

China International Capital Corporation Limited

2019 Continuous Supervision Work Report on the Public Issuance of Convertible Corporate Bonds of Haier Smart Home Co., Ltd.

Name of the listed company: Haier Smart Home Co., Ltd. (originally known as “Qingdao Haier Co., Ltd.”, hereinafter referred to as “Haier Smart Home” or the “Company”)	
Sponsor institution: China International Capital Corporation Limited (hereinafter referred to as “CICC” or the “sponsor institution”)	
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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 (hereinafter referred to as the “CSRC”) and agreed by the Shanghai Stock Exchange, the Company was 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 sponsoring and underwriting fees (including value-added tax) from the raised funds of convertible corporate bonds in this Issuance of RMB23,909,500, the balance was RMB2,983,580,500. The paid-in raised funds, after deducting lawyers, accountants, credit rating, information disclosure, registration services and issuance handling fees, totaled RMB3,555,700, while the net amount of actually raised funds was RMB2,980,024,800. Shandong Hexin Certified Public Accountants (LLP) (currently known as “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.

As the sponsor institution and lead underwriter of the public issuance of convertible corporate bonds in 2018 of Haier Smart Home, CICC conducted continuous supervision on

Haier Smart Home through due diligence methods such as daily communication, regular return visits, and on-site inspections in accordance with relevant laws and statutes and rules of standardized documents such as the *Measures for the Administration of the Sponsor Business of Securities Issuance and Listing* and *Guidelines for the Continuous Supervision of Listed Companies of the Shanghai Stock Exchange*. Details of which are as follows:

I. Information on the Continuous Supervision on the Listed Company by the Sponsor Institution since the Securities Issuance of the Listed Company

Work Content	Status of <u>S</u> supervision
1. establishing, improving and effectively implementing the continuous supervision work system, and for specific continuous supervision work to formulate the corresponding work plan	a continuous supervision system has been established, improved and effectively implemented, and a corresponding work plan has been prepared based on the Company's specific circumstance
2. according to the relevant regulations of the CSRC, before the start of the continuous supervision work, a continuous supervision agreement (hereinafter referred to as the "Agreement") should be entered into with the listed company companies or related parties to clarify the rights and obligations of the two parties during the continuous supervision period and such Agreement should be filed to the Shanghai Stock Exchange	a Sponsor Agreement has been entered into with the Company, which clarify the rights and obligations of the two parties during the continuous supervision period
3. conducting continuous supervision through daily communication, regular return visits, on-site inspections and due diligence, etc.	maintaining daily communication and regular return visits with the company, and conducting due diligence on continuous supervision
4. during the continuous supervision period, if there are public statements on <u>the</u> listed company's y's violations of laws and regulations issued according to relevant regulations, such statements shall be reported to the Shanghai Stock Exchange before disclosure, and announced on the designated media after being reviewed by the Shanghai Stock Exchange	during the continuous supervision period, there is no issuers' violations of laws and regulations on which a public statement should be issued according to relevant regulations
5. during the continuous supervision period, if the listed company companies or related parties violate laws and regulations or breach the commitment, such issues should be reported to the Shanghai Stock Exchange within 5 business days from the date of discovery or the date on which such issued should be discovered, and such report should include the specific information on the violation of laws and regulations or breach of commitment by such listed company companies or related parties, as well as the supervision measures taken by sponsor institution	during the continuous supervision period, the Company or related parties do not violate laws and regulations; and related parties do not breach the commitment
6. supervising <u>the</u> listed company companies and their directors, supervisors, and senior management to comply with laws, regulations, department rules, and business rules and other regulatory documents issued by the	during the continuous supervision period, the Company or related parties do not violate laws and regulations or breach the commitment

Work Content	Status of S supervision
Shanghai Stock Exchange, and earnestly fulfill all commitments they have made	
7. supervising the listed company companies to establish, improve and effectively implement the corporate governance systems, including but not limited to the rules of procedure of general meetings, board of directors and board of supervisors, and the code of conduct of directors, supervisors and senior management	the implementation of the Company's relevant systems has been checked, all of which have been effectively implemented and meet relevant regulatory requirements
8. supervising the listed company companies to establish, improve and effectively implement internal control systems, including but not limited to financial management systems, accounting systems and internal audit systems, as well as procedures and rules for major operating decisions such as the use of raised funds, connected transactions, external guarantees, external investments, derivatives transactions, and control of subsidiaries	the design and implementation of the Company's internal control systems have been checked, and such internal control systems meet relevant regulations and have been implemented effectively
9. supervising the listed company companies to establish, improve and effectively implement the information disclosure system, reviewing information disclosure documents and other relevant documents, and having sufficient reasons to believe that the documents submitted by the listed company to the Shanghai Stock Exchange do not contain false records, misleading statements or major omissions	please refer to "II. Information on Review of Information Disclosure of the Listed Company by Sponsor Institution" for details
10. reviewing the information disclosure documents of the listed company companies and other documents submitted to the China Securities Regulatory Commission and Shanghai Stock Exchange beforehand, and promptly urging the listed company companies to correct or supplement the information disclosure documents that have problems, and if the listed company companies does not make corrections or supplementation, it shall report to the Shanghai Stock Exchange in a timely manner	please refer to "II. Information on Review of Information Disclosure of the Listed Company by Sponsor Institution" for details
11. if the information disclosure documents of the listed company companies have not been reviewed in advance, the review of the relevant documents should be completed within five trading days after the listed company companies fulfills its information disclosure obligations. Sponsor institution should promptly urge the listed company companies to correct or supplement the problematic information disclosure documents. If the listed company companies does not make corrections or supplementation, it shall report to the Shanghai Stock Exchange in a timely manner	please refer to "II. Information on Review of Information Disclosure of the Listed Company by Sponsor Institution" for details
12. concerning about the information on which the listed company companies or their controlling shareholders, actual controllers, directors, supervisors, and senior management are subject to administrative penalties by the China Securities Regulatory Commission,	after verification, during the continuous supervision period, no such circumstances occurred in the listed company or their controlling shareholders, actual controllers, directors, supervisors, and senior management

