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Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6690

ANNOUNCEMENT

**2022 A SHARE CORE EMPLOYEE STOCK OWNERSHIP PLAN
AND
2022 H SHARE CORE EMPLOYEE STOCK OWNERSHIP PLAN**

References are made to the announcement and the circular of Haier Smart Home Co., Ltd. (the “**Company**”) dated 25 May 2021 and 4 June 2021, respectively, in relation to, amongst other things, *the A Share Core Employee Stock Ownership Plan (2021–2025)* and *the H Share Core Employee Stock Ownership Plan (2021–2025)* (collectively, the “**2021–2025 ESOP**”).

On the meeting convened on 28 April 2022, the board of directors of the Company considered and approved the *2022 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft) And Its Summary* and *2022 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft) And Its Summary* (collectively, the “**2022 ESOP**”). Two directors, namely LI Huagang and XIE Juzhi, both being beneficiaries, have abstained from voting during the consideration and approval of the proposal. As the board of directors has been authorized to decide and approve, as necessary, matters relating to subsequent phases of the Employee Share Ownership Scheme from 2022 onwards at the 2020 Annual General Meeting when the 2021–2025 ESOP were considered and approved, the 2022 A Share Core Employee Stock Ownership Plan and 2022 H Share Core Employee Stock Ownership Plan are therefore not subject to approval by the general meeting.

The board of directors of the Company also approved the proposed adoption of the 2022 A Share Option Plan on the meeting took place on 28 April 2022. The incentive targets of which are the core personnel (excluding the current directors and senior management of the Company) making substantial contribution to the overall performance and long-term development of the Company, including business executives, core technical personnel and business backbone staff of the Company. Please refer to the announcement of the Company dated 28 April 2022 for details. Such share option plan will be subject to the approval by the general meeting and the class meeting of the Company.

By implementing the 2021–2025 ESOP, the 2021 A Share Option Scheme and H Share Restricted Share Unit Scheme, the Company has established an incentive system that covers core management and outstanding employees in different markets around the world. In 2022, the Company continues the incentive system established and implemented in 2021 as described above, by, among other incentives, launching the 2022 ESOP and the 2022 A Share Option Incentive Scheme and the implementation of the H Share Restricted Share Unit Scheme, which will encourage the core management and outstanding employees of the Company in different markets around the world who are making substantial contribution to the Company as it is striving to be a global leading service provider for IoT based smart home ecosystem brand.

For details about the Restricted Share Unit Scheme, please refer to the announcement and circular of the Company dated 25 May 2021 and 4 June 2021, respectively, and for details about the 2021 A Share Option Scheme, please refer to the announcement and circular of the Company dated 29 July 2021 and 31 August 2021, respectively.

By order of the Board
Haier Smart Home Co., Ltd.*
LIANG Haishan
Chairman

Qingdao, the PRC
28 April 2022

As at the date of this announcement, the executive directors of the Company are Mr. LIANG Haishan, Mr. LI Huagang and Mr. XIE Juzhi; the non-executive directors are Mr. WU Changqi, Mr. LIN Sui, Mr. YU Hon To, David and Ms. Eva LI Kam Fun; and the independent non-executive directors are Mr. CHIEN Da-Chun, Mr. WONG Hak Kun, Mr. LI Shipeng and Mr. WU Qi.

* For identification purposes only

Annex

2022 A Share Core Employee Stock Ownership Plan
of
Haier Smart Home Co., Ltd.
(Draft)

April 2022

2022 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft)

Salient Points

The terms used in this part shall have the same meaning set forth in the “Interpretation”.

1. The 2022 ESOP is formulated by the Company in accordance with the Company Law, the Securities Law, the Guiding Opinions and other relevant laws, administrative regulations, rules, normative documents of China, as well as the Articles of Association of the Company and Draft ESOP for 2021–2025.
2. The 2022 ESOP follows the principle of the Company’s independent decision and employees’ voluntary participation, and in no event will employee be forced to participate in the 2022 ESOP through the ways such as apportionment and forced distribution.
3. Participants of the 2022 ESOP shall include the directors (except for independent directors, the same hereinafter), supervisors and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries. The total number of the Participants of the 2022 ESOP shall not exceed 2,250. The board of directors of the Company may authorize the Management Committee to adjust the list of employees participating in the 2022 ESOP and the distribution proportion according to the changes and assessment results of employees.
4. The source of funds of the 2022 ESOP shall be the incentive funds withdrawn by the Company in the amount of RMB680 million.
5. The source of shares of the 2022 ESOP shall be the repurchased A shares of the Company.
6. Duration, lock-up period and vesting period of the 2022 ESOP

The duration of the 2022 ESOP shall not exceed 60 months, calculated from the date when the Company announces that the Underlying Shares obtained in the last time are recorded to the 2022 ESOP. After the expiration of the duration, the 2022 ESOP shall be terminated, or may be extended after being approved by the board of directors.

The total number of shares held under those established and existing ESOPs (including H-share ESOP etc.) for each year shall not exceed 10% of the total amount of the Company's share capital, and the total number of shares corresponding to a single employee's share in the ESOPs (for each year) shall not exceed 1% of the total amount of the Company's share capital.

The 2022 ESOP shall establish a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

After the end of the lock-up period, the Participants shall be appraised according to the performance appraisal system of the Company. The appraisal period is two years, upon the expiration of the lock-up period of the 2022 ESOP, 40% and 60% of the corresponding Underlying Shares shall be vested to the Participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

7. The 2022 ESOP shall be managed by a third party with the asset management qualification stipulated by the laws and regulations of China. Such third party shall set up a special Asset Management ESOP for the 2022 ESOP, and purchase and hold the Company's shares in the way permitted by laws and regulations.
8. Shareholders holding more than 5% of the shares and the actual controller shall not participate in the 2022 ESOP.
9. The Company's directors, supervisors, senior officers and other Participants of the 2022 ESOP hereby voluntarily waive the voting rights and other rights on the shares they indirectly hold in the Company due to participation in the 2022 ESOP, and only reserve the dividend rights, investment income rights and other similar rights. Therefore, there is no concerted action arrangement, nor is there any concerted action plan, between the 2022 ESOP and the Company's directors, supervisors, senior officers and other Participants of the 2022 ESOP.
10. The financial and accounting treatment and taxation with respect to the Company's implementation of the 2022 ESOP shall be carried out in accordance with the relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Participants due to the implementation of the 2022 ESOP shall be borne by the Participants themselves.
11. The implementation of the 2022 ESOP will not bring about a consequence that the equity structure of the Company does not meet the conditions for listing.
12. The 2022 ESOP shall be implemented after it is approved by the board of directors upon deliberation.

TABLE OF CONTENTS

I.	Interpretation	7
II.	Purpose of the 2022 ESOP	9
III.	Basis for Determining the Participants and Scope of the 2022 ESOP	9
IV.	Source of Funds	10
V.	Source and Number of Shares	10
VI.	Status of the Participants and Shares Allocation	11
VII.	Duration, Lock-up Period, Vesting Period and Termination	11
VIII.	Vesting and Disposal of the Interests of the Shares under the 2022 ESOP	14
IX.	Participants' Meeting, Responsibilities of the Management Committee, Convening and Voting Procedures	15
X.	Management Mode, Selection of Asset Management Institution, and Management Agreement	20
XI.	Main Provisions of the Management Rules	20
XII.	Procedures for Implementing the 2022 ESOP	22
XIII.	Disposal Measures when the Circumstances of the Company and the Participants Change	23
XIV.	Supplementary Provisions	24

I. INTERPRETATION

Unless otherwise specified herein, the following terms or abbreviations shall have the following meanings when used herein:

Company	refer(s) to	Haier Smart Home Co., Ltd.
Draft ESOP for 2021–2025	refer(s) to	A Share Core Employee Ownership Plan of Haier Smart Home Co., Ltd. (for Years 2021–2025) (Draft)
2022 ESOP	refer(s) to	2022 A Share Core Employee Ownership Plan of Haier Smart Home Co., Ltd. (Draft)
Participants	refer(s) to	participators of the 2022 ESOP
Senior Officer	refer(s) to	the president, vice president, secretary of the board of directors, chief financial officer and other personnel specified in the Articles of Association of the Company
Remuneration and Appraisal Committee	refer(s) to	the Remuneration and Appraisal Committee under the board of directors of the Company
Underlying Shares	refer(s) to	A share of the Company obtained for the 2022 ESOP by various ways
Management Committee	refer(s) to	the Employee Stock Ownership Plan Management Committee of the 2022 ESOP
Asset Management Institution	refer(s) to	a third-party institution with asset management qualification required by laws and regulations and entrusted to provide asset management services under this by this ESOP
Asset Management ESOP	refer(s) to	the asset management plan which is set up by the Asset Management Institution under this ESOP and which is specially used for core employee share vesting
Company's Shares	refer(s) to	A shares of the Company
CSRC	refer(s) to	China Securities Regulatory Commission

