

Stock Name: Haier Smart Home

Stock Code: 600690

No.: L2020-015

Haier Smart Home Co., Ltd.

Announcement on Renewing Engagement of Accounting Firm

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 firm to be renewed:** Hexin Certified Public Accountants LLP
- **Brief reasons for changing the accounting firm and the objections of the previous accountant:** Not applicable

I. Basic information of the proposed accounting firm

(I) Information of institution

1. Basic information

- (1) Name of institution: Hexin Certified Public Accountants LLP
- (2) Date of establishment: December 1987 (the establishment date of the enterprise restructuring: 23 April 2013)
- (3) Address of registration: 7th Floor, Yanye Building, No. 59 East Wenhua Road, Jinan City.
- (4) Qualifications: being granted the *Accounting Firm Securities and Futures Related Business License* issued by the Ministry of Finance and China Securities Regulatory Commission in August 1993; obtained the *Certificate of Registration of*

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Accounting Firms in Third Countries issued by the German Chamber of Certified Public Accountants (WPK) in 2019.

(5) Whether ever engaged in securities services or not: Yes.

2. Personnel information

The chief partner of Hexin Certified Public Accountants LLP is Mr. Wang Hui. As of the end of 2019, it has 36 partners and 282 certified public accountants, including 206 certified public accountants who have engaged in securities services. The total number of employees is 708. The number of certified public accountants has not changed compared with that of 2018.

3. Size of business

Hexin Certified Public Accountants LLP had a net asset value of RMB19,696,400 at the end of 2018 and annual business revenue of RMB185,688,200 for the year of 2018, of which the revenue generated from audit business was RMB170,778,600; it provided audit services of annual report for 41 listed companies, with a total charge of RMB53.13 million. The major fields it involved in cover manufacturing, agriculture, forestry, animal husbandry and fishery, mining, construction, transportation, warehousing and postal services, finance, culture, sports and entertainment, and comprehensive industries. The average total assets of listed companies it served are RMB12.802 billion.

4. Protection capability for investors

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.

5. 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 LLP has been subject to administrative

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supervision measures once in the past three years without criminal penalties, administrative penalties and self-regulatory supervision measures, 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 or not
1	Administrative and Supervisory Measures	Decision on Administrative and Supervisory Measures ([2018] No.21)	Decision on Issuing a Warning Letter to Shandong Hexin Certified Public Accountants LLP	Shandong Securities Regulatory Bureau	16 April 2018	No

(II) Information of project members

1. Personnel information

Mr. Zhao Bo as a proposed engagement partner, Ms. Wang Xiaonan as the director of quality control, and Mr. Zhao Bo and Mr. Wang Lin as the signing certified public accountants 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 above relevant personnel.

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

Mr. Zhao Bo, Chinese Certified Public Accountant, currently a partner of Hexin Certified Public Accountants LLP, has more than 22 years of practicing experience and has been engaged in securities services for 13 years. He has presided over,

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participated in or reviewed the annual report 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 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 auditing business of Haier Smart Home Co., Ltd. acquiring US GE Appliances and the auditing business of D-share issuance of Haier Smart Home Co., Ltd. He has no part-time job.

(2) Practicing experience of Ms. Wang Xiaonan as a 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 of many listed companies such as Inspur Electronic Information (000977), Wintime Energy (600157). She has many years of rich experience in corporate restructuring and listing audits, major restructuring audits of listed companies, and large state-owned enterprise audits. She has no part-time job.

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

Mr. Wang Lin, Chinese Certified Public Accountant, currently a senior project manager of Hexin Certified Public Accountants LLP, has more than 15 years of practicing experience, engaged in securities services for 15 years, and presided over, participated in or reviewed the annual reports of many listed companies such as Haier Smart Home (600690), Citymedia (600229). He has many years of extensive experience in major restructuring audits of listed companies and large state-owned enterprise audits. He has no part-time job.

(III) Audit fees

After reasonable consideration on the scope of work and industry standards, the determined audit fee for the consolidated financial statement of 2020 is RMB10

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million (of which RMB7.15 million is for the financial report audit fee and RMB2.85 million is for the internal control report audit fee), increasing by RMB400,000 compared with the compensation of the financial audit and internal control audit services provided in the previous year.

II. Internal procedures on renewing engagement of an accounting firm

(i) The 7th meeting of the 10th session of the Audit Committee under the Board of Directors of the Company considered and approved the *Proposal on Renewing Engagement of Accounting Firm of Haier Smart Home Co., Ltd.*, and was on the view that Hexin Certified Public Accountants has the qualifications for auditing securities and futures related business, its service team owns many years of experience and ability to provide audit services for listed companies, adheres to the principle of independent auditing in the process of providing audit services and can meet the work requirements of the Company's annual financial and internal control audit. The Company intends to renew Hexin Certified Public Accountants as the Company's 2020 financial report and internal control report institution in order to ensure the Company's smooth implementation of financial and internal control audit and the continuity of the audit work in 2020.

(ii) Opinions expressed by the independent directors of the Company on the renewing engagement of the accounting firm are as follows: Hexin Certified Public Accountants LLP can carry out audit 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 national relevant regulations and the requirements of certified public accountants' professional norms in providing audit services to the Company. We therefore unanimously agree to employ Hexin Certified Public Accountants LLP as the financial and internal auditing institution for 2020 and pay corresponding audit fee, and agree to submit this proposal to 2019 Annual General Meeting for consideration.

(iii) The 7th meeting of the 10th session of the Board of Directors of the Company

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considered and approved the *Proposal on Renewing Engagement of Accounting Firm of Haier Smart Home Co., Ltd.*, the details of which are set out in the *Announcement on Resolutions of 7th Meeting of the 10th Session of the Board of Directors of Haier Smart Home Co., Ltd.* (No.: L2020-012) disclosed on the same date of this Announcement.

(iv) The renewing engagement of the accounting firm is still subject to the Company's 2019 Annual General Meeting for consideration, and the renewing engagement will take effect from the date of consideration and approval by the Company's general meeting.

III. Filing documents

(i) Resolutions of the 7th 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 7th meeting of the 10th session of the Board of Directors.

(iii) Resolutions of 7th meeting of the 10th session of the Audit Committee under the Board of Directors of Haier Smart Home Co., Ltd.

It is hereby notified the above.

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

28 April 2020

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