

Stock Name: Qingdao Haier **Stock Code:** 600690 **No.:** L2019-017

Bond Name: Haier Convertible Bonds **Bond Code:** 110049

Qingdao Haier Co., Ltd.

Announcement on Prediction on Daily Related-party Transactions in 2019

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.

Important Notice:

- Matters related to the daily related-party transactions expected to be carried out in 2019 in this Announcement shall be submitted to the annual general meeting of the Company for consideration and approval.
- The daily related-party transactions expected to be carried out for the year involved in this Announcement will not cause Qingdao Haier Co., Ltd. to form greater dependence on related parties, and the daily related-party transactions will not have a significant impact on the Company.

I. Basic Information of the Actual Execution in 2018 and the Daily Related-party Transactions Expected to be Carried out in 2019

In 2018, the Company's related-party procurement transactions amounted to RMB33.59 billion, accounting for 20.1% of similar transactions, representing a year-on-year decrease of 3.9 percentage points; the related-party sales transactions amounted to RMB4.49 billion, accounting for 2.4% of similar transactions, representing a year-on-year decrease of 0.9 percentage points. In 2018, the Company's self-procurement through its wholly-owned subsidiaries Qingdao Haidarui Procurement Service Co., Ltd. ("Haidarui") and Qingdao Haidayuan Procurement Service Co., Ltd. ("Haidayuan") amounted to RMB56.51 billion, representing a year-on-year increase of 27.1%. The said self-procurement platforms were established in 2009 and 2012, respectively. By the end of 2018, they have reduced the amount

of related-party procurement transactions by RMB264.2 billion for the Company. Since the Company acquired overseas trading companies in 2015, the Company's export businesses were executed by the said trading companies acquired, and amount of related-party sales transactions was further optimized. In the future, the Company will further increase its self-procurement and sales efforts and continue to reduce related-party transactions. (Note: The related-party procurement and sales transactions in 2018 calculated in this paragraph includes related-party transactions with joint ventures such as Wolong Electric Zhangqiu Haier Motor Co., Ltd., Controladora Mabe, S.A. de C.V., etc.).

Subject to the Company's goal to continuously optimize related-party transactions and the gradual advancement of relevant works, it is expected that the proportion of daily related-party transactions in 2019 will maintain the current level, and the Company will ensure that no harm will be caused by the related-party transactions to the interests of the Company and all shareholders in the principles of fairness, justice and openness.

The table below sets out the general information of the Company's daily related-party transactions expected to be carried out in 2019 [including the amount of related-party transaction of Haier Electronics Group Co., Ltd. (a holding subsidiary of the Company; hereinafter referred to as "Haier Electronics"; stock code: 01169.HK) submitted or intended to be submitted to the general meeting of the shareholders for consideration and approval]:

Unit: RMB' 0,000

	Procurement	Sales	Finance		
			Deposits	Loans/discounts, etc.	Investment in foreign exchange funds derivatives, etc.
Expected amount	3,922,650	595,900	2,300,000	1,600,000	500,000
Including: Haier Electronics	1,990,281	39,959	400,000	100,000	/
Including: proportion of Haier Electronics' amount to the total declaration amount	50.7%	6.7%	17.4%	6.3%	/

The table below sets out the breakdowns of the Company's daily related-party transactions expected to be carried out in 2019 (including Haier Electronics):

