

Haier Smart Home Co., Ltd.

Announcement on Re-appointment of Auditors

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.

REMINDER OF IMPORTANT INFORMATION:

- **Name of the accounting firms proposed to be appointed:** Hexin Certified Public Accountants LLP (PRC GAAP auditor) and HLB Hodgson Impey Cheng Limited (IFRS auditor)
- **Brief reasons for changing the accounting firms and the objections of the former accountant:** Not applicable
- **The re-appointment of the accounting firms shall be submitted to the General Meeting for consideration and approval**

Haier Smart Home Co., Ltd. (hereinafter referred to as the “Company”) considered and passed the *Proposal on Re-appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd.* and the *Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd.*, and agreed to continue to appoint Hexin Certified Public Accountants LLP (hereinafter referred to as “Hexin Certified Public Accountants”) and HLB Hodgson Impey Cheng Limited (hereinafter referred to as “HLB Hodgson Impey Cheng”) as the Company’s financial and internal control auditors for 2021 at the 18th meeting of the 10th session of the Board of Directors convened on 29 April 2021. The relevant information is as follows:

I. Information of the accounting firms proposed to be appointed

In order to ensure the smooth conduct of the Company's financial and internal control audits under PRC GAAP and the continuity of the audit work for 2021, considering that Hexin Certified Public Accountants LLP possesses the required professional qualifications for the PRC GAAP audits, has many years of experience and capability in providing audit services for listed companies, adheres to the principle of independent audit in its practices, and therefore can meet the requirements of the Company's annual financial and internal control audits, the Company intends to reappoint it as the auditor of the Company's financial and internal control reports for 2021 under PRC GAAP.

The Company's H-shares were listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange") on 23 December 2020. In order to facilitate international investors to have a clearer understanding of the Company, the Company intends to reappoint HLB Hodgson Impey Cheng to issue the international standards audit report for 2021. HLB Hodgson Impey Cheng is qualified to practice as a Certified Public Accountant in Hong Kong, has the experience and ability to provide audit services to companies listed on the Main Board of the Hong Kong Stock Exchange, and therefore is able to meet the requirements for the issuance of IFRS audit report for 2021.

II. Basic information of the PRC GAAP auditor proposed to be appointed

(I) Information of the institution

1. Basic information

(1) Name of the accounting firm: Hexin Certified Public Accountants LLP;

(2) Date of establishment: December 1987 (the date of transformed into LLP is 23 April 2013);

(3) Form: LLP;

(4) Address of registration: 7th Floor, Yanye Building, No. 59 East Wenhua Road, Jinan City, Shandong Province;

(5) Chief partner: Wang Hui;

(6) Hexin Certified Public Accountants had 36 partners at the end of 2020 and 276 certified public accountants at the end of 2020, of which 166 certified public accountants had signed the securities service business audit report;

(7) The total audited revenue of Hexin Certified Public Accountants in 2019 was RMB204,876,000, of which the revenue from audit business was RMB178,256,700 and the revenue from securities business was RMB92,070,500.

(8) It owned 41 audit clients (listed companies) in the previous year, major industries involved including manufacturing, agriculture, forestry, animal husbandry and fishery, information transmission, software and information technology services, electricity, heat, gas and water production and supply, construction, transportation, warehousing and postal services, finance, culture, sports and entertainment, and general industry, with total audit fee of RMB56,500,000.

2. Investor protection capability

The cumulative compensation limit for occupational liability insurance purchased by Hexin Certified Public Accountants LLP is RMB100 million. The relevant occupational insurance can cover the civil compensation liability caused by audit failure. There is no provision for occupational risk funds.

3. Independence and integrity records

Hexin Certified Public Accountants LLP has never violated the requirements for independence of the *China Code of Ethics for Certified Public Accountants*.

Hexin Certified Public Accountants has been subject to 0 criminal penalties, 0 administrative penalties, 1 supervision and management measure, 0 self-regulatory measures and 0 disciplinary actions for its practice in the past three years. During the same period, the employees of Hexin Certified Public Accountants have not received any criminal penalties, administrative penalties, supervision and management measures or self-discipline supervision measures due to their practicing behaviors.

(II) Information of project members

1. Personnel information

Mr. Zhao Bo as the proposed project partner, Ms. Wang Xiaonan as the head of quality control, and Mr. Zhao Bo and Mr. Wang Lin as the signing certified public accountants all have the qualifications of Chinese certified public accountants and have been engaged in securities services for a long time with corresponding professional competence.

