

China International Capital Corporation Limited

Verification Opinions on the Temporary

Replenishment of Working Capital with Part of Idle

Raised Funds by Haier Smart Home Co., Ltd.

As the sponsor institution of the public issuance of convertible corporate bonds in 2018 of Haier Smart Home Co., Ltd. (formerly known as "Qingdao Haier Co., Ltd.", hereinafter referred to as “Haier Smart Home” or the “Company”), China International Capital Corporation Limited (hereinafter referred to as “CICC” or the “Sponsor Institution”) conducted prudent inspection over the temporary replenishment of working capital of Haier Smart Home with part of idle raised funds in accordance with relevant laws and statutes and rules of standardized documents such as *Administrative Measures for the Recommendation Business of the Issuance and Listing of Securities* (Revised in 2017), *Listing Rules for Stocks in Shanghai Stock Exchange* (Revised in April 2019), *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Raised Funds by Listed Companies* and *Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange* (Revised in 2013), and expressed the following inspection opinions:

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 intends to publicly 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 years (hereinafter referred to as the “Convertible Corporate Bonds”). After deducting the sponsorship and underwriting fees (including value-added tax) of RMB23,909,500, the balance was RMB 2,983,580,500. Paid-in raised funds, excluding aggregate fees of RMB 3,555,700 paid to lawyers,

accountants, and expenses of credit rating, information disclosure, registration services, issuance handling fees and other issuance expenses, the net amount of actually 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 Special-account Deposits of Raised Funds* with the sponsor institution and the commercial bank where the raised funds were deposited.

II. Basic Information of the Investment Project Financed by Raised Funds

(I) Investment project financed by raised funds

In accordance with the *Prospectus in relation to the Public issuance of Convertible Corporate Bonds of A shares by Qingdao Haier Co., Ltd.* and the *Announcement on Changing Part of the Investment Projects financed by Funds Raised from Convertible Corporate Bonds* (No.: L2019-025), the basic information of the investment project financed by funds raised from convertible corporate bonds are as follows:

Unit: RMB0'000

No.	Project name	Amount of the raised funds invested
1	Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	127,198
2	- Project on Practicing Big Kitchen Appliance Strategy and Capacity Layout of Whole-set Smart Kitchen Appliances	57,730
3	Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	112,854
4	Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform	2,967
Total		300,749

(II) Use of raised funds

On 24 January 2019, the *Proposal on Using Funds Raised to Replace Self-raised Funds Pre-Invested in Investment Projects Financed by Proceeds of Qingdao Haier Co., Ltd.* was approved on the 26th meeting of the 9th session of the Board of Directors, the 22th meeting of the 9th session of the Board of Supervisors convened by the Company, agreeing the Company to use funds raised amounting to RMB996,331,200 in exchange of the self-raised funds pre-invested in the investment projects financed by proceeds to the same amount. For details, please refer to the *Qingdao Haier Co., Ltd. Announcement in Relation to Using Raised Funds to Replace Self-raised Funds Previously Invested in the Investment Project Financed by the Raised Funds* (No.L2019-008) disclosed by the Company at the information disclosure website designated by the China Securities Regulatory Commission

On 24 January 2019, the *Qingdao Haier Co., Ltd. Announcement on the Progress of Entrusted Wealth Management by Using Idle Raised Funds* was approved on the 26th meeting of the 9th session of the Board of Directors convened by the Company, agreeing the Company to use idle raised funds up to RMB1.5 billion on cash management within 12 months from the date of approval of the Board of Directors, provided that the normal implementation of investment projects financed by raised funds has not been effected.

As of 31 July 2019, the invested amount of the investment project financed by raised funds are detailed as follows:

Unit: RMB0'000

N o.	Project name	Invested amount	Progress planned as or not
1	Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	70,215	Yes
2	Project on Practicing Big Kitchen Appliance Strategy and Capacity Layout of Whole-set Smart Kitchen Appliances	35,420	Yes

3	Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	33,771	Yes
4	Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform	180.43	Yes
Total		139,396	/

(III) Balance of raised funds

As of 31 July 2019, the balance of raised funds amounts to RMB1,598,378,060.44, including the income generated from purchase of wealth management products by the Company, interest on demand deposits, exchange gains and losses and the funds raised that have not yet been invested.

