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Bond Name: Haier Convertible bonds

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Qingdao Haier Co., Ltd.

Announcement on Changing Part of the Investment Projects of Funds 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.

Qingdao Haier Co., Ltd. (hereinafter referred to as the “Company” or “Qingdao Haier”) convened 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 on 29 April 2019, and reviewed and passed the *Proposal on Changing Part of the Investment Projects of Funds Raised from Convertible Corporate Bonds of Qingdao Haier Co., Ltd.*, which agreed to change the subproject “Home appliance smart control components plant construction project” of the original “Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners ” and the subproject of “Advanced research and development laboratory construction project of smart home appliance” and “Industrial smart research institute construction project” of the original “Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform ” (the above projects hereinafter referred to as “part of the Original Investment Projects Financed by Proceeds”) to “Haier North India industrial park project (Phase I)” . The matters should be submitted to the first bondholder meeting of 2019 of the Company and 2018 Annual General Meeting of the Company for review.

I. Basic information of original investment project financed by proceeds and specific reasons for the change

(1) Basic information of original investment project financed by proceeds

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 China Securities Regulatory

Commission on 4 December 2018 and agreed by Shanghai Stock Exchange, the Company publicly issued convertible corporate bonds of total amount of face value of RMB3.00749 billion in a par value of RMB100 each to the society, 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 various issue expenses, the net amount of raised funds is RMB2.9800248 billion. Shandong Hexin Certified Public Accountants LLP reviewed issues of capital account being in place and conducted a verification and issued *Capital Verification Report* (Hexin Yan Zi. (2018) No.000090), after the verification, all the above-mentioned raised funds have been fully put in place. The basic information of the original investment projects financed by proceeds of the Convertible Corporate Bonds is as follows:

No.	Name of project	Amount of raised funds to be invested (RMB0' 000)
1	Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	151,122
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	46,809
4	Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform	45,088
Total		300,749

(II) Reasons for change of investment projects financed by proceeds

According to the Company's market plan, India has important strategic significance for the Company's global layout. As one of the BRIC countries, India's economy is in a stage of rapid growth, low penetration rate of household appliances, and a huge user base, whose industrial development potential is huge. In recent years, the Company's business in India has achieved rapid growth with the income of 2016-2018 increased by 26%, 40% and 41%, respectively. Based on the current capacity, there will be a capacity gap in the Company in India by 2020. When the Company's convertible corporate bond public issuance program was launched in September 2017, the “Haier Industrial Park Project in North India” was still in the process of demonstration and did not fully meet the reporting conditions of the investment projects financed by proceeds, thus the project was not included in the investment projects financed by proceeds. On 30 August 2018, the 18th meeting of the 9th session of the Board of Directors of the Company considered and approved the Proposal

on Newly Constructing Industrial Park Project in North India of Qingdao Haier Co., Ltd., and the Company intended to implement the new “Haier North India Industrial Park Project” to further increase production capacity output, order response speed, save transportation and material costs, and strengthen the Company's local market competitiveness.

Considering that the fund requirement of the India project is pressing, and that the construction cycle of part of the Original Investment Projects Financed by Proceeds is relatively long and the fund requirement of which may be met by allocation of self-owned/self-raised funds subsequently, the Company intends to change the use of the capital raised amounting to RMB660.45 million from part of the Original Investment Projects Financed by Proceeds to “Haier North India industrial park project (Phase I)”, in order to better match the fund requirement cycle of each project of the Company, enhance the fund use efficiency, and in turn optimize the development needs of the Company’s businesses overall.

II. Basic information, necessity, feasibility analysis and risk reminders of the new investment project financed by proceeds

(1) Basic information of new investment project financed by proceeds

1. Name of project: New Haier North India industrial park project (Phase I)

2. Implementation entity: The Company’s wholly-owned subsidiary Haier Appliances (India) Private Limited

3. Construction address: Great Noida industrial development zone of Uttar Pradesh

4. Investment of the project: US\$203 million is planned to be invested in the project (Phase I), of which RMB660.45 million will be invested with raised funds, and the remainder will be invested with self-raised funds of the Company.