SFC	refer(s) to	Securities and Futures Commission of Hong Kong
SSE	refer(s) to	Shanghai Stock Exchange
SEHK	refer(s) to	The Stock Exchange of Hong Kong Limited
CSDC	refer(s) to	Shanghai Branch, China Securities Depository and Clearing Co., Ltd.
Company Law	refer(s) to	the Company Law of the People's Republic of China
Securities Law	refer(s) to	the Securities Law of the People's Republic of China
Guiding Opinions	refer(s) to	the Guiding Opinions on Pilot Implementation of ESOP by Listed Companies
Articles of Association	refer(s) to	the Articles of Association of Haier Smart Home Co., Ltd.
RMB	refer(s) to	RMB yuan

II. PURPOSE OF THE 2022 ESOP

- 1. To drive employees' entrepreneurship and innovation with "Rendanheyi", and promote the full implementation of the Company's IOT smart home ecological brand strategy**

The implementation of the 2022 ESOP can give full play to and mobilize the enthusiasm of employees, encourage employees to create value for users, and enhance the competitiveness of the Company. Meanwhile, the short-term or medium and long-term ESOP is conducive to further promote the collaborative integration of the Company and improve the Company's operational efficiency, drive employees to undertake the Company's development strategic objectives, and promote the Company to achieve industry leadership.

- 2. To perfect corporate governance mechanism and create shareholders' value**

Core management team and core employees' holding of shares or relevant interests of the Company through ESOP is conducive to the perfection of the corporate governance structure of the Company, the realization of the linking of the interests of management, core employees and the Company with the interests of shareholders, and the establishment of benefit sharing and risk sharing mechanism between shareholders, employees and the Company, and thus helpful to enhance the value of the Company and shareholders.

- 3. To attract talents and innovate the remuneration management system of the Company**

The implementation of ESOP is conducive to further improve the Company's remuneration incentive system and incentive and restraint mechanism. An open platform supporting first-class human resources can better attract entrepreneurial teams, motivate the operation and management backbone, core technology (business) talents and other key talents needed by the Company, so as to better advance the development of the Company.

III. BASIS FOR DETERMINING THE PARTICIPANTS AND SCOPE OF THE 2022 ESOP

Participants of the 2022 ESOP shall be determined based on the Company Law, the Securities Law, the Guiding Opinions and other relevant laws, regulations, rules, normative documents of China and the Articles of Association of the Company.

Participants of the 2022 ESOP shall be the directors (except for independent directors), supervisors and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries. In addition, the 2022 ESOP implemented by the Company follows the principle of employees' voluntary participation, and in no event will employee be forced to participate in the 2022

ESOP through the ways such as apportionment and forced distribution. The Participants of the 2022 ESOP shall be responsible for their own profits and losses, bear their own risks, and have equal rights and interests with other investors.

The 2022 ESOP covers the Company and its subsidiaries, and the Participants should be the key personnel who play an important role in the overall performance and long-term development of the Company.

IV. SOURCE OF FUNDS

The source of funds of the 2022 ESOP shall be the incentive fund withdrawn by the Company in the amount of RMB680 million.

V. SOURCE AND NUMBER OF SHARES

(I) Source of the 2022 ESOP shares

The source of shares for the 2022 ESOP shall be the repurchased shares of the Company in the repurchase special account. If the Company adopts the ways of allotment of shares for financing, the ESOP shall have the right to participate in the subscription fairly.

(II) Number of Underlying Shares involved in ESOP

The total amount of funds to be withdrawn for the 2022 ESOP shall be RMB680 million, and the shares shall be sourced from the repurchased shares of the Company in the repurchase special account. The transfer price of such shares shall be determined according to the average price of all the shares repurchased in the Securities Account (the average price shall be determined according to the total price of shares repurchased in the Securities Account divided by the total number of shares in the Securities Account), and the specific quantity shall be determined according to the average transaction price of the shares repurchased at that time. The 2022 ESOP will obtain shares of the Company held in the Securities Account through non-trading transfer and other legal and regulatory means.

The 2022 ESOP shall be independent of other ESOP, but the total number of shares held by each established and existing ESOP (including H share ESOP etc.) shall not exceed 10% of the total share capital of the Company, and the total number of shares corresponding to a single employee's share in the ESOPs (for each year) shall not exceed 1% of the total amount of the Company's share capital. The total number of shares held by the ESOP shall not include the shares acquired by the Participants before the IPO of the Company, and the shares purchased by the Participants from the secondary market and the shares acquired through equity incentive.

VI. STATUS OF THE PARTICIPANTS AND SHARES ALLOCATION

Participants of the 2022 ESOP shall include the directors (except for independent directors), supervisors and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries.

There should be no more than 2,250 employees participating in the 2022 ESOP. The total amount of funds to be used to participate in the 2022 ESOP shall be RMB680 million (inclusive), with “shares” as the subscription unit, and each share is RMB1. There are 11 directors, supervisors and senior officers, including Li Huagang, Xie Juzhi, Liu Dalin, Ma Yingjie, Yu Miao, Gong Wei, Wu Yong, Li Pan, Li Yang, Guan Jiangyong and Huang Xiaowu, with a total share of RMB21.96 million, accounting for 3.2% of the 2022 ESOP. There are 2,239 core technical (business) personnel of the Company and its subsidiaries, with a total share of RMB658.04 million, accounting for 96.8% of the 2022 ESOP.

VII. DURATION, LOCK-UP PERIOD, VESTING PERIOD AND TERMINATION

(I) Duration of the 2022 ESOP

The duration of the 2022 ESOP shall not exceed 60 months, calculated from the date when the Company announces that the Underlying Shares obtained in the last time are recorded to the 2022 ESOP. After the expiration of the duration, the 2022 ESOP shall be terminated, or may be extended after being approved by the board of directors.

(II) Lock-up period of the Underlying Shares under the 2022 ESOP

1. The 2022 ESOP shall establish a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.
2. In case the Company changes capital reserve to increase its share capital, distributes share dividends and refinances during the lock-up period, any and all shares newly acquired by the 2022 ESOP due to holding the Company's shares shall be locked as well, and cannot be sold or otherwise disposed in the secondary market. The lock-up period of such new shares shall be the same as that of the corresponding shares.

(III) Vesting of the 2022 ESOP

After the end of the lock-up period, the Management Committee shall appraise the Participants according to the performance appraisal system of the Company. The appraisal period is two years. During the duration of the 2022 ESOP, the Management Committee shall have the right to extend or shorten the appraisal period and adjust the corresponding proportion of vesting.

The Underlying Shares of the 2022 ESOP will be vested to the Participants in two phases. After the end of the lock-up period of the 2022 ESOP, the corresponding Underlying Shares shall be vested to the Participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the locking-in period. In order to encourage all the appraisees to focus on their objectives, create business value-added and promote the implementation of the Company's IOT smart home strategy, the appraisal indicators under the 2022 ESOP as follows:

1. Where the Participants under the 2022 ESOP are the chairman, president, supervisors and platform personnel of the Company, the appraisal indicators and vesting shall be as follows:

If the results of the Management Committee's appraisal of such Participants in 2022 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2022 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021, 40% of the interests of the Underlying Shares under the 2022 ESOP shall be vested to the Participants. If the said net profit is increased by 12% (inclusive) to 15%, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of appraisal in 2022 will not be vested.

If the results of the Management Committee's appraisal of such Participants in 2023 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2021 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021 on a CAGR basis, 60% of the interests of the Underlying Shares under the 2022 ESOP shall be vested to the Participants. If the said net profit is increased by 12% (inclusive) to 15% on a CAGR basis, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of appraisal in 2023 will not be vested.

The "net profit attributable to the parent company": (1) the net profit attributable to the parent company during the 2021 represents audit data for 2021 Audit Report, amounting to RMB13.067 billion; (2) the other net profit attributable to the parent company during the 2022 and 2023 represents audited net profit attributable to the parent company after excluding the one-off impact on profit or loss arising from any material

asset disposal/acquisition (if any) for the year. (In this regard, with reference to relevant requirements in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange, material asset disposals and acquisitions are defined as: (1) material asset disposals and acquisitions with an individual transaction amount representing over 5% (inclusive) of the latest audited net asset attributable to the parent company of the listed company, or (2) individual transaction with asset creating a net profit or net profit of acquisition target representing over 5% of the latest audited net profit attributable to the parent company of the listed company.)

