

# **Haier Smart Home Co., Ltd.**

## **Internal Control Audit Report**

Hexin Shen Zi. (2020) No. 000286

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**Hexin Certified Public Accountants LLP**

28 April 2020

# INTERNAL CONTROL AUDIT REPORT

Hexin Shen Zi. (2020) No. 000286

## To all shareholders of Haier Smart Home Co., Ltd.:

In accordance with the relevant requirements of the *Audit Guidelines on Corporate Internal Control* and the code of practice of Chinese certified public accountants, we have audited the effectiveness of the internal control over the financial report of Haier Smart Home Co., Ltd. (hereinafter referred to as “Haier Smart Home”) for the year ended 31 December 2019.

### I. Responsibilities of the Company towards internal control

It is the responsibility of the Board of Directors of Haier Smart Home to establish, improve and implement effectively internal control and to evaluate its effectiveness in accordance with the requirements of the *Basic Standards for Enterprise Internal Control*, *Application Guidelines on Enterprise Internal Control* and *Evaluation Guidelines on Enterprise Internal Control*.

### II. Responsibilities of certified public accountants

Our responsibilities are to express an audit opinion on the effectiveness of internal control over financial report based on our audit, and to disclose the material defects that have come to our attention in the financial reports that are irrelevant to the internal



control.

### **III. Inherent limitations on internal control**

Internal control has its inherent limitations, and is exposed to the possibility of being incapable of preventing or detecting misreporting. Moreover, as changes in circumstances may render internal control inappropriate or reduce the degree of compliance with control policy or procedure, it is risky, to a certain extent, to predict the effectiveness of internal control in the future based on the audit results of internal control.

### **IV. Audit opinion on the internal control over the financial report**

We believe that Haier Smart Home has maintained effective internal control over financial report in all material respects as at 31 December 2019 in accordance with the *Basic Standards for Enterprise Internal Control* and relevant requirements.

### **Hexin Certified Public Accountants LLP**

**Chinese Certified Public Accountant: Zhan Bo**  
**(Engagement Partner)**

**Jinan, China**

**Chinese Certified Public Accountant: Wang Lin**



28 April 2020

