raised of Haier Smart Home ’s public issuance of convertible corporate bonds is RMB2,980,024,754.50. The status of being in place of the aforesaid capital raised has been verified by Shandong Hexin Certified Public Accountants LLP with capital verification report Hexin Yan Zi. [2018] No.000090 being issued.

II . Information of undertakings on investment projects financed by proceeds

According to the *Instruction Manual of Public Issuance for Fundraising with Convertible Corporate Bonds* of Haier Smart Home, and the *Proposal on Changing Part of the Investment Projects of Funds Raised from Convertible Corporate Bonds of Qingdao Haier Co., Ltd.* passed on the 27th Meeting of the Ninth Session of the Board of Directors and the 23rd Meeting of the Ninth Session of the Board of Supervisors, investment projects financed by proceeds and use plan of capital raised are as follows: (Unit of amount:

RMB10 thousand):

Serial No.	Name of project	Main data of feasibility report (RMB10 thousand)		
	Name of pre-plan announcement	Total investment	Capital to be raised	Self-raised portion
1	Annual Production of 500 Thousand High-End Special Refrigerator Project	61,644	52,420	9,224
2	Upgrade of Manufacturing of Home Air-Conditioner and Improvement of Production of Smart Product Project	50,805	37,464	13,341
3	Annual Production of 1.5 Million Air-Conditioner of High-End Central Air-Conditioning Project	45,198	37,314	7,884
4	Construction of Smart Kitchen Appliances Plant Project	71,666	57,730	13,936
5	Russia Front Loading Washing Machine Manufacturing Base Project	39,574	34,058	5,516
6	Vietnam Front Loading Washing Machine Production Center Project	15,939	12,751	3,188
7	Haier North India Industrial Park Project (Phase I)	76,085	66,045	10,040
8	Smart Home Operating System (U+) Project Based on Natural Interaction and Cloud Brain	38,424	2,967	35,457
	Total	399,335	300,749	98,586

III. Information of pre-investment in investment projects financed by proceeds with self-raised funds

From 30 April 2019 to 18 October 2019, the amount that Haier Smart Home intends to replace pre-investment in investment projects financed by proceeds with self-raised funds was totally RMB63.51million, and detailed information of the investment is as follows:(Unit of amount: RMB10 thousand):

Serial No.	Name of project	Total investment	Amount of investment with self-raised funds	The amount to be replaced this time
1	Haier North India Industrial Park Project (Phase I)	76,085	6,351	6,351
	Total	76,085	6,351	6,351

IV . Information of approval of replacing self-raised funds pre-invested in investment projects financed by proceeds with capital raised

The issue of Haier Smart Home's replacing self-raised funds pre-invested in investment projects financed by proceeds with capital raised has been reviewed and passed at the 4th meeting of the tenth session of the board of directors of Haier Smart Home on 29 October 2019.

Haier Smart Home Co., Ltd.

29 October 2019

*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.*