

China International Capital Corporation Limited

Verification Opinions on the Replacement of

Self-raised Funds Pre-invested in Investment Projects

with Funds Raised

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 replacement of self-raised funds pre-invested in investment projects with funds raised of Haier Smart Home 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 Capital Raised by Listed Companies* and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange (revised in 2013)*, and expressed the following inspection opinions:

I. Basic Information of the Funds Raised

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 and as agreed by the Shanghai Stock Exchange, the Company is approved to 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. After deducting the sponsorship and underwriting fees (including value-added tax) of RMB23,909,500, the balance was RMB2,983,580,500. Paid-in funds raised, excluding aggregate fees of RMB3,555,700 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 funds raised

was RMB2,980,024,800. 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 funds raised have been fully put in place. The Company has deposited the raised funds in the special accounts, and entered into *Trilateral Supervision Agreement on Raised Funds* with the sponsor institution and the commercial bank where the raised funds were deposited.

On 29 April 2019, the Company convened the 27th meeting of the ninth session of the board of directors and the 23rd meeting of the ninth session of the Supervisory Committee, and reviewed and passed *Proposal of Qingdao Haier Co., Ltd on Changing Part of the Investment Projects of Funds Raised from Convertible Corporate Bonds*. It is agreed that the Company will use the unused capital raised of RMB660.45 million of the sub-project “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 sub-projects “Advanced Research and Development Laboratory Construction Project of Smart Home Appliance” and “Construction project on research institute of industrial intelligence ” of the original “Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life Platform” (hereinafter referred to as “original part of investment projects financed by funds raised”) in the new project “Project on Haier North India Industrial Park (Phase I)”. The foresaid matters of changes on investment projects financed by funds raised should be submitted to the first bondholder meeting of 2019 of the Company, which was held on 29 May 2019, and 2018 Annual General Meeting of the Company for review on 18 June 2019.

The investment direction of capital raised after the change is shown as follows:

Unit: RMB0'000

Project name	Amount of the funds raised to be invested
Project on Leading Consumption Upgrade and Intelligent Manufacturing Upgrade of Production Lines such as Refrigerators and Air-conditioners	127,198
Project on Practicing Big Kitchen Appliance Strategy and Capacity Layout of Whole-set Smart Kitchen Appliances	57,730
Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	112,854
Project on Improving Innovation Capability, Construction of Advanced R&D Laboratory, COSMOPlat Industrial Internet Platform and U+ Smart Life	2,967

Project name	Amount of the funds raised to be invested
Total	300,749

II. Basic Information of the Replacement of Self-raised Funds Pre-invested in Investment Projects with Funds Raised

(I) Information of funds raised replaced

On 24 January 2019, the Company convened the 26th meeting of the ninth session of the board of directors and the 22nd meeting of the ninth session of the Supervisory Committee, and reviewed and passed *Proposal on Using Capital Raised to Replace Self-raised Funds Pre-Invested in Investment Projects Financed by Proceeds*, as of 31 December 2018, the amount of funds raised to replace the self-raised funds pre-invested in investment projects was RMB996.3312 million in total, and please refer to *The Announcement on Using Capital Raised to Replace Self-raised Funds Pre-Invested in Investment Projects Financed by Proceeds of Qingdao Haier Co., Ltd.* (Announcement No.: L2019-008) disclosed by the Company on the information disclosure website designated by China Securities Regulatory Commission (<http://www.cninfo.com.cn/new/index>) for details.

On 29 April 2019, the Company convened the 27th meeting of the ninth session of the board of directors and the 23rd meeting of the ninth session of the Supervisory Committee, and reviewed and passed *Proposal on Using Capital Raised to Replace Self-raised Funds Pre-Invested in Investment Projects Financed by Proceeds*, as of 19 April 2019, the amount of funds raised to replace the self-raised funds pre-invested in investment projects was RMB102.52 million in total, and please refer to *The Announcement on Using Capital Raised to Replace Self-raised Funds Pre-Invested in Investment Projects Financed by Proceeds of Qingdao Haier Co., Ltd.* (Announcement No.: L2019-026) disclosed by the Company on the information disclosure website designated by China Securities Regulatory Commission (<http://www.cninfo.com.cn/new/index>) for details.

(II) Information of pre-investment in investment projects with self-raised capital

In combination with the progress of the raised funds transferring across borders to the corresponding projects, from 30 April 2019 to 18 October 2019, the amount of the Company's pre-investment in investment project financed by the funds raised with

self-raised capital was totally RMB63,510,000, which is detailed as follows:

Unit: RMB0'000

Project name		Investment amount of funds raised	Amount of preinvestment of self-raised capital	Amount of replacement with the funds raised
Project on “the Belt and Road” Layout and Construction of Manufacturing Base in Overseas Emerging Market	Project on Haier North India Industrial Park (Phase I)	66,045	6,351	6,351
Total		66,045	6,351	6,351

The Company intends to replace the self-raised funds pre-invested in the investment projects with the funds raised of RMB63,510,000, and the replacement time is less than 6 months from the date of approving the change of raised funds investment project at the 2018 Annual General Meeting.