Work Content	Status of S supervision
disciplinary sanctions by the Shanghai Stock Exchange, or supervision attention letters issued by the Shanghai Stock Exchange, and urging them to improve their internal control system and take measures to correct the issues	
13. continuing to pay attention to the implementation of commitments by the listed company companies, controlling shareholders, and actual controllers. If the listed company companies, controlling shareholders, and actual controllers fail to fulfill their commitments, it shall report to the Shanghai Stock Exchange in a timely manner	during the continuous supervision period, the Company, controlling shareholders and actual controllers do not breach relevant commitments
14. paying attention to public media reports on the listed company companies, and verifying market rumors in a timely manner. After verification, if it found out that there are major undisclosed matters that should be disclosed or that the disclosed information is inconsistent with the facts, it shall promptly urge the listed company companies to truthfully disclose or clarify; if the listed company companies does not disclose or clarify, it shall report to Shanghai Stock Exchange in a timely manner	after verification, during the continuous supervision period, no such circumstances occurred in the listed company companies
15. if one of the following circumstances is found, the sponsor institution shall urge the listed company companies to make explanations and make corrections within a time limit, and report to the Shanghai Stock Exchange at the same time: (1) the listed company companies are is suspected of violating the relevant business rules of the Shanghai Stock Exchange, such as the <i>Stock Listing Rules</i> ; (2) professional opinions issued by securities service agencies and their signatory personnel may contain illegal circumstances such as false records, misleading statements, or major omissions or other improper circumstances; (3) the listed company companies have the circumstances specified in Articles 71 and 72 of the <i>Measures for the Administration of the Sponsor Business of Securities Issuance and Listing</i> (hereinafter referred to as the “sponsor measures”); (4) the listed company companies does not cooperate with sponsor institution’s continuous supervision work; (5) other situations that the Shanghai Stock Exchange or sponsor institution deems necessary to report	after verification, during the continuous supervision period, no such circumstances occurred in the listed company
16. formulating on-site inspection work plans or special on-site inspection plans for the listed company companies, defining on-site inspection work requirements, and ensuring on-site inspection work quality	the sponsor institution has formulated the relevant work plan for the on-site inspection and clarified the requirements for the on-site inspection to ensure the quality of the on-site inspection
17. if the listed company companies have s any of the following circumstances, the sponsor institution shall conduct a special on-site inspection for the listed company companies within 15 days from the date when it	after verification, during the continuous supervision period, no such circumstances occurred in the listed company which require a special on-site inspection

Work Content	Status of S supervision
knows or should know or within the period required by the Shanghai Stock Exchange: (1) non-operating occupation of funds of the listed company companies by controlling shareholders, actual controllers or other related parties; (2) providing guarantees to others in violation of regulations; (3) illegal use of raised funds; (4) illegal securities investment and hedging business, etc.; (5) significant unfairness of related party transactions or failure to perform approval procedures and information disclosure obligations; (6) loss of performance or a decrease in operating profit of more than 50% compared with the same period of the previous year; (7) other circumstances required by the Shanghai Stock Exchange	
18. continuing to pay attention to commitments such as the company's special account storage of raised funds, the use of raised funds, and the implementation of investment projects	after verification, the Company strictly deposited and used the raised funds in accordance with the relevant provisions of the raised fund management system

II. Information on Review of Information Disclosure of the Listed Company by Sponsor Institution

According to the *Measures for the Administration of the Sponsor Business of Securities Issuance and Listing* of CSRC and *Guidelines for the Continuous Supervision of Listed Companies of the Shanghai Stock Exchange* and other relevant regulations, the sponsor institution conducted a pre- or post-review of the information disclosure documents announced by Haier Smart Home at the Shanghai Stock Exchange during the continuous supervision period in 2019, and checked the content and format of the information disclosure documents and relevant procedures performed. The sponsor institution believes that the Company's information disclosure is consistent with the actual circumstances, and there are no false records, misleading statements or major omissions.

III. Whether the Listed Company has Any Issues that should be Reported to the CSRC and the Shanghai Stock Exchange according to the Requirements of *Measures for the Administration of the Sponsor Business of Securities Issuance and Listing* and Other Relevant Department Regulations and Regulatory Documents of the CSRC as well as Relevant Rules of the Shanghai Stock Exchange

During the continuous supervision period, the Company has no other issues that should be reported to the CSRC and the Shanghai Stock Exchange according to the requirements of

Measures for the Administration of the Sponsor Business of Securities Issuance and Listing and other relevant department regulations and regulatory documents of the CSRC as well as relevant rules of the Shanghai Stock Exchange.

(There is no formal text in this page, and it is the signing and stamp page for *2019 Continuous Supervision Work Report of China International Capital Corporation Limited on the Public Issuance of Convertible Corporate Bonds of Haier Smart Home Co., Ltd.*)

Sponsor representative (signature): _____

Sun Lei

Li Yang

China International Capital Corporation Limited

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