

NEW LETTER TO BUSINESS PARTNERS

Date: Dec.20, 2018

Dear Valued Business Partners,

Hereby, we, **Homa Appliances Co., Ltd. (Homa Appliances)** would like to officially update our latest financial and business situation.

As per recent news, on 19th December, our mother company, **Homa Holding Co., Ltd. (Homa Holding)** has officially announced that **Zhongshan** government will grant a 5-year loan of 850 million CNY, which will definitively release **Homa Holding** from its financial stress.

As consequence, all the financial issues happened with **Homa Holding** in past 2 months, including lawsuits (total amount 690 million CNY), bank account freezing, stake freezing will be fixed.

We are sure, above news will finally quiet all rumors about **Homa Appliances Co., Ltd.**

As the problems of our mother company is solving in a positive way, by this chance, we would like clarify the relationship between **Homa Holding** and **Homa Appliances** again.

We, **Homa Appliances** and our mother company, **Homa Holding** act as:

- ✓ two distinct legal entities with distinct corporate governance
- ✓ two distinct operating platforms
- ✓ two distinct treasuries (asset and liability, finance and risk management)

All financial issues are related to **Homa Holding**. None of the them have affected the management, operations and treasury of **Homa Appliances**, we continue to -

- ✓ operate our business as usual
- ✓ keep investing in new products and production facilities as usual
- ✓ keep our supply chains payment on time as usual
- ✓ provide financial support to our global customers as usual

As we are completely independent from an operations standpoint and take full responsibility for our business, we **Homa Appliances** will stick to our business strategy, keep the current business model and the management team unchanged.

We, **Homa Appliances** will be always independent from a financial accounting and governance perspective.

In 2018, even global economy is still tough, however, we **Homa Appliances** achieved a rapid and healthy growth. As estimated, by end Dec., our 2018 business performance will reach a historical high level:

Estimated global sales volume: 9.0 million units	(8.6 million units 2017)
Estimated global turnover: 6.8 billion CNY	(6.2 billion CNY 2017)
Estimated net profit: 350 million CNY	(314 million CNY 2017)

Most important, we always maintain a free cash in our bank account of more than 1657 million CNY (Q1-Q3 2018).

As a summary, we **Homa Appliances** is quite healthy in any financial respect. We **Homa Appliances** is always a reliable and trustable supplier for global business partners.

Your understanding is highly appreciated. If there is any doubt, please feel free to contact us directly. We are ready to provide any information you may need.

Our growth depends on your long-term support, once again, we would like to express our sincere gratitude for your trust on us.

Best wishes,



Michael Yao
Executive Vice President
Homa Appliances Co., Ltd.