(III) Authentication conclusions of accountants

Hexin Certified Public Accountants LLP conducted special inspection over pre-investment of the Company in investment projects financed by funds raised with self-raised capital, and issued *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), and conducted authentication over status of pre-investment in investment projects financed by funds raised with self-raised funds. It is believed by accountants 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* by Shanghai Stock Exchange and requirements of relevant format directives, and reflects authentically the information of Haier Smart Home’s

pre-investment in investment projects financed by funds raised with self-raised funds in terms of all material aspects.

III. Relevant Decision-making Procedures and Opinions

(I) Opinions of the Board of Directors

On 29 October 2019, the Company convened the 4th Meeting of the Tenth Session of the Board of Directors, which considered and approved *the Proposal on Replacing Self-raised Funds Pre-Invested in Investment Projects with Proceeds*. The Board of Directors decided to replace the self-raised funds pre-invested in the investment projects with the funds raised of RMB63,510,000. Corresponding approval procedures has been fulfilled for such matter, and the replacement time is less than 6 months from the date of approving the change of raised funds investment project at the 2018 Annual General Meeting, which complies with the relevant laws and regulations and the regulatory requirements of China Securities Regulatory Commission and Shanghai Stock Exchange.

The replacement of pre-invested self-raised funds with funds raised does not have any influence on the carrying out of the investment project financed by the raised funds, or affect the normal progress of the investment project, or change in disguise the investment direction of the raised funds or jeopardize the interests of the shareholders.

(II) Opinions of the Independent Directors

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

1. The 4th Meeting of the Tenth Session of the Board of Directors of the Company considered and approved *the Proposal on Replacing Self-raised Funds Pre-Invested in Investment Projects with Proceeds*, 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 with funds raised by the Company does not conflict with the implementation plan of the investment project financed by funds raised of the Company, or have any influence on the carrying out of the investment project financed by funds raised, or

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 approval of changing the investment projects financed by funds raised at 2018 Annual General Meeting. Relevant review procedures have been implemented, which complies with the relevant requirements under the *Rules Governing the Listing of Securities on the Shanghai Stock Exchange, Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange (revised in 2013)*, and *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Capital Raised by Listed Companies* as well as the *Measures for the Management of Raised Funds* stipulated by the Company. The contents and procedures for the replacement satisfy the laws and regulations.

Based on the foregoing, the independent directors agree to replace the self-raised funds previously invested in the investment project with funds raised amounting to RMB63,510,000.

(III) Opinions of the Supervisory Committee

On 29 October 2019, the Company convened the 4th Meeting of the Tenth Session of the Supervisory Committee, which considered and approved *the Proposal on Replacing Self-raised Funds Pre-Invested in Investment Projects with Proceeds*. The Supervisory Committee is of the view that the replacement of self-raised funds previously invested in the investment project financed by funds raised 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 (revised in 2018)*, *Regulatory Directives for Listed Companies No.2---Regulatory Requirements for Management and Use of Capital Raised by Listed Companies* and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange (revised in 2013)*, thus it is agreed the Company shall replace the self-raised funds previously invested in the investment project with funds raised amounting to RMB 63,510,000.

IV. Verification Opinions from the Sponsor Institution

1. The issue of Qingdao Haier's use of capital raised to replace self-raised funds of pre-invested investment projects financed by funds raised has been reviewed and

passed by the 4th meeting of the tenth session of the board of directors and the 4th meeting of the tenth session of the Supervisory Committee of the Company, and independent directors expressed explicit opinion of consent. Hexin Certified Public Accountants LLP issued authentication report, and the Company has performed necessary approval procedures over this issue, which complies 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 Capital Raised by Listed Companies* and *Administrative Measures for Capital Raised by Listed Companies of Shanghai Stock Exchange* (revised in 2013).

2. The Company's investment in investment projects financed by funds raised with self-raised funds in advance prior to capital raised being in place is for the sake of ensuring the need of normal schedule of investment projects financed by funds raised, which complies with the Company's needs of operation and development. After capital raised is in place, to replace self-raised funds of pre-invested investment projects financed by funds raised with capital raised complies with rules and regulations of laws and statutes and relevant arrangements of issuance application documents without affecting normal implementation of investment projects financed by funds raised, and there is no circumstance of changing investments of capital raised in a disguised form nor harm of interests of shareholders

Based on the foregoing, the sponsor institution does not have dissent regarding the replacement of self-raised funds pre-invested in investment projects with funds raised.

(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 Replacement of self-raised funds pre-invested in investment projects with funds raised.*)

Sponsor Representative: _____

Sun Lei

Li Yang

China International Capital Corporation Limited

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.