5. Main construction contents of the project: Used to construct Haier North India industrial park project (Phase I), the project mainly covers newly increased demands of the eastern and northern regions of India, and products are mainly planned locally and mainstream volume section, covering products such as refrigerator, washing machine and air-conditioner.

6. Estimated production capacity of the project: in Phase I of the project there is 2 million machines/sets, in Phase II there is 2.5 million machines/sets and the reserved is 1 million machines/sets.

7. Time of putting into production: Period I of the project is estimated to put into production in October 2020, and Phase II is estimated to put into production in October 2022.

8. Benefits of the project: Internal rate of return of the Phase I of the project is about 7.2%, overall internal rate of return of the project is about 10%. After the implementation of the Phase I of

the project and reaching its target output, the annual sales revenue will be US\$580.7854 million and the net profit will be US\$22.2741 million.

(2) Necessity and feasibility analysis of the new investment project financed by proceeds

1. Rapid development of macro environment in India: In recent years, India is stable politically with high speed of economic growth and low penetration rate of home appliances, and its foreign investment ranks No.1, and it is estimated that India will become an important economic growth polar of the world in the future;

2. Home appliance market of India has great potential for development: Home appliance market of India has low penetration rate, and users have rigid demand for refrigeration products, therefore, home appliance industry has great potential for development with compound annual growth rate of about 8%, which means a rapid growth stage;

3. Regional market and manufacturing matching: Market capacity of northern and eastern regions accounts for 45% of total market capacity of the whole India, and it is the best choice to select the location of the industrial park in the north; sales volume of Haier in northern and eastern markets accounts for over 40%, and the layout of the industrial park in the north is favorable to improve the market competitiveness in the region;

4. Improve brand competitiveness: Home appliance brands compete fiercely in India, Europe and America, Japan and South Africa, China and local companies are investing here, and the Company's investment is conducive to improving the competitiveness of Haier brand in local market;

5. Have strategic significance for construction of the "Belt and Road" : The construction of the industrial park in India is helpful for grasping opportunities of emerging markets along the route of the "Belt and Road" , so as to realize steady development.

(3) Risk reminders for new investment project financed by proceeds

Changes in the macroeconomic environment and industry policies in India and risks such as gaps in order volume and increases in price of raw materials may caused by fierce competition in the Indian market and price fluctuations, have led to the project can't reach expected return. In this regard, the Company will lower operating risks, avoid industry risk by upgrading product structure, improving efficiency and lowering cost to realize sustainable development.

III. Investment plan of new investment project financed by proceeds

In order to give a play to the efficiency and return of use of raised funds, after comprehensively taking into account the actual conditions of investment projects of raised funds and the needs of the Company, the Company intends to use the unused capital raised of RMB660.45 million of part of the

Original Investment Projects Financed by Proceeds in the new project “Haier North India industrial park project (Phase I)” . The specific information prior to and after the change of investment projects of raised funds from this Convertible Corporate Bonds is as follows:

Unit: RMB 0’ 000

Unit: RMB 0.00

No.	Name of project			Amount of raised funds to be used	
				Prior to change	After change
1	Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	1.1	Annual production of 500 thousand high-end special refrigerator project	52,420	52,420
		1.2	Upgrading of manufacturing of home air-conditioner and smart product production capacity enhancement project	37,464	37,464
		1.3	High-end central air-conditioner with annual production of 1.5 million air-conditioner project	37,314	37,314
		1.4	Home appliance smart control components plant construction project	23,924	-
2	Project on Practicing Big Kitchen Appliance Strategy and Capacity Layout of Whole-set Smart Kitchen Appliances	2.1	Construction of smart kitchen appliance plant project	57,730	57,730
3	Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	3.1	Russia front loading washing machine manufacturing base	34,058	34,058
		3.2	Vietnam front loading washing machine manufacturing base	12,751	12,751
		3.3	Haier North India industrial park project（Phase I）	-	66,045
4	Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOplat Industrial Internet Platform and U+ Smart Life Platform	4.1	Advanced research and development laboratory construction project of smart home appliance	10,621	-
		4.2	Industrial smart research institute construction project	31,500	-
		4.3	Smart family operating system (U+) based on natural interaction and cloud brain construction project	2,967	2,967
Total				300,749	300,749

Haier North India industrial park project (Phase I), being the changed investment project financed by proceeds, plans to invest US\$203 million, of which RMB660.45 million of raised funds will be used, and the remaining capital will be raised by the Company itself overseas.