2. Independence and integrity records of the aforementioned personnel

(1) Practicing experience of Mr. Zhao Bo as the proposed project partner and signing accountant

Mr. Zhao Bo, Chinese certified public accountant, currently a partner of Hexin Certified Public Accountants LLP, has more than 23 years of practicing experience and has been engaged in securities services for 14 years. He has presided over, participated in or reviewed the annual reports audit work of many listed companies such as Haier Smart Home (600690), Tianneng Heavy Industries (300569), Hanhe Cable (002498), Minsheng Holdings (000416), Thunderobot (872190) and Tab (873281) and NEW OTCBB quoted companies. And he has many years of extensive experience in corporate restructuring and listing audits, and major restructuring audits of listed companies. He has presided over the audit of the Company's acquisition of US GE Appliances and the audit of D-share issuance of the Company. He has no part-time job.

(2) Practicing experience of Ms. Wang Xiaonan as the proposed quality control reviewer

Ms. Wang Xiaonan, Chinese certified public accountant, currently a partner of Hexin Certified Public Accountants LLP, has more than 25 years of experience in accounting firms and securities business, and has presided over or reviewed the annual reports audit work of many listed companies such as Inspur Electronic Information (000977) and Wintime Energy (600157). She has many years of experience in corporate restructuring and listing audits, major restructuring audits of listed companies, and large state-owned enterprises audits. She has no part-time job.

(3) Practicing experience of Mr. Wang Lin as the proposed signing accountant

Mr. Wang Lin, Chinese certified public accountant, currently a senior project manager of Hexin Certified Public Accountants LLP, has more than 16 years of practicing experience, has been engaged in securities services for 16 years, and has presided over, participated in or reviewed the annual reports audit work of many listed companies such as Haier Smart Home (600690) and Citymedia (600229). He has many years of extensive experience in major restructuring audits of listed companies and large state-owned enterprises audits. He has no part-time job.

The above-mentioned project members do not violate the independence requirements of the regulations, do not hold and trade in the company's shares, and do not have other financial interests that affect their independence.

(III) Audit fee

After reasonable consideration of the scope of work and industrial standards, the determined audit fee for the consolidated statement of 2021 is RMB10 million (of which RMB7.15 million for auditing financial report and RMB2.85 million for auditing internal control report), which is consistent with the compensation of the financial audit and internal control audit services provided last year.

III. Basic information of the IFRS auditor proposed to be appointed

(I) Information of the institution

1. Basic information

(1) Name: HLB Hodgson Impey Cheng Limited

(2) Date of establishment: 1983

(3) Address of registration: 31st Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong

(4) Qualifications: Hong Kong Certified Public Accountants

(5) Whether previously engaged in securities services: Yes

2. Personnel information

The chairman of HLB Hodgson Impey Cheng is Mr. Raymond Cheng. Over years, Mr. Raymond Cheng held various public positions in the accounting industry in Hong Kong and was elected as the president of the Hong Kong Institute of Certified Public Accountants in 2020. By the end of 2020, HLB Hodgson Impey Cheng has 14 directors and a total of approximately 400 employees.

3. Scale of business

HLB Hodgson Impey Cheng provided annual report audit services to approximately 130 listed companies in 2020 and its audit revenue has increased steadily. The major industries

involved included real estate and construction, securities investment, home appliances and furnishing, minerals, automobiles, pharmaceuticals, chemical raw materials, food production, etc.

4. Investor protection capability

HLB Hodgson Impey Cheng purchased occupational liability insurance in accordance with the practice requirements of the Hong Kong Institute of Certified Public Accountants. The relevant occupational insurance can cover the civil compensation liability caused by audit failure.

5. Independence and integrity records

HLB Hodgson Impey Cheng and its employees have never violated the requirements for independence of the *Code of Ethics issued by Hong Kong Institute of Certified Public Accountants*.

HLB Hodgson Impey Cheng and its employees have been subject to self-discipline supervision measures once in the past three years without criminal penalties and administrative penalties, details of which are as follows:

NO.	Type of penalty	Number of penalty decision	Name of penalty decision	Penalty authority	Date of Penalty	Whether affect current practice
1	Allocution	D-18-1357F	The Hong Kong Institute of Certified Public Accountants (HKICPA) has taken disciplinary action against a corporate practice and two certified public accountants	Hong Kong Institute of Certified Public Accountants (HKICPA)	24 June 2019	No

(II) Information of project members

1. Personnel information

Tian Xinjie as a proposed project director and Huang Siwei as the head of quality control have qualifications as certified public accountants granted by Hong Kong Institute of Certified Public Accountants and have been engaged in securities services for a long time with corresponding professional competence.

Mr. Tian Xinjie joined HLB Hodgson Impey Cheng in 2007 and started to audit listed companies in the same year. Mr. Tian Xinjie became a Hong Kong accountant in 2012 and registered as a certified public accountant in 2020. Mr. Tian Xinjie was the manager of D-share Project of China Europe International Exchange of the Company in 2017 and served as the project director of H-share Project of the Hong Kong Stock Exchange in 2020.