2. Where the Participants under the 2022 ESOP are the persons other than those mentioned in item 1 above, 40% and 60% of the interests of the Underlying Shares under the 2022 ESOP shall be vested respectively if the results of the Management Committee's appraisal in 2022 and 2023 are up to the standard.

(IV) Termination of the 2022 ESOP

1. The 2022 ESOP shall automatically terminate at the expiration of the duration, unless such duration is extended by the resolution of the board of directors;
2. When all the assets of the 2022 ESOP are monetary funds after the end of the lock-up period of the 2022 ESOP, the 2022 ESOP can be early terminated;
3. In case of serious business difficulties or other major matters of the Company, the 2022 ESOP may be terminated by resolution of the board of directors.

- (V) During the duration of the 2022 ESOP, when the Company finances by means of allotment, issuance and convertible bonds, the Management Committee shall decide whether to participate in the same and the fund solutions, and submit it to the meeting of the Participants for deliberation.**

VIII. VESTING AND DISPOSAL OF THE INTERESTS OF THE SHARES UNDER THE 2022 ESOP

- (I) After the end of the lock-up period of the 2022 ESOP, the Participants shall be appraised according to the Company's performance appraisal mechanism during the vesting period. If the appraisal is qualified and the conditions for vesting are met, one of the following treatment methods can be selected after an application is submitted by the Management Committee:
1. The Company applies to the Asset Management Institution, the SSE and the CSDC on behalf of the Company to vest the shares to the individual accounts of the Participants;
 2. To entrust the Asset Management Institution to sell the Underlying Shares purchased for the 2022 ESOP during the duration of the 2022 ESOP;
 3. To entrust the Asset Management Institution to continue to hold the Underlying Shares during the duration of the 2022 ESOP;

The vesting period under the 2022 ESOP is two years, the proportion of the interest of the Underlying Shares corresponding to each vesting period shall be determined by the Management Committee.

(II) Vesting of the interests of the shares under the 2022 ESOP

During the duration, the dividend of the shares under the 2022 ESOP shall be owned by the 2022 ESOP, and shall be firstly used to pay relevant management fees charged by the Asset Management Institution and the custodian bank. For the shares without objects to be vested due to the unqualified performance appraisal and employee's dismissal, the Management Committee shall decide to vest the interests of the Underlying Shares to the Company or use it to encourage other employees with greater contribution.

(III) Before the Management Committee makes a decision on vesting, the shares or interests of the 2022 ESOP granted to but not vested to the Participants shall not be transferred, withdrawn or used for mortgage, pledge, guarantee and repayment of debts; otherwise, the corresponding act shall be invalid.

(IV) After the Management Committee makes a decision on vesting, if the Management Committee is obliged to withhold relevant taxes and fees according to laws and regulations, the shares or interests of the 2022 ESOP granted to but not vested to the Participants shall be distributed after the Management Committee withholds the said taxes and fees according to law.

(V) The 2022 ESOP shall strictly abide by the market trading rules, and the regulations on non-trading of shares during the information sensitive period. No party shall use the 2022 ESOP to conduct insider trading, market manipulation

and other securities fraud. Unless otherwise provided by the CSRC, the stock exchange in the place where the Company's shares are listed and other regulatory bodies, the 2022 ESOP shall not trade the Company's shares during the following periods:

1. the period from the 60th day before the meeting of the board of directors of the Company where the annual report is deliberated to the date of disclosure of annual report (including the first and last two days);
2. the period from the 30th day before the meeting of the board of directors of the Company where the quarterly report or semi-annual report is deliberated to the date of disclosure of quarterly report or semi-annual report (including the first and last two days);
3. Within 10 days before the announcement of the Company's earnings preannouncement and preliminary earnings estimate (including the first and last two days);

The period mentioned in the items 1–3 above shall include the period during which the Company delays the announcement of its earnings;

4. the period from the date of occurrence of major events that may have a major impact on the trading price of the Company's shares and their derivatives or the date of entry into decision-making procedures to the date of disclosure in accordance with law;
5. Other periods prescribed by the relevant laws, regulations and rules applicable to the Company, as well as those stipulated by the CSRC and the stock exchange where the Company's shares are listed and other regulatory bodies.

IX. PARTICIPANTS' MEETING, RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE, CONVENING AND VOTING PROCEDURES

The highest internal management authority of the 2022 ESOP is the Participants' meeting. The Management Committee shall be responsible for the daily management of the 2022 ESOP and exercise shareholders' rights on behalf of the 2022 ESOP Participants or authorize the Asset Management Institution to exercise shareholders' rights.

(I) Participants' meeting

1. A Participants' meeting shall be held for deliberation on the following:
 - (1) Election, removal or replacement of members of the Management Committee;

- (2) Major material adjustments to the 2022 ESOP;
 - (3) Decision on whether to participate in the refinancing of the Company by rights offering, additional issuance, convertible bonds and other relevant matters;
 - (4) Other functions and powers that may be exercised by the ESOP Participants' meeting as stipulated by laws and regulations or the CSRC and the stock exchange in the place where the Company's securities are listed and relevant competent authorities and other regulatory authorities.
2. The first Participants' meeting of the 2022 ESOP shall be convened and presided over by the chairman of the board of directors or his authorized person of the Company. After the directors of the Management Committee of the 2022 ESOP is elected and appointed, Participants' meetings shall be convened by the Management Committee and presided over by the director of the Management Committee. If the director of the Management Committee is unable to perform his duties, he shall designate a member of the Management Committee to preside over the meetings.
3. To hold a Participants' meeting, the Management Committee shall submit a written notice of the meeting to all Participants by direct service, mail, fax, e-mail or other means 3 days in advance. In case of emergency, the meeting can be held at any time after the notice is given. The written notice of the meeting shall contain at least the following:
 - (1) Time and place of the meeting;
 - (2) Way to hold the meeting;
 - (3) Matters to be deliberated;
 - (4) Convener and chairman of the meeting;
 - (5) Materials necessary for voting at the meeting;
 - (6) The Participants shall attend the meeting in person or entrust other Participants to attend the meeting on their behalf;
 - (7) Contact person and contact information;
 - (8) Date on which the notice is given.

4. Voting procedure

- (1) The Participants shall exercise their voting rights with their 2022 ESOP shares, and each share shall have one vote. The Participants shall vote by open ballot at the meeting;
 - (2) A Participants' meeting may be an on-site meeting or a communication meeting;
 - (3) The Participants may cast approving or opposing votes or abstain from voting. The Participants attending the meeting shall choose one of such voting intentions. Not making a choice or choosing two or more intentions at the same time shall be regarded as abstention. An unfilled, inaccurately filled, illegible or uncast vote shall be regarded as abstention vote. If the Participants vote after the result of voting is announced by the chairman of the meeting or after the expiry of the prescribed time limit for voting, the votes shall not be counted;
 - (4) The chairman of the meeting shall announce the result of voting on the spot. Unless otherwise stipulated by the Participants' meeting and the 2022 ESOP, each proposal shall be valid only if approved by more than half of the valid voting rights held by the Participants (or agents) present at the Participants' meeting.
5. If the matters to be deliberated at the Participants' meeting shall be submitted to the board of directors and the general meeting of shareholders of the Company for deliberation, they shall be submitted to the board of directors and the general meeting of shareholders for deliberation in accordance with the Articles of Association of the Company.
 6. Participants who individually or collectively hold 10% (inclusive) or more of the 2022 ESOP shares may submit to the Participants' meeting an interim proposal, which must be submitted to the Management Committee 5 days prior to the holding of the Participants' meeting.
 7. Participants who individually or collectively hold 30% (inclusive) or more of the 2022 ESOP shares may propose to hold a Participants' meeting.

(II) Management Committee

1. The Management Committee shall be elected by the Participants' meeting. The Management Committee consists of three to five members. In case of any change of the members of the Management Committee, they shall be re-elected by the Participants' meeting and approved by more than half of the valid voting rights held by the Participants (or agents) present at the Participants' meeting.