Unit: RMB'0,000

Trans action Category	Further classified by products or services	Related Parties (note)	Total estimated amount in 2019	Percent age of similar transact ions in 2019	Actual amount in 2018
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Procurement	Purchase of raw materials, goods, energy, services, etc	Qingdao Haier Parts Procurement Co., Ltd	1,342,409	3,922,650	Approximately 30%	1,988,816
		Chongqing Haier Appliance Sales Co., Ltd.	847,723			
		Qingdao Haier Goodaymart Logistic Co., Ltd. etc.	428,971			
		Hefei Haier Logistics Co., Limited	245,682			
		Qingdao Haier International Trading Co., Ltd. etc.	135,599			
		Chongqing Haier Logistics Co., Ltd.	321,884			
		Qingdao Haier Communications Co., Ltd.	13,309			
		Qingdao Haier Special Plastic Development Co., Ltd.	84,508			
		Qingdao Haier Tooling Development and Manufacturing Co., Ltd.	38,719			
		Qingdao Economy and Technology Development Zone Haier Energy Power Co., Ltd.	26,309			
		Qingdao Haiyongda Property Management Co., Ltd.	20,961			
		Qingdao Haier Energy Power Co., Ltd.	12,568			
		Dalian Haier International Trading Co., Ltd.	44,064			
		Laiyang Haier Electrical Co. Ltd.	13,060			
		Other related parties	346,884			
Sales	Sales of products, components and services, etc.	Qingdao Haier International Trading Co., Ltd.	242,138	595,900	Approximately 10%	275,294
		Qingdao Haier Special Plastic Development Co., Ltd.	99,455			
		Qingdao Haier Tooling Development and Manufacturing Co., Ltd.	18,951			
		Suzhou Haier Information Technology Co., Ltd.	12,085			
		Qingdao Haier International Travel Agency Co., Ltd.	20,069			
		Other related parties	203,201			
Financial services	Deposits, etc.	Haier Group Finance Co., Ltd., etc.	2,300,000	Approximately 70%	1,396,660	
	Loans/discounts, etc.		1,600,000	Approximately 40%	138,751	
	Investment in foreign exchange funds derivatives, etc.		500,000	Approximately 10%	88,931	

Note:

(1) Unless otherwise specified in the announcement, the related parties in this Announcement shall refer to those determined in accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Shanghai Stock Exchange Implementing Guidelines for Related Transactions of Listed Companies*, so the range of related parties and amount of related-party transactions may differ from those determined in accordance with the *Accounting Standards for Business Enterprises* in the Audit Report.

(2) Qingdao Haier Goodaymart Logistic Co., Ltd. is currently a subsidiary of Haier Electrics, which provides logistics services for the Company and Haier Electrics, and does not constitute a related party transaction. The *Proposal on*

Submitting to the General Meeting for Granting its Directors the Right to Repurchase Shares, Issue Additional Shares and Grant Restricted Shares for the Purpose of Share Incentive by a Subsidiary, Haier Electronics Group Co., Ltd. of Qingdao Haier Co., Ltd. has been considered and passed on the 18th meeting of the 9th session of the Board of Directors of the Company, if the transaction is completed, Qingdao Haier Goodaymart Logistic Co., Ltd. will become the related party of the Company and Haier Electrics. The "related transaction amount" listed between the listed parties is assumed that the transaction will be completed in 2019, and the Company's related transaction amount will be increased.

II. Information of Related Parties and Related Relationship

1. Basic information and relationship with the listed company:

No.	Related Parties	Legal Representative	Registered Capital (RMB'0,000)	Business Scope (simplified)	Address	Relationship with the Listed Company
1	Qingdao Haier Parts Procurement Co., Ltd	Chen Lucheng	100	Procurement and sales of parts	Within Haier Industrial Park, Qingdao Economy and Technology Development Zone	Subsidiary of Haier Group
2	Chongqing Haier Appliance Sales Co., Ltd.	Li Huagang	1000	Sales of communications products, electronic products, etc.	No. 1, Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group
3	Hefei Haier Logistics Co., Ltd.	Chen Lucheng	50	Development, processing and operation of plastics, sheet metal, motor, packaging and printed items, etc.	Within Haier Industrial Park, Anhui Hefei Economy and Technology Development Zone	Subsidiary of Haier Group
4	Qingdao Haier International Trading Co., Ltd.	Chen Lucheng	3000	Self-support and agency of the import and export of various goods and technologies, and warehousing services	Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group
5	Chongqing Haier Logistics Co., Ltd.	Chen Lucheng	50	Manufacturing and sales of household appliances components and products, warehousing	No. 1, Gangcheng South Road, Jiangbei District, Chongqing	Subsidiary of Haier Group