Ms. Huang Siwei joined HLB Hodgson Impey Cheng in 2004 and started to audit listed companies in the same year. Mr. Huang Siwei registered as a certified public accountant in 2013 and had signed audit reports for many listed companies in Hong Kong over years.

2. Independence and integrity records of the aforementioned personnel

The above project members have never violated the independence requirements, held or traded company's shares, nor have other economic interests that would affect their independence. In the past three years they have never been subject to any criminal penalties due to their practices, and have not been subject to administrative penalties or supervision and management measures by the China Securities Regulatory Commission, branch office and industry authorities, nor have they been subject to self-supervision measures or disciplinary decision by self-regulatory organizations such as stock exchanges and industry associations.

(III) Audit fee

After reasonable consideration of the scope of work and industrial standards, the determined audit fee for IFRS audit report of 2021 is RMB3.89 million (of which RMB3.74 million for auditing financial report and RMB150,000 for auditing continuing related-party transactions).

IV. Procedures to be performed by the proposed appointment of auditors

(i) Review opinions from the Audit Committee under the Board of Directors

The 16th meeting of the 10th session of the Audit Committee under the Board of Directors of the Company considered and passed the *Proposal on Re-appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd.* and the *Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd.*. The Audit Committee under the Board of Directors of the Company evaluated the auditing capabilities of Hexin Certified Public Accountants and HLB Hodgson Impey Cheng and was of the view that Hexin Certified Public Accountants has the qualifications for auditing securities and futures related business, owns many years of experience and ability to provide audit services to listed companies and in the process of providing audit services, adheres to the principle of independent auditing and can meet the work requirements of the Company's annual financial and internal control audit; that HLB Hodgson Impey Cheng satisfies the qualification requirements for providing audit services to the Company with its experience and capabilities.

In conclusion, in order to ensure the smooth conduct of the Company's financial and internal

control audits and the continuity of the audit work for 2021, the Audit Committee agreed to propose to the Board to reappoint Hexin Certified Public Accountants as the auditor of the Company's financial and internal control reports under PRC GAAP for 2021, and agreed to propose to the board to reappoint HLB Hodgson Impey Cheng as the auditor of the Company's financial reports under IFRS for 2021.

(ii) Prior approval and independent opinions of the independent directors

Prior approval opinions expressed by the independent directors of the Company on the appointment of the accounting firms are as follows: Hexin Certified Public Accountants and HLB Hodgson Impey Cheng have the according practice qualifications, own experience and ability to provide audit services to listed companies and can meet the requirements of the Company's audit work for 2021. The reason for reappointing Hexin Certified Public Accountants and HLB Hodgson Impey Cheng as the Company's auditors for 2021 are justified and there are no circumstances that would harm the interest of the Company and its shareholders. The independent directors of the Company agree to appoint Hexin Certified Public Accountants and HLB Hodgson Impey Cheng as the Company's auditors for 2021 and agree to submit the proposal to the Board for consideration.

Independent opinions expressed by the independent directors of the Company on the appointment of the accounting firms are as follows: Hexin Certified Public Accountants and HLB Hodgson Impey Cheng can carry out audit work in fair and objective attitude, express audit opinions independently and objectively and complete various work entrusted by the Company on time in accordance with the relevant regulations and the requirements of certified public accountants' professional norms in providing audit services to the Company. The decision-making procedures are in line with the relevant laws, regulations and the requirements of normative documents and the *Articles of Association*, and are in accordance with the long-term interest of whole investors, without damaging the minority shareholder's interest. The independent directors of the Company agreed to reappoint Hexin Certified Public Accountants and HLB Hodgson Impey Cheng as the financial and internal control auditors of the Company for 2021 and pay corresponding audit fee, and agreed to submit the proposals to the Company's General Meeting for consideration.

(iii) Consideration and votes of the Board of Directors on proposals related to the appointment of the auditors

The 18th meeting of the 10th session of the Board of Directors was held on 29 April 2021. This board considered and approved the *Proposal on Re-appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd.* and the *Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd.*, and agreed to reappoint Hexin Certified Public Accountants and HLB Hodgson Impey Cheng as the financial and internal control auditors of the Company for 2021 and pay corresponding audit fee.

(iv) The appointment of the accounting firms is still subject to the Company's General Meeting for consideration and approval, and will take effect from the date of consideration and approval by the

Company's General Meeting.

III. Filing documents

(i) Resolutions of the 18th meeting of the 10th session of the Board of Directors of Haier Smart Home Co., Ltd.

(ii) Opinions of independent directors of Haier Smart Home Co., Ltd. on matters related to the 18th meeting of the 10th session of the Board of Directors

(iii) Resolutions of 16th meeting of the 10th session of the Audit Committee under the Board of Directors of Haier Smart Home Co., Ltd.

(iv) Practice certificates of the auditors proposed to be appointed and other documents

It is hereby notified the above.

The Board of Directors of Haier Smart Home Co., Ltd.

29 April 2021