2. The Management Committee shall have a director who shall be elected by more than half of the members of the Management Committee.
3. The Management Committee shall perform the following duties:
 - (1) Convene a Participants' meeting;
 - (2) Supervise the daily management of the 2022 ESOP on behalf of all Participants;
 - (3) Exercise shareholders' rights on behalf of all Participants or authorize the Asset Management Institution to exercise shareholder' rights;
 - (4) Examine and determine the qualifications, scope, number and limit of participants according to the 2022 ESOP;
 - (5) Formulate and revise management measures for the 2022 ESOP;
 - (6) Determine the interests (shares) of the Participants according to the assessment results of the Company;
 - (7) Cooperate with the Asset Management Institution of the 2022 ESOP;
 - (8) Handle all matters concerning the locking, release and vesting of the shares purchased under the 2022 ESOP;
 - (9) Be responsible for the 2022 ESOP financing method, amount and other matters related to the 2022 ESOP financing;
 - (10) Perform the duty of the 2022 ESOP asset management, which can be entrusted to a third party for management, including but not limited to selling the Company's Shares to cash in upon expiration of the lock-up period, and investing cash assets of the 2022 ESOP in fixed income securities, financial products, money market funds and other cash management tools;
 - (11) Formulate and implement plans for refinancing by additional issuance, rights offering or issuance of convertible bonds within the duration of the 2022 ESOP;
 - (12) Authorize the director of the Management Committee to exercise the shareholder' rights of the shares held in the 2022 ESOP before the liquidation and distribution of the 2022 ESOP are completed;
 - (13) Determine the allocation of the 2022 ESOP assets;
 - (14) Perform such other duties as may be authorized by the Participants' meeting.

4. The director of the Management Committee shall exercise the following functions and powers:
 - (1) Preside over the Participants' meetings and convene and preside over meetings of the Management Committee;
 - (2) Supervise and inspect the implementation of the resolutions of the Participants' meetings and the Management Committee;
 - (3) Exercise shareholders' rights on behalf of all Participants with authorization by the Management Committee;
 - (4) Sign relevant agreements and contracts on behalf of the 2022 ESOP;
 - (5) Exercise other functions and powers granted by the Management Committee.
5. The meetings of the Management Committee shall be held from time to time according to the need, and shall be convened by the director of the Management Committee unless otherwise provided for in the 2022 ESOP. Notice of the meeting shall be given to all members of the Management Committee 2 days prior to the meeting. In case of emergency, the members may be notified of a meeting of the Management Committee orally. Such notice may be given by mail, telephone, fax, etc.
6. The meetings of the Management Committee shall be held only when more than half of the members are present. The system of one person one vote shall be adopted at the meetings of the Management Committee. The resolutions of the meetings shall be valid only if approved by more than half of the members of the Management Committee. Subject to the full expression of views by the members of the Management Committee, E-mail or other means may be used, and a resolution shall be made and signed by members present.
7. The meetings of the Management Committee shall be attended by the members in person. If a member of the Management Committee cannot attend for some reason, he may entrust another member in writing to attend on his behalf. Failure to attend a meeting of the Management Committee and authorize a representative to attend shall be deemed to a waiver of the right to vote at the meeting.
8. The Management Committee shall make resolutions on the matters discussed at the meetings, and the resolutions shall be signed by members of the Management Committee.

X. MANAGEMENT MODE, SELECTION OF ASSET MANAGEMENT INSTITUTION, AND MANAGEMENT AGREEMENT

(I) Selection of Asset Management Institution of the 2022 ESOP

Under the 2022 ESOP, an Asset Management Institution will be entrusted to establish an Asset Management ESOP, carry out investment operation and daily management, and the specific asset management institution will be determined by the Board of Directors or the Management Committee. The entrusted Asset Management Institution must meet requirements on asset management qualification as prescribed by laws and regulations, establish a special Asset Management ESOP for the 2022 ESOP, and purchase assets by the means as permitted by laws and regulations.

The shares and funds held by the 2022 ESOP shall be the entrusted property, and the Asset Management Institution of the 2022 ESOP shall not include the entrusted property as its self-owned assets. Where the Asset Management Institution of the 2022 ESOP is liquidated for reasons such as dissolution, cancellation or bankruptcy according to law, the entrusted property shall not belong to the liquidating property.

(II) The main terms of the management agreement must contain the following:

1. Name of the Asset Management ESOP
2. Type
3. Entrustment of assets
4. Investment of entrusted assets
5. Rights and obligations of the client
6. Special risk warning
7. Management fee, custodian fee and other related expenses
8. Liquidation and termination of the Asset Management ESOP
9. Others

XI. MAIN PROVISIONS OF THE MANAGEMENT RULES

- (I) The management of the 2022 ESOP shall be entrusted to a third-party. The Industrial Securities Asset Management Co., Ltd. is appointed as the third-party Asset Management Institution of the 2022 ESOP.

- (II) The Management Committee of the 2022 ESOP shall supervise the daily management of the 2022 ESOP and exercise shareholders' rights on behalf of the 2022 ESOP Participants or authorize the Asset Management Institution to exercise shareholders' rights.

In case of any change of the members of the Management Committee, they shall be re-elected by the Participants' meeting.

(III) Composition of the 2022 ESOP assets

1. Underlying Shares;
2. Cash deposits and accrued interest;
3. Income from fund management or other assets without vesting objects for various reasons such as employee turnover and assessment.

Assets under the 2022 ESOP shall be independent of other ESOPs and the assets of the Company and the Asset Management Institution. The Company, the Asset Management Institution and their creditors shall have no right to freeze, detain, pledge or otherwise dispose of the assets under the 2022 ESOP.

(IV) Measures for disposing of the 2022 ESOP assets

1. Within the duration of the 2022 ESOP, unless otherwise stipulated by laws, regulations, rules and management rules, or approved by the Participants' meeting after deliberation, the 2022 ESOP shares held by the Participants shall not be transferred, pledged, or otherwise disposed of in similar manner. The Participants shall not require the allocation of the 2022 ESOP assets.
2. Upon the expiration of the lock-up period of the 2022 ESOP and prior to the expiration of the duration of the 2022 ESOP, the Asset Management Institution shall sell the Underlying Shares held in the 2022 ESOP or determine the vesting of relevant shares according to the written authorization of the Management Committee.
3. When all the assets of the 2022 ESOP are monetary funds after the end of the lock-up period of the 2022 ESOP, the Management Committee shall decide whether to allocate the assets. If it is decided to allocate the assets, the Management Committee shall authorize the Asset Management Institution to allocate according to the shares held by the Participants.

If all the Underlying Shares held by the 2022 ESOP are sold and the 2022 ESOP assets are liquidated and allocated completely according to the provisions of the preceding paragraph, the 2022 ESOP shall be terminated after approved by the Management Committee and reported to the board of directors for record.

4. If the duration of the 2022 ESOP is expired and not extended, the Management Committee shall or shall authorize the Asset Management Institution to liquidate the 2022 ESOP assets and make cash or share allocations according to the shares held by the Participants.

XII. PROCEDURES FOR IMPLEMENTING THE 2022 ESOP

- (I) The Remuneration and Appraisal Committee under the board of directors shall be responsible for the Draft 2022 ESOP and the list of the 2022 ESOP personnel.
- (II) The congress of workers and staff shall solicit opinions from the staff.
- (III) The board of directors shall review the 2022 ESOP and relevant proposals. The independent directors shall give independent opinions on whether the 2022 ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and all shareholders, and whether the employees are forced to participate in the 2022 ESOP by ways of apportion or forced allocation.
- (IV) The board of supervisors shall express opinions on whether the 2022 ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and all shareholders, and whether the employees are forced to participate in the 2022 ESOP by ways of apportion or forced allocation.
- (V) The Company shall employ a law firm to issue legal opinions on the legality and compliance of the 2022 ESOP.
- (VI) The board of directors shall, after reviewing and approving the 2022 ESOP, promptly publish relevant documents concerning the 2022 ESOP.
- (VII) A Participants' meeting shall be held to elect the Management Committee and define the specific matters concerning the implementation of the 2022 ESOP.
- (VIII) Other procedures to be fulfilled as stipulated by the CSRC, the stock exchange in the place where the Company's securities are listed and the relevant competent authorities.

XIII. DISPOSAL MEASURES WHEN THE CIRCUMSTANCES OF THE COMPANY AND THE PARTICIPANTS CHANGE

(I) Change of control, merger or split of the Company

In the event of change of control, merger or split of the Company for any reason, the 2022 ESOP shall not be changed.

(II) Failure of the Participants to pass the assessment

During the vesting period, the Participants shall be assessed for each vesting period. The Management Committee shall dispose of the 2022 ESOP shares held by the Participants who fail to pass the assessment (including but not limited to granting to other Participants, the same below).