				services, etc.		
6	Qingdao Haier Communications Co., Ltd.	Wang Zhanzhong	500	R&D, production and wholesale of communication and digital products	Within Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group
7	Qingdao Haier Special Plastic Development Co., Ltd.	Li Weijie	8600	Assembly production and sales of refrigerator foam door, and technical consulting services	Haier Development Zone Industrial Park, Qingdao Economy and Technology Development Zone	Subsidiary of Haier Group
8	Qingdao Haier Tooling Development and Manufacturing Co., Ltd.	Zhai Xueying	1000	Research and development of household appliances production process equipment; research and development of plastic, hardware, accessories, special tools, special machinery and new materials; and technical services	No.1 , Haier Road, Qingdao High-tech Industry Park	Subsidiary of Haier Group
9	Qingdao Economy and Technology Development Zone Haier Energy & Power Co., Ltd.	Yang Chuanxin	5700	Supply of water, power, steam heat, gas, compressed steam, liquefied gas, etc. within Haier Industrial Park	Haier Development Zone Industrial Park, Qingdao Economy and Technology Development Zone	Subsidiary of Haier Group
10	Qingdao Haiyongda Property Management Co., Ltd.	Yang Chuanxin	500	Property management services, etc.	Within Haier Industrial Park, No. 1, Haier Road, Laoshan District, Qingdao	Subsidiary of Haier Group
11	Qingdao Haier Energy & Power Co., Ltd.	Yang Chuanxin	10827.6	Water, electricity, steam heat; wholesale and	Haier Industrial Park of Qingdao	Subsidiary of Haier Group

				retail of electrical machinery and equipment, building materials, metal materials; installation of equipment and pipelines	High-tech Industry Park	
12	Dalian Haier International Trading Co., Ltd.	Chen Lucheng	500	International trade, etc.	Room 220, Far East Building, Dalian Bonded Area, Liaoning Province	Subsidiary of Haier Group
13	Laiyang Haier Electrical Co., Ltd.	Sun Jingyan	2000	Development, design, manufacturing, sales and import and export of household appliances and auxiliary products	No. 135 Jingqi West Road, Laiyang City, Shandong Province	Subsidiary of Haier Group
14	Qingdao Haier International Trading Co., Ltd.	Chen Lucheng	3000	Self-operation and agency of import and export of various commodities and technologies and warehousing services	Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group
15	Suzhou Haier Information Technology Co., Ltd.	Li Guilan	16685	Development, production and sales of computer software, hardware and peripheral equipment, etc.	No. 15, Chngbei Huanqing Road, Yushan Town	Subsidiary of Haier Group
16	Qingdao Haier International Travel Agency Co., Ltd.	Yang Chuanxin	310	Domestic tourism business, conference service, reservation order service, recycling of used household	Haier Industrial Park of Qingdao High-tech Industry Park	Subsidiary of Haier Group

				appliances, etc.		
17	Haier Group Finance Co., Ltd.	Qin Yan	700000	Financial business	1st Floor, Yulong International Center, 178-2 Haier Road, Laoshan District Shandong Province	Subsidiary of Haier Group
18	Qingdao Haier Goodaymart Logistic Co., Ltd.	Zhou Yunjie	USD 91.64 million	Logistics services, etc	Qingdao Haier Industrial Park, Laoshan District, Qingdao	Subsidiary of Haier Group

2. Analysis of performance capability:

All of the related parties aforementioned have relatively strong performance capability. No bad debts have been caused by the payment to our Company over the years, and there is no possibility of bad debts in the future based on experience and reasonable judgment.

