

China International Capital Corporation Limited

2019 Continuous Supervision On-site Inspection Report on Haier

Smart Home Co., Ltd.

Shanghai Stock Exchange:

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”), Haier Smart Home Co., Ltd. (originally known as “Qingdao Haier Co., Ltd.”, hereinafter referred to as “Haier Smart Home” or 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. The convertible corporate bonds were listed on the Shanghai Stock Exchange (hereinafter referred to as the "SSE") on 18 January 2019, and were delisted on 17 December 2019.

China International Capital Corporation (hereinafter referred to as "CICC" or the "Sponsor Institution"), as the Sponsor Institution of public issuance of convertible corporate bonds of Haier Smart Home in 2018, is responsible for the continuous supervision of Haier Smart Home. According to the *Measures for the Administration of the Sponsor Business of Securities Issuance and Listing, Administrative Measures for Raised Funds by Listed Companies of Shanghai Stock Exchange* (Revised in 2013), *Guidelines for the Continuous Supervision of Listed Companies of the Shanghai Stock*

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Exchange and other relevant laws and statutes and rules of standardized documents, CICC carried out on-site inspections on Haier Smart Home from 7 January 2020 to 10 January 2020 and 23 April 2020, and the participants were Li Yang as the sponsored representative and members of the project team. The information of inspections is reported as follows:

I. Basic Information of On-site Inspections

The Sponsor Institution conducted on-site inspections on Haier Smart Home during the continuous supervision period. The Sponsor Institution carefully reviewed the Company's relevant systems, interviewed relevant personnel of the Company, reviewed and consulted the Company's information, and verified the corporate governance and internal control, information disclosure, independence, use of raised funds, related transactions, operating conditions, and special account storage of raised funds of Haier Smart Home.

II. Individual Opinions on On-site Inspection Matters

(I) Information on the corporate governance and internal control

The Sponsor Institution reviewed the articles of association, the rules of procedure of the general meeting, the board of directors and the board of supervisors, and relevant corporate governance and internal control systems such as the management system of raised funds, and reviewed the proposals, meeting resolutions, meeting records and other materials of the board of directors, the general meeting and the board of supervisors of Haier Smart Home, verified the implementation of the Company's internal control and other systems, and conducted interviews with the Company's secretary of the board of directors, focusing on whether the methods and procedures for holding the abovementioned three meetings ware legal and compliant.

After on-site inspection, the Sponsor Institution believes that: the Company formulates the *Articles of Association*, *Rules of Procedure for the General Meeting*, *Rules of Procedure for the Board of Directors*, *Rules of Procedure for the Board of Supervisors*, *Working System of Independent Directors* and other regulations

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according to provisions of the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China* and other relevant rules and regulations, clarifies terms of reference and work procedures of the general meeting, the board of directors, the board of supervisors and independent directors, and regulates the daily operations and management activities of the Company in accordance with the abovementioned regulations. The internal control systems formulated by the Company are reasonable and effective, and are effectively implemented, ~~which~~and they promotes the normal and effective operation of the Company.

(II) Information disclosure

The on-site inspectors of the Sponsor Institution reviewed the Company's information disclosure related system, information disclosure documents and other relevant documents, verified the establishment, improvement and implementation of the Company's information disclosure system, and the consistency of the disclosed announcements and actual circumstances, and inquired about the progress of such announcements.

After ~~on-site~~ inspections, the Sponsor Institution believes that: the Company's information disclosure system is in compliance, the disclosed announcements are consistent with the actual circumstances, the content of the disclosure is complete, there are no significant events that should be disclosed but not disclosed, and the transmission of major information, the disclosure process, and confidentiality are in compliance with the relevant regulations of the Company's information disclosure management system.

(III) Information on the independence of the Company and capital exchanges with controlling shareholders, actual controllers and other related parties

The Sponsor Institution reviewed the Company's relevant systems, focused on the related accounts of the capital transactions between the Company and its main subsidiaries and related parties, communicated with the financial staff, and obtained

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relevant explanatory documents issued by the Company.

After ~~on-site~~ inspections, the Sponsor Institution believes that: the Company's assets are complete, and its personnel, finance, organization and business are independent. There are no circumstances in which the controlling shareholder, actual controller and other related parties occupy the Company's funds.