(III) Position change, departure or death of the Participants

1. Position change

- (1) If a Participant is still a director (other than independent director), supervisor, senior officers or core technical (business) personnel of the Company when his position is changed, or is assigned by the Company to a subsidiary of the Company, the relevant 2022 ESOP shares can be adjusted accordingly, and in principle, the 2022 ESOP shares granted but not vested shall not be increased.
- (2) If a Participant's position is changed due to his incompetence, failure to pass the assessment, violation of law, violation of professional ethics, disclosure of company secrets, dereliction of duty or malpractice and other behaviors that damage the interests or reputation of the Company, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

2. Departure

Except in the case of departure due to reaching the retirement age, regardless of the reasons for departure, the Management Committee shall dispose of the 2022 ESOP shares granted to but not vested in the Participants from the date of departure, including but not limited to vesting the shares in the Participants based on their actual contributions, or taking back the 2022 ESOP shares granted but not vested for disposal by the Management Committee.

3. *Retirement*

If a Participant has reached the retirement age prescribed by the state and the Company and has retired from his job,

- (1) his 2022 ESOP shares granted but not vested shall not be affected provided that he passed the performance assessment in the year of his departure and accepted the Company's restrictions on non-competition; his shares granted but not vested shall be fully vested in the first vesting period provided that the time of his retirement is within the lock-up period or the first vesting period.
- (2) the Management Committee shall dispose of his 2022 ESOP shares granted but not vested provided that he failed to pass the performance assessment in the year of his departure.

4. *Loss of ability to work*

Where a Participant loses the ability to work due to an injury sustained in the performance of his duties, his 2022 ESOP shares granted but not vested shall not be affected. Otherwise, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

5. *Death*

In the event of the death of a Participant on the job, his 2022 ESOP shares granted but not vested shall not be affected, and the relevant interests shall be enjoyed by his legal successors. If it occurs during the lock-up period or the first vesting period, the shares granted but not vested shall be fully vested in his legal successors during the first vesting period. Otherwise, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

XIV. SUPPLEMENTARY PROVISIONS

1. The financial and accounting treatment and taxation with respect to the Company's implementation of the 2022 ESOP shall be carried out in accordance with the relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Participants due to the implementation of the 2022 ESOP shall be borne by the Participants themselves;

2. The 2022 ESOP shall take effect from the date of deliberation and approval by the board of directors of the Company;
3. The board of directors of the Company reserves the right to interpret the 2022 ESOP.

Haier Smart Home Co., Ltd.
Board of Directors

April 28, 2022

**2022 H Share Core Employee Stock
Ownership Plan
of
Haier Smart Home Co., Ltd.
(Draft)**

April, 2022

2022 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft)

Salient Points

The terms used in this part shall have the same meaning set forth in the “Interpretation”.

1. The 2022 ESOP is formulated by the Company in accordance with the Company Law, the Securities Law, the Guiding Opinions and other relevant laws, administrative regulations, rules, normative documents of China, as well as the Articles of Association of the Company and Draft ESOP for 2021–2025.
2. The 2022 ESOP follows the principle of the Company’s independent decision and employees’ voluntary participation, and in no event will employee be forced to participate in the 2022 ESOP through the ways such as apportionment and forced distribution.
3. Participants of the 2022 ESOP shall include the directors (except for independent directors, the same hereinafter) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries. The total number of the Participants of the 2022 ESOP shall not exceed 33. The board of directors of the Company may authorize the Management Committee to adjust the list of employees participating in the 2022 ESOP and the distribution proportion according to the changes and assessment results of employees.
4. The source of funds of the 2022 ESOP shall be the incentive funds withdrawn by the Company in the amount of RMB60 million.
5. The source of shares of the 2022 ESOP shall be H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect.
6. Duration, lock-up period and vesting period of the 2022 ESOP

The duration of the 2022 ESOP shall not exceed 60 months, calculated from the date when the Company announces that the last of Underlying Shares obtained are recorded to the 2022 ESOP. After the expiration of the duration, the 2022 ESOP shall be terminated, or may be extended after being approved by the board of directors.

The total number of shares held under those established and existing ESOPs (including A share ESOP etc.) shall not exceed 10% of the total amount of the Company's share capital, and the total number of shares corresponding to a single employee's share in the ESOPs (for each year) shall not exceed 1% of the total amount of the Company's share capital.

Where the lock-up period of the Underlying Shares acquired under the 2022 ESOP is the Underlying Shares purchased through the secondary market or by means of allotment of shares, the lock-up period is 12 months, calculated from the date when the Company announces that the last of Underlying Shares purchased are recorded in the 2022 ESOP.

After the end of the lock-up period, the Participants shall be assessed according to the performance assessment system of the Company. The assessment period is for two years, and upon the expiration of the lock-up period of the 2022 ESOP, 40% and 60% of the corresponding Underlying Shares shall be vested to the Participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

7. If the Underlying Shares are purchased from the secondary market, the purchase shall be completed within 6 months after it is approved by the board of directors.
8. The 2022 ESOP shall be managed by a third party with the asset management qualification stipulated by the laws and regulations of China. Such third party shall set up a special Asset Management ESOP for the 2022 ESOP, and purchase and hold the Company's shares in the way permitted by laws and regulations.
9. Shareholders holding more than 5% of the shares and the actual controller shall not participate in the 2022 ESOP.
10. The Company's directors, senior officers and other Participants of the 2022 ESOP hereby voluntarily waive the voting rights and other rights on the shares they indirectly hold in the Company due to participation in the 2022 ESOP, and only reserve the dividend rights, investment income rights and other similar rights. Therefore, there is no concerted action arrangement, nor is there any concerted action plan, between the 2022 ESOP and the Company's directors, senior officers and other Participants of the 2022 ESOP.
11. The financial and accounting treatment and taxation with respect to the Company's implementation of the 2022 ESOP shall be carried out in accordance with the relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Participants due to the implementation of the 2022 ESOP shall be borne by the Participants themselves.

12. The implementation of the 2022 ESOP will not bring about a consequence that the equity structure of the Company does not meet the conditions for listing.
13. The 2022 ESOP shall be implemented after it is approved by the board of directors upon deliberation.

TABLE OF CONTENTS

I.	Interpretation	31
II.	Purpose of the 2022 ESOP	33
III.	Basis for Determining the Participants and Scope of the 2022 ESOP	33
IV.	Source of Funds	34
V.	Source and Number of Shares	34
VI.	Status of the Participants and Shares Allocation	34
VII.	Duration, Lock-up Period, Vesting Period and Termination	35
VIII.	Vesting and Disposal of the Interests of the Shares under the 2022 ESOP	37
IX.	Participants' Meeting, Responsibilities of the Management Committee, Convening and Voting Procedures	39
X.	Management Mode, Selection of Asset Management Institution, and Management Agreement	43
XI.	Main Provisions of the Management Rules	44
XII.	Procedures for Implementing the 2022 ESOP	45
XIII.	Disposal Measures when the Circumstances of the Company and the Participants Change	46
XIV.	Supplementary Provisions	48

I. INTERPRETATION

Unless otherwise specified herein, the following terms or abbreviations shall have the following meanings when used herein:

Company	refer(s) to	Haier Smart Home Co., Ltd.
Draft ESOP for 2021–2025	refer(s) to	H Share Core Employee Ownership Plan of Haier Smart Home Co., Ltd. (for Years 2021–2025) (Draft)
2022 ESOP	refer(s) to	2022 H Share Core Employee Ownership Plan of Haier Smart Home Co., Ltd. (Draft)
Participants	refer(s) to	participants of the 2022 ESOP
Senior Officer	refer(s) to	the president, vice president, secretary of the board of directors, chief financial officer and other personnel specified in the Articles of Association of the Company
Remuneration and Assessment Committee	refer(s) to	the Remuneration and Assessment Committee under the board of directors of the Company
Underlying Shares	refer(s) to	H share of the Company obtained for the 2022 ESOP by various ways
Management Committee	refer(s) to	the Employee Stock Ownership Plan Management Committee of the 2022 ESOP
Asset Management Institution	refer(s) to	a third-party institution with asset management qualification required by laws and regulations and entrusted to provide asset management services under this by this ESOP
Asset Management ESOP	refer(s) to	the asset management plan which is set up by the Asset Management Institution under the 2022 ESOP and which is specially used for core employee share vesting
Company's Shares	refer(s) to	H shares of the Company
CSRC	refer(s) to	China Securities Regulatory Commission
SFC	refer(s) to	Securities and Futures Commission of Hong Kong

SSE	refer(s) to	Shanghai Stock Exchange
SEHK	refer(s) to	The Stock Exchange of Hong Kong Limited
CSDC	refer(s) to	Shanghai Branch, China Securities Depository and Clearing Co., Ltd.
Company Law	refer(s) to	the Company Law of the People's Republic of China
Securities Law	refer(s) to	the Securities Law of the People's Republic of China
Guiding Opinions	refer(s) to	the Guiding Opinions on Pilot Implementation of ESOP by Listed Companies
Articles of Association	refer(s) to	the Articles of Association of Haier Smart Home Co., Ltd.
RMB	refer(s) to	RMB yuan

II. PURPOSE OF THE 2022 ESOP

- 1. To drive employees' entrepreneurship and innovation with "Rendanheyi", and promote the full implementation of the Company's IOT smart home ecological brand strategy**

The implementation of ESOP can give full play to and mobilize the enthusiasm of employees, encourage employees to create value for users, and enhance the competitiveness of the Company. Meanwhile, the short-term or medium and long-term ESOP is conducive to further promote the collaborative integration of the Company and improve the Company's operational efficiency, drive employees to undertake the Company's development strategic objectives, and promote the Company to achieve industry leadership.