3. Total amount of various daily related-party transactions expected to be carried out in 2019 with related parties:

Unit: RMB/'0,000

No.	Related Company	Total Transaction Amount	No.	Related Company	Total Transaction Amount
1	Qingdao Haier Parts Procurement Co., Ltd	1,342,409	11	Qingdao Haiyongda Property Management Co., Ltd.	20,961
2	Chongqing Haier Appliance Sales Co., Ltd.	847,723	12	Qingdao Haier Energy & Power Co., Ltd.	12,568
3	Hefei Haier Logistics Co., Ltd.	245,682	13	Dalian Haier International Trading Co., Ltd.	44,064
4	Qingdao Haier International Trading Co., Ltd., etc.	377,737	14	Laiyang Haier Electrical Co. Ltd.	13,060
5	Chongqing Haier Logistics Co., Ltd.	321,884	15	Suzhou Haier Information Technology Co., Ltd.	12,085
6	Qingdao Haier Communications Co., Ltd.	13,309	16	Qingdao Haier International Travel Agency Co., Ltd.	20,069
7	Qingdao Haier Special Plastic Development Co., Ltd.	183,964	17	Haier Group Finance Co., Ltd.	4,400,000
8	Qingdao Haier Tooling Development and Manufacturing Co., Ltd.	57,670	18	Other related parties	550,085
9	Qingdao Economy and Technology Development Zone Haier Energy Power Co., Ltd.	26,309			8,918,550

10	Qingdao Haier Logistic Co., Ltd.	Goodaymart	428,971	Total amount of the daily related-party transactions
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III. Transaction Contents and Pricing Policy

The related-party transactions between the Company and related parties such as Haier Group have always followed the principles of fairness and reasonableness. The main related-party transactions are explained as follows:

1. Related-party sales

Following the acquisition of the overseas white goods assets of the Group, the Company's original overseas sales model, being exports through the Group's exporting platform, was changed. The trading company under the company holding overseas white household appliances assets is now fully responsible for sales of export-oriented products. Meanwhile, the trading company is also responsible for the overseas sales of some of the Group's products (such as brown goods). As such, the Company entered into a *Sales Framework Agreement* with Haier Group Corporation. Under the agreement, it was agreed that the Company and Haier Group Corporation will sell products and provide sales-related services (including but not limited to agency sales services, after-sales services and technical support) on a reciprocal basis for a term of three years.

Sales among Haier Electronics, a holding subsidiary of the Company, Qingdao Haier Investment and Development Co., Ltd, Haier Group Corporation are carried out according to relevant provisions of *Goods Export Agreement*, *After-sales Service Agreement*, *Logistics Service Agreement* entered into among parties.

2. Related-party Procurements

In addition to independent procurement platform, the Company entrusted Haier Group Corporation and its subsidiaries for procurements and delivery of part of raw materials, which is conducted according to the *Purchase and Distribution Contract* entered among the Company, Haier Group Corporation and other parties. The Company and Haier Group Corporation and its subsidiaries adopted agency supply, purchasing and distributing productive and non-productive goods and materials according to specific purchasing objects brought up by the Company. The supply price after purchase and distribution consists of the actual purchase price and the agency fee, of which the agency fee was calculated by 1.25% of the actual purchase price, while in principle the supply price should not be higher than the price at which the Company conducts independent purchases from the market.

Related-party procurements among Haier Electronics, a holding subsidiary of the Company, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation are carried out according to relevant provisions of *Materials Procurement Agreement* and *Production and Experimental Equipment Procurement Agreement* entered into among parties.

3. Related-party Transactions on Financial and Logistics Services

Some of the financial services such as deposit and loan service, discounting service and foreign exchange derivatives needed by the Company are provided by Haier Group Corporation, its subsidiaries and other companies. According to the Financial Service Agreement entered into among the Company, Haier Group Corporation and other parties, the price shall be not less favorable than market price in principle. The Company is entitled to decide whether to cooperate with them with the knowledge of the price prevailing on the market. While executing the agreement, the Company could also require other financial service institutions to provide related financial services. In order to mitigate foreign exchange fluctuation risk, the Company may choose Haier Group Finance Co., Ltd. etc. to provide certain foreign exchange derivatives services needed after seeking and comparing various sources. The Company will adhere to the principle of “safe and steady, appropriate and reasonable”, ensuring that all foreign exchange funds business have a normal and reasonable business background without speculation. At the same time, the Company has specified consideration and approval authority, management positioning and responsibilities at all levels in order to prevent man-made operational risks, and to speed up the responses to risks under the premise that risks are effectively controlled.