(IV) Use of raised funds

The on-site inspectors of the Sponsor Institution consulted the Company's special account of raised funds, the ledger accounts of use, bank statements and other documents, as well as the review procedures and announcement documents related to the use of raised funds, and communicated with relevant responsible personnel.

After ~~on-site~~ inspections, the Sponsor Institution believes that: the Company has established a fund raising management system, and—signed a special account supervision agreement with the bank of deposit and the Sponsor Institution. The deposit and use of the raised funds comply with the laws and regulations and the management system. The use of the raised funds of the Company has fulfilled the necessary procedures of review, approval and information disclosure, and there is no illegal use of raised funds.

(V) Information on related party transactions, external guarantees and major foreign investment

The on-site inspectors of the Sponsor Institution reviewed the Company's relevant systems, related party transaction agreements, foreign investment agreements, and review procedures and announcements related to related party transactions, external guarantees and major investments, and communicated with relevant responsible personnel.

After ~~on-site~~ inspections, the Sponsor Institution believes that: the company has standardized the decision-making authority and procedures for related party transactions, external guarantees, and major foreign investments. There are no cases where the related party transactions were obviously unfair, and external guarantees

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and major external investments failed to perform the approval procedures in accordance with regulations, or other major violations of laws and regulations.

(VI) Operating conditions

The on-site inspectors of the Sponsor Institution reviewed the Company's relevant regular reports, industry research reports, Internet information reports and other documents, and communicated with the Company's senior management and relevant responsible personnel on the Company's operating conditions and recent changes in the industry and the market, etc.

After ~~on-site~~ inspections, the Sponsor Institution believes that: the Company's main business operating model, industry operating environment and market prospects have not changed significantly, and the main operating sites are operating normally; the Company is operating well and has maintained a relatively stable profitability.

(VII) Other matters that the Sponsor Institution believes should be inspected on-site

None.

III. Matters and Suggestions Brought to the Attention of Listed Company

The Sponsor Institution requested the listed company to continue ~~to~~ pay~~ing~~ attention to the use of the raised funds, accelerate the actual investment progress of the raised funds, and adhere to the principle of prudent investment and strictly control the investment risk when conducting cash management of the idle raised funds; ~~the Sponsor Institution~~ ~~it~~ requested the listed company to continue ~~to~~ pay~~ing~~ attention to relevant regulations and rules of China Securities Regulatory Commission, the Shanghai Stock Exchange and other regulatory authorities, and timely improve and standardize the relevant rules and regulations of corporate governance and internal control of the Company.

IV. Whether the Listed Company Have Matters that should be Reported to the China Securities Regulatory Commission and the Shanghai Stock Exchange according to the Provisions of the *Measures for the Administration of the Sponsor*

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Business of Securities Issuance and Listing and Relevant Regulations of the Shanghai Stock Exchange

None.

V. Cooperation between the Listed Company and Other Intermediaries

During the continuous supervision period at this stage, Haier Smart Home actively provided the required documents and arranged inspectors to conduct interviews and on-site inspections with senior management and employees of Haier Smart Home, which facilitated on-site inspections; other intermediaries also actively cooperated with relevant inspections. .

~~The on-site inspections were conducted independently by the Sponsor Institution, and no other intermediary was arranged to cooperate.~~

VI. Conclusion of On-site Inspections

After on-site inspections, the Sponsor Institution believes that: Haier Smart Home has formulated a series of rules and regulations such as corporate governance, and regulated~~s~~ the Company's daily operations and management activities in accordance with relevant rules and regulations. The various internal control systems are reasonable, effective, and effectively implemented; the Company's information disclosure is basically in line with relevant regulations of the Shanghai Stock Exchange; the Company's assets are complete, and its personnel, institutions, businesses, and finances are independent. No related party has illegally occupied the Company's funds; the Company has no illegal deposits or illegal use of raised funds; the Company's external guarantees, related transactions, major external transactions and other aspects do not violate laws and regulations; the Company's operations and management are normal.

It is hereby notified the above.

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(There is no formal text in this page, and it is the signing and stamp page for *2019 Continuous Supervision On-site Inspection Report of China International Capital Corporation Limited on Haier Smart Home Co., Ltd.*)

Sponsor representative (signature): _____

Sun Lei

Li Yang

China International Capital Corporation Limited

DD/MM/YY

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