III. Plan of Temporary Replenishment of Working Capital with Part of Idle Raised Funds

The total investment in the sub-project “Russia Front Loading Washing Machine Manufacturing Base” in “Project on ‘ the Belt and Road ’ Layout and Construction of Manufacturing Base in Overseas Emerging Market” was USD51 million , the civil engineering and purchase of equipment and installation of Russia Front Loading Washing Machine Manufacturing Base have been basically completed. Due to the some parts of the last installments remain to be paid after the completion of the project, there is idle funds in the raised funds account. At the same time, there is a demand for liquidity in Russia Front Loading Washing Machine Manufacturing Base, and the cost of borrowings in Russia is relatively high at the beginning of the construction of the new factory. Therefore, in order to meet the needs of liquidity for

the project, the efficiency of raised funds should be improved and financial costs should be reduced. In this sense, the Company intends to temporarily supplement the working capital with part of the idle raised funds. Such funds shall only be used for the production and operation related to the principal business of the Company, with total amount of no more than RMB35 million, and the use period shall be within 12 months from the date of approval by the Board of Directors. During such period, the Company shall return such funds to the special account of raised funds in time according to the construction requirements or progress of the projects financed by raised funds.

The temporary replenishment of working capital with part of idle raised funds will not be directly or indirectly used for new stock placement, purchase or trading of stocks, derivatives and convertible corporate bonds. It does not change in disguise the investment direction of the raised funds, and does not have any influence on the carrying out of the investment plan of raised funds.

IV. The Consideration Procedure on the Temporary Replenishment of Working Capital with Part of Idle Raised Funds and Compliance with the Regulatory Requirements

The Company convened the 3rd Meeting of the Tenth Session of the Board of Directors on 29 August 2019, which considered and approved the *Proposal in relation to the Temporary Replenishment of Working Capital with Part of Idle Raised Funds of Haier Smart Home Co., Ltd.*, and decided to temporarily replenish the working capital with part of idle raised funds not exceeding RMB35 million within 12 months from the date of approval by the Board. According to relevant requirements, the plan of temporary replenishment of working capital with part of idle raised funds is within the scope of director's decision-making, thus it is not subject to shareholders' approval at the general meeting.

The Directors of the Company is of the view that the temporary replenishment of working capital with part of idle raised funds 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; 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) issued by 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, 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; It is agreed that the Company shall temporarily replenish the working capital with the raised funds not exceeding RMB35 million for a period not exceeding 12 months from the date of approval at the 3rd Meeting of the Tenth Session of the Board of Directors.

The Supervisory Committee is of the view that temporary replenishment of working capital with part of idle raised funds made by the Company is in compliance with the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies* issued by CSRC as well as 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, 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. Therefore, it is agreed the Company shall temporarily replenish the working capital with the part of idle raised funds.

V. Verification Opinions from the Sponsor Institution

1. It is verified that the Company has sound financial situation at present. On the premise of ensuring the fund demand of fund-raising investment project and the normal operation of fund-raising plan, the temporary replenishment of the working capital with part of the idle raised funds (not exceeding RMB 35 million) helps to improve the efficiency of raised funds, reduce the financial cost and improve the profitability, which is in line with the interests of the Company and its shareholders as a whole;

2. The Board of Directors has considered and approved the proposal on using part of idle raised funds to temporarily replenish working capital, and the independent directors and the Supervisory Committee have expressed clear consents. The decision-making procedure of such matter conforms to the relevant provisions;

3. The temporary replenishment of the working capital with part of the idle raised funds does not conflict with the implementation plan of the investment project financed by the raised funds, does not change in disguise the use and investment direction of the raised funds and does not have any influence on the carrying out of the investment project financed by the raised funds or jeopardize the interests of the shareholders. Such funds shall be used within 12 months from the date of approval by the Board of Directors. It is in line with relevant regulations such as *Administrative Measures for the Recommendation Business of the Issuance and Listing of Securities* (Revised in 2017), *Listing Rules for Stocks in Shanghai Stock Exchange* (Revised in April 2019), *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Raised Funds by Listed Companies* and *Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange* (Revised in 2013).

Based on the foregoing, the sponsor institution does not have dissent regarding the temporary replenishment of working capital with part of idle raised funds by the Company.

There is no formal text in this page, and it is the signing and stamp page for *Verification Opinions from China International Capital Corporation Limited on the Temporary Replenishment of Working Capital with Part of Idle Raised Funds by Haier Smart Home Co., Ltd.*

Sponsor representative: Sun Lei _____
Li Yang _____

China International Capital Corporation Limited

29/08/2019