Related-party transactions of financial services among Haier Electronics, a holding subsidiary of the Company, Finance Company, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation are carried out according to relevant provisions of *Financial Service Agreement* entered into among parties.

In order to further standardize the logistics services provided by the related companies of Haier Group Corporation, the Company signed the *Logistics and Service Agreement* with Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation, and entrusted the subsidiaries of Haier Group to provide energy and power, basic research and inspection, equipment leasing, house rental and maintenance, landscaping and sanitation, gift purchasing, design, consultation, all kinds of booking and other services.

In accordance with the *Comprehensive Service Agreement*, *Promotion Agreement*, *Product Research and Development Agreement* entered into among Haier Electronics, Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation, Haier Electronics entrusted subsidiaries of Haier Group to provide water and electricity supply and accompanying supports; meeting affairs, accommodation, ticket agency; product certification, software, catering agency, property decoration, house lease, finance and other comprehensive services, as well as marketing, product research and development service, etc.

4. Others

In order to expand the sales businesses in the third and fourth-tier markets, Haier Electronics renewed the *Products Procurement Agreement* and *Internal Sales Agreement* with Qingdao Haier Investment and Development Co., Ltd and Haier Group Corporation, according to which, while Haier Electronics purchases products from contracted parties, the purchasing price shall be determined basing on the prices at which Haier Electronics purchases the same type of product in similar transactions from independent third parties in the market, and are not less favorable than the terms and conditions provided by the independent third parties to Haier Electronics; while Haier Electronics sales products to contract parties for their own use or distributes products through sales network, the selling price shall be determined basing on the prices at which Haier Electronics sells the same type of product in similar transactions to independent third parties in the market, and are not less favorable than the terms and conditions provided by Haier Electronics to independent third parties.

IV. Transaction Purpose and Its Impact on the Listed Company

While the Company is constantly striving to reduce related-party transactions, the related party transactions with the related parties of Haier Group have always followed the principle of fairness and reasonableness, and the trading behaviors of both parties are agreed by contract. Qingdao Haier Parts Procurement Co., Ltd. and other procurement platforms have an international sub-supplier network to purchase materials for Haier Group. Through continuous optimization of sub-suppliers, such platforms can purchase the proper materials with high quality and at low price and that are complement and delivered on time all over the world. At the same time, these sub-suppliers can participate in the front-end design of the Company's new products and the improvement of existing products. The trading companies of the Company undertakes the sales function of products from Haier Group, which is

beneficial to the Company to provide customers with better complete sets of product solutions, and also promotes win-win situation and creates valuable orders by forming scale advantages. In addition, the Group's related parties provide the corresponding financial and logistics services for the Company. While the charging standards are strictly in accordance with the fair market price and imposing strict control over the operating risks, the service providers can dynamically follow up the Company's individual needs and provide more convenient, efficient service solutions to promote the Company's operating efficiency.

The Company's related-party transactions are fair in price and do not harm the interests of the Company and non-related shareholders. Related-party transactions do not adversely affect the Company's current and future financial status and operating results. The main business of the listed company will not form dependence on related parties due to such transactions, either.

V. Documents Available for Inspection

1. Resolutions of the 27th Meeting of the Ninth Session of the Board of Directors of Qingdao Haier Co., Ltd.;
2. Opinions Given by the Independent Directors of Qingdao Haier Co., Ltd. on the Relevant Issues at the 27th Meeting of the Ninth Session of the Board of Directors.

It is hereby notified the above.

The Board of Directors of Qingdao Haier Co., Ltd.

29 April 2019