- 2. To perfect corporate governance mechanism and create shareholders' value**

Core management team and core employees' holding of shares or relevant interests of the Company through ESOP is conducive to the perfection of the corporate governance structure of the Company, the realization of the linking of the interests of management, core employees and the Company with the interests of shareholders, and the establishment of benefit sharing and risk sharing mechanism between shareholders and the Company, and thus helpful to enhance the value of the Company and shareholders.

- 3. To attract talents and innovate the remuneration management system of the Company**

The implementation of ESOP is conducive to further improve the Company's remuneration incentive system and incentive and restraint mechanism. An open platform supporting first-class human resources can better attract entrepreneurial teams, motivate the operation and management backbone, core technology (business) talents and other key talents needed by the Company, so as to better advance the development of the Company.

III. BASIS FOR DETERMINING THE PARTICIPANTS AND SCOPE OF THE 2022 ESOP

Participants of the 2022 ESOP shall be determined based on the Company Law, the Securities Law, the Guiding Opinions and other relevant laws, regulations, rules, normative documents of China and the Articles of Association of the Company.

Participants of the 2022 ESOP shall be the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries. In addition, the 2022 ESOP implemented by the Company follows the principle of employees' voluntary participation, and in no event will employee be forced to participate in the 2022

ESOP through the ways such as apportionment and forced distribution. The Participants of the 2022 ESOP shall be responsible for their own profits and losses, bear their own risks, and have equal rights and interests with other investors.

The 2022 ESOP covers the Company and its subsidiaries, and the Participants should be the key personnel who play an important role in the overall performance and long-term development of the Company.

IV. SOURCE OF FUNDS

The funds to be used for participating the 2022 ESOP shall be sourced from the incentive funds drawn by the Company in the amount of RMB60 million.

V. SOURCE AND NUMBER OF SHARES

(I) Source of the 2022 ESOP shares

The source of shares of the 2022 ESOP shall be H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect. The Asset Management Institution entrusted by the 2022 ESOP shall complete the purchase of the Underlying Shares within 6 months after the approval of the board of directors.

(II) Number of Underlying Shares involved in 2022 ESOP

The total amount of funds to be used to participate in the 2022 ESOP shall be RMB60 million. In view of the uncertainty of the date and price of the shares actually purchased under the 2022 ESOP, the number of shares held by the 2022 ESOP is still uncertain.

The 2022 ESOP shall be independent of other ESOPs, but the total number of shares held by established and existing ESOP (including A share ESOP etc.) shall not exceed 10% of the total share capital of the Company, and the total number of shares corresponding to a single employee's share in the ESOPs (for each year) shall not exceed 1% of the total amount of the Company's share capital. The total number of shares held by the ESOP shall not include the shares acquired by the Participants before the IPO of the Company, and the shares purchased by the Participants from the secondary market and the shares acquired through equity incentive.

VI. STATUS OF THE PARTICIPANTS AND SHARES ALLOCATION

Participants of the 2022 ESOP shall include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 33. The total amount of funds to be used to participate in the 2022 ESOP shall be RMB60 million (inclusive), with "shares" as the subscription unit, and each share is RMB1. There are 8 directors

and senior officers (including Li Huagang, Xie Juzhi, Gong Wei, Wu Yong, Li Pan, Li Yang, Guan Jiangyong and Huang Xiaowu), with a total share of RMB20.53 million, accounting for 34.2% of the 2022 ESOP. There are 25 other core management personnel of the Company and its subsidiaries, with a total share of RMB39.47 million, accounting for 65.8% of the 2022 ESOP.

VII. DURATION, LOCK-UP PERIOD, VESTING PERIOD AND TERMINATION

(I) Duration of the 2022 ESOP

The duration of the 2022 ESOP shall not exceed 60 months, calculated from the date when the Company announces that the Underlying Shares obtained in the last time are recorded to the 2022 ESOP. After the expiration of the duration, the 2022 ESOP shall be terminated, or may be extended after being approved by the board of directors.

(II) Lock-up period of the Underlying Shares under the 2022 ESOP

1. The lock-up period of the Underlying Shares under the 2022 ESOP shall be 12 months, calculated from the date when the Company announces that the Underlying Shares purchased in the last time are recorded in the 2022 ESOP.
2. In case the Company changes capital reserve to increase its share capital, distributes share dividends and refinances during the lock-up period, any and all shares newly acquired by the 2022 ESOP due to holding the Company's shares shall be locked as well, and cannot be sold or otherwise disposed in the secondary market. The lock-up period of such new shares shall be the same as that of the corresponding shares.

(III) Vesting of the 2022 ESOP

After the end of the lock-up period, the Management Committee shall appraise the Participants according to the performance assessment system of the Company. The assessment period is for two years. During the duration of the 2022 ESOP, the Management Committee shall have the right to extend or shorten the assessment period and adjust the corresponding proportion of vesting.

The Underlying Shares of the 2022 ESOP will be vested to the Participants in two phases. After the end of the lock-up period of the 2022 ESOP, the corresponding Underlying Shares shall be vested to the Participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the locking-in period. In order to encourage all the appraisees to focus on their objectives,

create business value-added and promote the implementation of the Company's IOT smart home strategy, the assessment indicators under the 2022 ESOP are as follows:

1. Where the Participants under the 2022 ESOP are the chairman, president and platform personnel of the Company, the assessment indicators and vesting shall be as follows:

If the results of the Management Committee's assessment of such Participants in 2022 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2022 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021, 40% of the interests of the Underlying Shares under the 2022 ESOP shall be vested to the Participants. If the said net profit is increased by 12% (inclusive) to 15%, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Assessment Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of assessment in 2022 will not be vested.

If the results of the Management Committee's assessment of such Participants in 2023 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2021 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021 on a CAGR basis, 60% of the interests of the Underlying Shares under the 2022 ESOP shall be vested to the Participants. If the said net profit is increased by 12% (inclusive) to 15% on a CAGR basis, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Assessment Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of assessment in 2023 will not be vested.

The "net profit attributable to the parent company": (1) the net profit attributable to the parent company during the 2021 represents audit data for 2021 Audit Report, amounting to RMB13.067 billion; (2) the other net profit attributable to the parent company during the 2022 and 2023 represents audited net profit attributable to the parent company after excluding the one-off impact on profit or loss arising from any material asset disposal/acquisition (if any) for the year. (In this regard, with reference to relevant requirements in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange, material asset disposals and acquisitions are defined as: (1) material asset disposals and acquisitions with an individual transaction amount representing over 5% (inclusive) of

the latest audited net asset attributable to the parent company of the listed company, or (2) individual transaction with asset creating a net profit or net profit of acquisition target representing over 5% of the latest audited net profit attributable to the parent company of the listed company.)

2. Where the Participants under the 2022 ESOP are the persons other than those mentioned in item 1 above, 40% and 60% of the interests of the Underlying Shares under the 2022 ESOP shall be vested respectively if the results of the Management Committee's assessment in 2022 and 2023 are up to the standard.

(IV) Termination of the 2022 ESOP

1. The 2022 ESOP shall automatically terminate at the expiration of the duration, unless such duration is extended by the resolution of the board of directors;
2. When all the assets of the 2022 ESOP are monetary funds after the end of the lock-up period of the 2022 ESOP, the 2022 ESOP can be early terminated;
3. In case of serious business difficulties or other major matters of the Company, the 2022 ESOP may be terminated by resolution of the board of directors.

(V) During the duration of the 2022 ESOP, when the Company finances by means of allotment, issuance and convertible bonds, the Management Committee shall decide whether to participate in the same and the fund solutions, and submit it to the meeting of the Participants for deliberation.