IV Illustrations of approvals that have been obtained or to be obtained from relevant authorities for the new investment project financed by proceeds

“Haier North India industrial park project (Phase I)” has obtained approvals, construction permit and construction submission for approval from local environment protection authorities of India, and relevant overseas investment approval and record-keeping from National Development and Reform Commission and competent commerce department are to be completed.

V. Opinions from independent directors, Board of Supervisors and sponsors on change of investment projects financed by proceeds

(1) Opinions of independent directors

Independent Directors of the Company expressed the following independent opinions over relevant issues of changing part of the investment projects of funds raised from convertible corporate bonds reviewed on the 27th meeting of the ninth session of the Board of Directors of the Company:

1. The Company’s changing part of the investment projects of funds raised from convertible corporate bonds complies with the Company’s development strategies and plans, and is good to improve efficiency of use of raised funds to realize optimization of capital allocation and maximization of return, and complies with the interests of all shareholders, and will not cast adverse impact on production and operation of the Company;

2. The Company’s changing part of the investment projects of funds raised from convertible corporate bonds complies with relevant rules and regulation of China Securities Regulatory Commission and Shanghai Stock Exchange on management and use of raised funds by listed companies.

3. Agree to change the subproject “Home appliance smart control components plant construction project” of the original “Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners ” and the subproject of “Advanced research and development laboratory construction project of smart home appliance” and “Industrial smart research institute construction project” of the original “Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform ” to “Haier North India industrial park

project (Phase I)” . And agree to submit the aforesaid issues to the first bondholder meeting of 2019 of the Company and the 2018 Annual General Meeting the Company for review.

(2) Opinions of Board of Supervisors

On 29 April 2019, the Company’ s 23rd meeting of the ninth session of the Board of Supervisors reviewed and passed the *Proposal on Changing Part of the Investment Projects of Funds Raised from Convertible Corporate Bonds of Qingdao Haier Co., Ltd.*, which agreed to change the subproject “Home appliance smart control components plant construction project” of the original “Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners ” and the subproject of “Advanced research and development laboratory construction project of smart home appliance” and “Industrial smart research institute construction project” of the original “Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform ” to “Haier North India industrial park project (Phase I)” .

(3) Opinions of sponsors

As the sponsor of issuing Convertible Corporate Bonds, China International Capital Corporation Limited (CICC) expressed the following verification opinions over the partially change of investment projects financed by proceeds:

1. The partially change of investment projects financed by proceeds has been reviewed and approved by the Board of Directors and the Board of Supervisors of the Company, and independent directors have expressed explicit consent opinions, and will be submitted to the first bondholder meeting of 2019 and 2018 Annual General Meeting of the Company for review with necessary approval procedures being performed, and it complies with the rules and regulations of China Securities Regulatory Commission and Shanghai Stock Exchange on use of capital raised by listed companies:

2. The sponsor will continuously pay attention to the use of raised funds after the partially change of investment projects financed by proceeds, and urge the Company to ensure that decision-making procedures of the use of such portion of funds are lawful and valid, and firmly perform duties and obligations as the sponsor to safeguard the interests of all shareholders.

To sum up, the sponsor has no objection on issues of Qingdao Haier’ s partially change of investment projects financed by proceeds, and the aforesaid issues shall be submitted to the first bondholder meeting of 2019 of the Company and 2018 Annual General Meeting of the Company for reviewing and passing.

VI. Illustrations for change of investment projects financed by proceeds that should be submitted to general meeting for review

The Company' s partially change of investment projects financed by proceeds should be submitted to the first bondholder meeting of 2019 of the Company and 2018 Annual General Meeting of the Company for review.

It is hereby notified the above.

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

29 April 2019