

Haier Smart Home Co., Ltd.
Implementation Rules for the Audit Committee under the Board of Directors
(Revised in 2020)

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board, audit in advance, audit professionally, ensure effective supervision over the senior management by the Board, and perfect its corporate governance structure, the Company has set up the Audit Committee under the Board and formulated these implementation rules in accordance with the *Company Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Articles of Association* and other relevant requirements.

Article 2 The Audit Committee under the Board of Directors is a specific working body set up by the Board in accordance with a resolution at a general meeting. Its main responsibilities are to communicate with the internal and external auditors of the Company, and to supervise and review their job performance.

Article 3 The Company provides requisite working conditions for the Audit Committee, and the Secretary of the Board of the Company is responsible for the daily works of the Audit Committee, such as work liaison, conference organization, documents preparation and files keeping. The management and related departments of the listed company shall cooperate when the Audit Committee is performing the duties.

CHAPTER 2 COMPOSITION

Article 4 The Audit Committee shall consist of five to seven directors with independent directors as the majority. At least one of the independent directors among the Committee members shall be an accounting professional.

Article 5 The members of the Audit Committee shall be nominated by the Chairman of the Board, more than half of the independent directors, or one-third of all directors, and is subject to election by the Board.

Article 6 The Audit Committee shall have a chairman (convenor) who shall be an independent director and shall be responsible for leading the work of the Committee. The

chairman shall be elected from the members, subject to the approval of the Board. The Audit Committee may have a vice chairman to assist the chairman in discharging duties; the vice chairman of the Committee shall be elected from the members, subject to the approval of the Board.

Article 7 The term of office of the Audit Committee shall be identical to that of the Board. A member may ~~be re-elected~~~~offer himself/herself for re-election~~ upon the expiration of his/her term of office. During his/her term of office, if any member ceases to be a director, his/her membership in the Audit Committee shall lapse automatically, and the vacancy shall be filled by the person elected by the Board in accordance with Article 4 to Article 6 above.

Article 8 The Audit Committee shall establish an audit working unit which is a daily operation institution responsible for daily work liaison, conference organization, etc.

CHAPTER 3 RESPONSIBILITIES AND AUTHORITIES

Article 9 The primary responsibilities and authorities of the Audit Committee include:

(I) to supervise and assess the external audit works, and to propose the engagement or replacement of external auditing firms;

(II) to supervise and assess the external audit works, and to be responsible for the coordination between internal and external auditing;

(III) to be responsible for the liaison between internal and external auditing;

(IV) to review the financial information of the Company and its disclosures;

(V) to formulate the proposal on the annual and interim profit distribution and capital reserve capitalization of the Company;

(VI) to supervise and assess the internal control system and to conduct audit on material related transactions;

(VII) to handle other matters as authorized by the Board.

Article 10 The responsibility of the Audit Committee to review the financial reports of the Company and its disclosures and to express its opinions shall include at least the following aspects:

(I) to review the financial reports of the Company and make comments as to the truthfulness, completeness and accuracy of such reports;

(II) to focus on and review material accounting and auditing issues contained in the financial

reports of the Company, including adjustments to material accounting errors, changes in significant accounting policies and estimates, matters involving major accounting judgments, matters resulting in– non-standard unqualified audit reports;

(III) to specifically identify the possibility of fraud, corruption and material misstatement in relation to the financial reports;

(IV) to supervise the rectification of the issues in financial reports.

Article 11 The Audit Committee shall be accountable to the Board and submit proposals to the Board for consideration and approval. The Audit Committee shall cooperate with the Supervisory Committee to supervise audit activities.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 12 The working unit under the Audit Committee shall be responsible for the preliminary preparations for decision-making of the Audit Committee, and providing relevant written information of the Company:

(I) relevant financial reports of the Company;

(II) working reports of internal and external auditors;

(III) contracts audited externally and relevant working reports;

(IV) external disclosure of information by the Company;

(V) audit on the internal control system and material connected transaction of the Company;

(VI) other matters as authorized by the Board.

Article 13 The Audit Committee shall convene meetings to consider the reports submitted by the working unit under the Audit Committee and submit relevant written resolutions to the Board for consideration with respect to:

(I) assessment on duty performance of external auditors and engagement and replacement of external auditor;

(II) whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are comprehensive and truthful;

(III) whether the information disclosed publicly by the Company is objective and truthful, and whether the material related-party transactions of the Company are in compliance with the relevant laws and regulations;

(IV) assessment on duty performance of the Company's financial department and audit

department, including their persons in charge;

(V) other relevant matters.

CHAPTER 5 PROCEDURAL RULES

Article 14 Meetings of the Audit Committee are classified into regular meetings and extraordinary meetings. Regular meetings shall be held at least four times a year and once a quarter. The extraordinary meeting may be proposed by the member of the Audit Committee. A notice of meeting shall be made to all members seven days prior to the meeting. An Audit Committee meeting shall be presided over by the chairman of the Committee. When the chairman is unable to attend the meeting, he/she may appoint deputy chairman or another member of the Committee (an independent director) to preside over the meeting on his/her behalf.

Article 15 An Audit Committee meeting may only be convened with the presence of more than two-third of the members. Each member has one vote. Resolutions may only be passed by more than half of all the members of the Audit Committee voting in favor of such resolutions.

Article 16 Votes may be made by a show of hands or by poll in an Audit Committee meeting, while for voting at an extraordinary meeting of the Committee may also be by correspondence.

Article 17 Members of the working unit may attend meetings of the Audit Committee. Directors, supervisors and other senior management personnel of the Company may be invited to attend such meetings if necessary.

Article 18 The Audit Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.

Article 19 The procedures for convening of an Audit Committee meeting, its voting methods and the remuneration policies and distribution plan to be passed at such meeting must comply with the provisions of applicable laws, regulations, the Articles of Association and the implementation rules .

Article 20 Minutes shall be taken on all meetings of the Audit Committee and signed by each attending member. All meeting minutes shall be kept by the Secretary of the Board.

Article 21 Any resolution passed at an Audit Committee meeting and the voting results must be reported in written to the Board of the Company.

Article 22 Members present at such meeting are obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

CHAPTER 6 ADDENDUM

Article 23 The implementation rules shall take effect from the date the resolution is passed by the Board.

Article 24 In case of matters not covered herein, the relevant state laws, regulations and the implementation rules of shall apply. In case any of the implementation rules conflicts with the state laws and regulations which are to be issued in the future or the Articles of Association as legally modified, the relevant state laws, regulations and the Articles of Association shall prevail. In such case, corresponding amendments shall be made to the implementation rules immediately and submitted to the Board for approval.

Article 25 The implementation rules shall be construed and interpreted by the Board of the Company.

Haier Smart Home Co., Ltd.

April 2020