VIII. VESTING AND DISPOSAL OF THE INTERESTS OF THE SHARES UNDER THE 2022 ESOP

- (I) After the end of the lock-up period of the 2022 ESOP, the Participants shall be appraised according to the Company's performance assessment mechanism during the vesting period. If the assessment is qualified and the conditions for vesting are met, one of the following treatment methods can be selected after an application is submitted by the Management Committee:
1. To entrust the Asset Management Institution to sell the Underlying Shares purchased for the 2022 ESOP during the duration of the 2022 ESOP;
 2. To entrust the Asset Management Institution to continue to hold the Underlying Shares during the duration of the 2022 ESOP;

The vesting period under the 2022 ESOP is two years, and the proportion of the interest of the Underlying Shares corresponding to each vesting period shall be determined by the Management Committee.

(II) Vesting of the interests of the shares under the 2022 ESOP

During the duration, the dividend of the shares under the 2022 ESOP shall be owned by the 2022 ESOP, and shall be firstly used to pay relevant management fees charged by the Asset Management Institution and the custodian bank. For the shares without objects to be vested due to the unqualified performance assessment and employee's dismissal, the Management Committee shall decide to vest the interests of the Underlying Shares to the Company or use it to encourage other employees with greater contribution.

(III) Before the Management Committee makes a decision on vesting, the shares or interests of the 2022 ESOP granted to but not vested to the Participants shall not be transferred, withdrawn or used for mortgage, pledge, guarantee and repayment of debts; otherwise, the corresponding act shall be invalid.

(IV) After the Management Committee makes a decision on vesting, if the Management Committee is obliged to withhold relevant taxes and fees according to laws and regulations, the shares or interests of the 2022 ESOP granted to but not vested to the Participants shall be distributed after the Management Committee withholds the said taxes and fees according to law.

(V) The 2022 ESOP shall strictly abide by the market trading rules, and the regulations on non-trading of shares during the information sensitive period. No party shall use the 2022 ESOP to conduct insider trading, market manipulation and other securities fraud. Unless otherwise provided by the CSRC, the SFC, the stock exchange in the place where the Company's shares are listed and other regulatory bodies, the 2022 ESOP shall not trade the Company's shares during the following periods:

1. the period from the 60th day before the meeting of the board of directors of the Company where the annual report is deliberated to the date of disclosure of annual report (including the first and last two days);
2. the period from the 30th day before the meeting of the board of directors of the Company where the quarterly report or semi-annual report is deliberated to the date of disclosure of quarterly report or semi-annual report (including the first and last two days);
3. Within 10 days before the announcement of the Company's earnings preannouncement and preliminary earnings estimate (including the first and last two days);

The period mentioned in the items 1–3 above shall include the period during which the Company delays the announcement of its earnings;

4. the period from the date of occurrence of major events that may have a major impact on the trading price of the Company's shares and their derivatives or the date of entry into decision-making procedures to the date of disclosure in accordance with law;
5. Other periods prescribed by the relevant laws, regulations and rules applicable to the Company, as well as those stipulated by the CSRC, and the stock exchange where the Company's shares are listed and other regulatory bodies.

IX. PARTICIPANTS' MEETING, RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE, CONVENING AND VOTING PROCEDURES

The highest internal management authority of the 2022 ESOP is the Participants' meeting. The Management Committee shall be responsible for the daily management of the 2022 ESOP and exercise shareholders' rights on behalf of the 2022 ESOP Participants or authorize the Asset Management Institution to exercise shareholders' rights.

(I) Participants' meeting

1. A Participants' meeting shall be held for deliberation on the following:
 - (1) Election, removal or replacement of members of the Management Committee;
 - (2) Major material adjustments to the 2022 ESOP;
 - (3) Decision on whether to participate in the refinancing of the Company by rights offering, additional issuance, convertible bonds and other relevant matters;
 - (4) Other functions and powers that may be exercised by the ESOP Participants' meeting as stipulated by laws and regulations or the CSRC, the SFC and the stock exchange in the place where the Company's securities are listed and other regulatory authorities.
2. The first Participants' meeting of the 2022 ESOP shall be convened and presided over by the chairman of the board of directors or his authorized person of the Company. After the directors of the Management Committee of the 2022 ESOP is elected and appointed, Participants' meetings shall be convened by the Management Committee and presided over by the director

of the Management Committee. If the director of the Management Committee is unable to perform his duties, he shall designate a member of the Management Committee to preside over the meetings.

3. To hold a Participants' meeting, the Management Committee shall submit a written notice of the meeting to all Participants by direct service, mail, fax, e-mail or other means 3 days in advance. In case of emergency, the meeting can be held at any time after the notice is given. The written notice of the meeting shall contain at least the following:

- (1) Time and place of the meeting;
- (2) Way to hold the meeting;
- (3) Matters to be deliberated;
- (4) Convener and chairman of the meeting;
- (5) Materials necessary for voting at the meeting;
- (6) The Participants shall attend the meeting in person or entrust other Participants to attend the meeting on their behalf;
- (7) Contact person and contact information;
- (8) Date on which the notice is given.

4. Voting procedure

- (1) The Participants shall exercise their voting rights with their current plan shares, and each share shall have one vote. The Participants shall vote by open ballot at the meeting;
- (2) A Participants' meeting may be an on-site meeting or a communication meeting;
- (3) The Participants may cast approving or opposing votes or abstain from voting. The Participants attending the meeting shall choose one of such voting intentions. Not making a choice or choosing two or more intentions at the same time shall be regarded as abstention. An unfilled, inaccurately filled, illegible or uncast vote shall be regarded as abstention vote. If the Participants vote after the result of voting is announced by the chairman of the meeting or after the expiry of the prescribed time limit for voting, the votes shall not be counted.

- (4) The chairman of the meeting shall announce the result of voting on the spot. Unless otherwise stipulated by the Participants' meeting and the 2022 ESOP, each proposal shall be valid only if approved by more than half of the valid voting rights held by the Participants (or agents) present at the Participants' meeting.
5. If the matters to be deliberated at the Participants' meeting shall be submitted to the board of directors and the general meeting of shareholders of the Company for deliberation, they shall be submitted to the board of directors and the general meeting of shareholders for deliberation in accordance with the Articles of Association of the Company.
6. Participants who individually or collectively hold 10% (inclusive) or more of the 2022 ESOP shares may submit to the Participants' meeting an interim proposal, which must be submitted to the Management Committee 5 days prior to the holding of the Participants' meeting.
7. Participants who individually or collectively hold 30% (inclusive) or more of the 2022 ESOP shares may propose to hold a Participants' meeting.

(II) Management Committee

1. The Management Committee shall be elected by the Participants' meeting. The Management Committee consists of three to five members. In case of any change of the members of the Management Committee, they shall be re-elected by the Participants' meeting and approved by more than half of the valid voting rights held by the Participants (or agents) present at the Participants' meeting.
2. The Management Committee shall have a director who shall be elected by more than half of the members of the Management Committee.
3. The Management Committee shall perform the following duties:
 - (1) Convene a Participants' meeting;
 - (2) Supervise the daily management of the 2022 ESOP on behalf of all Participants;
 - (3) Exercise shareholders' rights on behalf of all Participants or authorize the Asset Management Institution to exercise shareholder' rights;
 - (4) Examine and determine the qualifications, scope, number and limit of participants according to the 2022 ESOP;
 - (5) Formulate and revise management measures for the 2022 ESOP;

- (6) Determine the interests (shares) of the Participants according to the assessment results of the Company;
 - (7) Cooperate with the Asset Management Institution of the 2022 ESOP;
 - (8) Handle all matters concerning the locking, release and vesting of the shares purchased under the 2022 ESOP;
 - (9) Be responsible for the 2022 ESOP financing method, amount and other matters related to the 2022 ESOP financing;
 - (10) Perform the duty of the 2022 ESOP asset management, which can be entrusted to a third party for management, including but not limited to selling the Company's Shares to cash in upon expiration of the lock-up period, and investing cash assets of the 2022 ESOP in fixed income securities, financial products, money market funds and other cash management tools;
 - (11) Formulate and implement plans for refinancing by additional issuance, rights offering or issuance of convertible bonds within the duration of the 2022 ESOP;
 - (12) Authorize the director of the Management Committee to exercise the shareholder' rights of the shares held in the 2022 ESOP before the liquidation and distribution of the 2022 ESOP are completed;
 - (13) Determine the allocation of the 2022 ESOP assets;
 - (14) Perform such other duties as may be authorized by the Participants' meeting.
4. The director of the Management Committee shall exercise the following functions and powers:
- (1) Preside over the Participants' meetings and convene and preside over meetings of the Management Committee;
 - (2) Supervise and inspect the implementation of the resolutions of the Participants' meetings and the Management Committee;
 - (3) Exercise shareholders' rights on behalf of all Participants with authorization by the Management Committee;
 - (4) Sign relevant agreements and contracts on behalf of the 2022 ESOP;
 - (5) Exercise other functions and powers granted by the Management Committee.

