

**Stock Name:** Qingdao Haier

**Stock Code:** 600690

**No.:** L2019-026

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

## **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**

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 Highlights:**

- Qingdao Haier Co., Ltd. (hereinafter referred to as “Qingdao Haier” or the “Company”) replaced the self-raised funds previously invested in the investment project financed by the raised funds with raised funds, and the total replacement amount was RMB 【 】 , which is in compliance with the requirements of carrying on the replacement within 6 months upon the receipt of the raised funds.

#### **I. Basic Information of the Raised Funds**

As approved by the *Reply on Approving the Public Issuance of Convertible Corporate Bonds by Qingdao Haier Co., Ltd.*(Zheng Jian Xu Ke [2018] No. 1912) of the China Securities Regulatory Commission and agreed by the Shanghai Stock Exchange, the Company was approved to issue convertible corporate bonds of RMB3.00749 billion 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. After deducting sponsoring and underwriting fees (including value-added tax) from the raised funds of convertible corporate bonds in this Issuance of RMB23.9095 million, the balance was RMB2.9835805 billion. The paid-in raised funds, after deducting lawyers, accountants, credit rating, information disclosure, registration services and issuance handling fees, totaled RMB3.5557 million, while the net amount

of actually raised funds was RMB2.9800248 billion. Shandong Hexin Certified Public Accountants LLP has verified the remittance of the raised funds and issued a *Capital Verification Report* (Hexin Yan Zi. (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 the Raised Funds* with the sponsor and the commercial banks where the raised funds are placed.

## II. Information on the Investment Project Financed by Raised Funds Committed in the Issuance Application Document

In accordance with the *Prospectus in relation to the Publicly issuance of Convertible Corporate Bonds of A shares by Qingdao Haier Co., Ltd.* (hereinafter referred to as the “Prospectus”), the specific uses of the raised funds of the Company are as follows:

Unit: RMB0,000

Project name	Total amount of investment in the project	Proposed amount of the raised funds invested
Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	188,111	151,122
Project on Practicing Big Kitchen Appliance Strategy and Capacity Layout of Whole-set Smart Kitchen Appliances	71,666	57,730
Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	55,513	46,809
Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform	84,045	45,088
<b>Total</b>	<b>399,335</b>	<b>300,749</b>

## III. Information on Self-raised Funds Previously Invested in the Investment Project Financed by the Raised Funds

Pursuant to the Prospectus, the Company may early invest self-raised funds according to the actual progress of the investment project financed by the raised funds before the raised funds from this Issuance are in place, and replace the same with the raised funds after they are in place.

From 1 January 2019 to 19 April 2019, the total amount of investment projects of the self-raised funds previously invested in the investment project financed by the raised funds intended to be replaced by Qingdao Haier totaled RMB102.52 million. The details are as follows:

(Unit :RMB0,000)

No.	Project name		Total investment	The amount invested by self-raised funds	Amount intended to replace this time
1	Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	Russia Front Loading Washing Machine Manufacturing Base Project	39,574	7,564	7,564
2		Vietnam Front Loading Washing Machine Production Center Project	15,939	2,688	2,688
	<b>Total</b>		<b>55,513</b>	<b>10,252</b>	<b>10,252</b>

#### **IV. The Consideration Procedure of the Board on the Replacement of Self-Raised Funds Previously Invested with the Raised Funds and Compliance with the Regulatory Requirements**

The Company convened the 27<sup>th</sup> Meeting of the Ninth Session of the Board of Directors and the 23<sup>rd</sup> Meeting of the Ninth Session of the Board of Supervisors on 29 April 2019, which considered and approved the *Proposal in relation to Using Raised Funds to Replace Self-raised Funds Previously Invested in the Investment Project Financed by the Raised Funds*, and agreed to use the raised funds amounting to RMB102.52 million to replace the self-raised funds previously invested in the investment project financed by the raised funds. The Company has carried out the corresponding consideration procedure for the replacement of self-raised funds previously invested with the raised funds, and the replacement takes place within 6

months upon the receipt of the raised funds, which is in compliance with the laws and regulations as well as the regulatory requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange.

The replacement of self-raised funds previously invested with the raised funds does not conflict with the implementation plan of the investment project financed by the raised funds, and does not have any influence on the carrying out of the investment project financed by the raised funds, and does not change or change in disguise the investment direction of the raised funds or jeopardize the interests of the shareholders, especially of the minority shareholders.

## **V. Explanation on the Opinions Regarding the Matter**

### **(I) Opinions of the Independent Directors**

The independent directors of the Company expressed independent opinions regarding the matters in relation to using the raised funds to replace the self-raised funds previously invested in the investment project financed by the raised funds, and the details are as follows:

1. The 27<sup>th</sup> Meeting of the Ninth Session of the Board of Directors of the Company considered and approved the *Proposal in relation to Using Raised Funds to Replace Self-raised Funds Previously Invested in the Investment Project Financed by the Raised Funds*, the decision-making process is in compliance with the laws and regulations as well as the requirements under the *Articles of Associations*, and the resolution of the board is legal and valid.

2. The replacement of self-raised funds previously invested in the investment project financed by the raised funds with the raised funds by the Company does not conflict with the implementation plan of the investment project financed by the raised funds of the Company, and 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 of the Company, and the replacement with the raised funds takes place within 6 months upon the receipt of the raised funds with all relevant consideration procedures performed, thus it complies with the relevant requirements under *the Rules Governing the Listing of Securities on the Shanghai Stock Exchange*, *the Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange*, and *the Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies* as well

as the *Measures for the Management of Raised Funds* stipulated by the Company. The contents and procedures for the replacement meet the laws and regulations.

Based on the foregoing, the independent directors agree to use the raised funds amounting to RMB102.52 million to replace the self-raised funds previously invested in the investment project financed by the raised funds.

## (II) Opinions of the Board of Supervisors

After the verification, the Board of Supervisors is of the view that the replacement of self-raised funds previously invested in the investment project financed by the raised funds with the raised funds by the Company enhanced the utilization efficiency of the raised funds, which is in compliance with the interests of shareholders as a whole, and the relevant procedures complies with the applicable requirements under the *Rules Governing the Listing of Securities on the Shanghai Stock Exchange, Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies* and the *Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange*, thus it is agreed the Company shall use the raised funds amounting to RMB102.52 million to replace the self-raised funds previously invested in the investment project financed by the raised funds.

## (III) Assurance Conclusion from the Accountant

Shandong Hexin Certified Public Accountants LLP conducted a special audit on the previous investment with self-raised funds in the investment project financed by the raised funds by the Company, and issued the *Assurance Report on the Previous Investment with Self-raised Funds in the Investment Project Financed by the Raised Funds by Qingdao Haier Co., Ltd.* (Hexin Zhuan Zi. (2019) No.000188), and implemented the assurance work on the previous investment with self-raised funds in the investment project financed by the raised funds. The accountant is of the view that the *Special Explanation on the Investment with Self-raised Funds in the Investment Project Financed by the Raised Funds* prepared by the Management of Qingdao Haier has been prepared in accordance with the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies* of the China Securities Regulatory Commission and the *Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange* of the Shanghai Stock Exchange as well as the requirement under the relevant format guidelines, and it gives a true picture of the previous investment with

self-raised funds in the investment project financed by the raised funds by Qingdao Haier in all material respects.

#### (IV) Verification Opinions from the Sponsor

As the sponsor institution of Qingdao Haier, China International Capital Corporation Limited (hereinafter referred to as “CICC”) has verified and formed the following opinions:

1. The matter that Qingdao Haier uses raised funds to replace self-raised funds previously invested in the investment project financed by proceeds has been considered and approved at the 27<sup>th</sup> Meeting of the Ninth Session of the Board of Directors and the 23<sup>rd</sup> Meeting of the Ninth Session of the Board of Supervisors, the independent directors expressed opinions with explicit consent and Shandong Hexin Certified Public Accountants LLP issued Assurance Report. The Company has fulfilled the necessary approval procedures for the matter and such procedures are in line with the relevant requirements such as the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Measures for the Management of Raised Funds of Listed Companies on the Shanghai Stock Exchange*.

2. The replacement with raised funds by Qingdao Haier takes place within 6 months upon the receipt of the raised funds, which is in compliance with the relevant requirements such as the *Supervisory Guidelines No. 2 for Listed Companies—Supervisory Requirements for Management and Use of Raised Funds of Listed Companies*.

3. The previous investment with self-raised funds in the investment project financed by proceeds by the Company before the raised funds are put in place is to ensure the regular progress needs of the investment project financed by proceeds, which meets the needs of the Company for operational development. After the raised funds are put in place, the replacement of self-raised funds previously invested in the investment project financed by proceeds with the raised funds complies with the requirements under the laws and regulations as well as the relevant arrangements under the issuance application document, and does not have any influence on the carrying out of the investment project financed by proceeds, and does not change in disguise the investment direction of the raised funds or jeopardize the interests of the shareholders.

Based on the foregoing, CICC does not have dissent regarding the replacement of self-raised funds previously invested in the investment project financed by the raised funds with the raised funds by the Company.

## **VI. Documents Available for Inspection**

1. Resolutions passed at the 27<sup>th</sup> Meeting of the Ninth Session of the Board of Directors;
2. Resolutions passed at the 23<sup>rd</sup> Meeting of the Ninth Session of the Board of Supervisors;
3. Independent opinions of independent directors regarding the relevant matters of the 27<sup>th</sup> Meeting of the Ninth Session of the Board of Directors;
4. Assurance Report from Shandong Hexin Certified Public Accountants LLP;
5. Verification opinions from China International Capital Corporation Limited.

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

29 April 2019