5. The meetings of the Management Committee shall be held from time to time according to the need, and shall be convened by the director of the Management Committee, unless otherwise provided for in the 2022 ESOP. Notice of the meeting shall be given to all members of the Management Committee 2 days prior to the meeting. In case of emergency, the members may be notified of a meeting of the Management Committee orally. Such notice may be given by mail, telephone, fax, etc.
6. The meetings of the Management Committee shall be held only when more than half of the members are present. The system of one person one vote shall be adopted at the meetings of the Management Committee. The resolutions of the meetings shall be valid only if approved by more than half of the members of the Management Committee. Subject to the full expression of views by the members of the Management Committee, E-mail or other means may be used, and a resolution shall be made and signed by members present.
7. The meetings of the Management Committee shall be attended by the members in person. If a member of the Management Committee cannot attend for some reason, he may entrust another member in writing to attend on his behalf. Failure to attend a meeting of the Management Committee and authorize a representative to attend shall be deemed to a waiver of the right to vote at the meeting.
8. The Management Committee shall make resolutions on the matters discussed at the meetings, and the resolutions shall be signed by members of the Management Committee.

X. MANAGEMENT MODE, SELECTION OF ASSET MANAGEMENT INSTITUTION, AND MANAGEMENT AGREEMENT

(I) Selection of Asset Management Institution of the 2022 ESOP

The management of the 2022 ESOP shall be entrusted to an Asset Management Institution, who shall set up an asset management plan for investment operation and daily management of the ESOP, and the specific Asset Management Institution shall be determined by the board of directors or the Management Committee. The entrusted Asset Management Institution must comply with the requirements of laws and regulations on asset management qualifications, set up a special Asset Management ESOP for the 2022 ESOP, and purchase and hold the Underlying Shares in the way permitted by laws and regulations.

The shares and funds held by the 2022 ESOP shall be the entrusted property, and the Asset Management Institution of the 2022 ESOP shall not include the entrusted property as its self-owned assets. Where the Asset Management

Institution of the 2022 ESOP is liquidated for reasons such as dissolution, cancellation or bankruptcy according to law, the entrusted property shall not belong to the liquidating property.

(II) The main terms of the asset management agreement must contain the following:

1. Name of the Asset Management ESOP
2. Type
3. Entrustment of assets
4. Investment of entrusted assets
5. Rights and obligations of the client
6. Special risk warning
7. Management fee, custodian fee and other related expenses
8. Liquidation and termination of the Asset Management ESOP
9. Others

XI. MAIN PROVISIONS OF THE MANAGEMENT RULES

- (I) The management of the 2022 ESOP shall be entrusted to a third-party. The Industrial Securities Asset Management Co., Ltd is appointed as the third-party Asset Management Institution of the 2022 ESOP.
- (II) The Management Committee of the 2022 ESOP shall supervise the daily management of the 2022 ESOP and exercise shareholders' rights on behalf of the 2022 ESOP Participants or authorize the Asset Management Institution to exercise shareholders' rights.

In case of any change of the members of the Management Committee, they shall be re-elected by the Participants' meeting.

(III) Composition of the 2022 ESOP assets

1. Underlying Shares;
2. Cash deposits and accrued interest;
3. Income from fund management or other assets without vesting objects for various reasons such as employee turnover and assessment.

Assets under the 2022 ESOP shall be independent of other ESOPs and the assets of the Company and the Asset Management Institution. The Company, the Asset Management Institution and their creditors shall have no right to freeze, detain, pledge or otherwise dispose of the assets under the 2022 ESOP.

(IV) Measures for disposing of the 2022 ESOP assets

1. Within the duration of the 2022 ESOP, unless otherwise stipulated by laws, regulations, rules and management rules, or approved by the Participants' meeting after deliberation, the 2022 ESOP shares held by the Participants shall not be transferred, pledged, or otherwise disposed of in similar manner. The Participants shall not require the allocation of the 2022 ESOP assets.
2. Upon the expiration of the lock-up period of the 2022 ESOP and prior to the expiration of the duration of the 2022 ESOP, the Asset Management Institution shall sell the Underlying Shares held in the 2022 ESOP or determine the vesting of the relevant shares according to the written authorization of the Management Committee.
3. When all the assets of the 2022 ESOP are monetary funds after the end of the lock-up period of the 2022 ESOP, the Management Committee shall decide whether to allocate the assets. If it is decided to allocate the assets, the Management Committee shall authorize the Asset Management Institution to allocate according to the shares held by the Participants.

If all the Underlying Shares held by the 2022 ESOP are sold and the 2022 ESOP assets are liquidated and allocated completely according to the provisions of the preceding paragraph, the 2022 ESOP shall be terminated after approved by the Management Committee and reported to the board of directors for record.

4. If the duration of the 2022 ESOP is expired and not extended, the Management Committee shall or shall authorize the Asset Management Institution to liquidate the 2022 ESOP assets and make cash or share allocations according to the shares held by the Participants.

XII. PROCEDURES FOR IMPLEMENTING THE 2022 ESOP

- (I) The Remuneration and Assessment Committee under the board of directors shall be responsible for the Draft 2022 ESOP and list of the 2022 ESOP personnel.
- (II) The congress of workers and staff shall solicit opinions from the staff.

- (III) The board of directors shall review the 2022 ESOP and relevant proposals. The independent directors shall give independent opinions on whether the 2022 ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and all shareholders, and whether the employees are forced to participate in the 2022 ESOP by ways of apportion or forced allocation.
- (IV) The board of supervisors shall express opinions on whether the 2022 ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and all shareholders, and whether the employees are forced to participate in the 2022 ESOP by ways of apportion or forced allocation.
- (V) The Company shall employ a law firm to issue legal opinions on the legality and compliance of the 2022 ESOP.
- (VI) The board of directors shall, after reviewing and approving the 2022 ESOP, promptly publish relevant documents concerning the 2022 ESOP.
- (VII) A Participants' meeting shall be held to elect the Management Committee and define the specific matters concerning the implementation of the 2022 ESOP.
- (VIII) Other procedures to be fulfilled as stipulated by the CSRC, the stock exchange in the place where the Company's securities are listed and the relevant competent authorities.

XIII. DISPOSAL MEASURES WHEN THE CIRCUMSTANCES OF THE COMPANY AND THE PARTICIPANTS CHANGE

(I) Change of control, merger or split of the Company

In the event of change of control, merger or split of the Company for any reason, the 2022 ESOP shall not be changed.

(II) Failure of the Participants to pass the assessment

During the vesting period, the Participants shall be assessed for each vesting period. The Management Committee shall dispose of the 2022 ESOP shares held by the Participants who fail to pass the assessment (including but not limited to granting to other Participants, the same below).

(III) Position change, departure or death of the Participants

1. Position change

- (1) If a Participant is still a director (other than independent director), supervisor, senior officers or core technical (business) personnel of the Company when his position is changed, or is assigned by the Company to a subsidiary of the Company, the 2022 ESOP shares can be adjusted accordingly, and in principle, the 2022 ESOP shares granted but not vested shall not be increased.
- (2) If a Participant's position is changed due to his incompetence, failure to pass the assessment, violation of law, violation of professional ethics, disclosure of company secrets, dereliction of duty or malpractice and other behaviors that damage the interests or reputation of the Company, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

2. Departure

Except in the case of departure due to reaching the retirement age, regardless of the reasons for departure, the Management Committee shall dispose of the 2022 ESOP shares granted to but not vested in the Participants from the date of departure, including but not limited to vesting the shares in the Participants based on their actual contributions, or taking back the 2022 ESOP shares granted but not vested for disposal by the Management Committee.

3. Retirement

If a Participant has reached the retirement age prescribed by the state and the Company and has retired from his job,

- (1) his 2022 ESOP shares granted but not vested shall not be affected provided that he passed the performance assessment in the year of his departure and accepted the Company's restrictions on non-competition; his shares granted but not vested shall be fully vested in the first vesting period provided that the time of his retirement is within the lock-up period or the first vesting period.
- (2) the Management Committee shall dispose of his 2022 ESOP shares granted but not vested provided that he failed to pass the performance assessment in the year of his departure.

4. *Loss of ability to work*

Where a Participant loses the ability to work due to an injury sustained in the performance of his duties, his 2022 ESOP shares granted but not vested shall not be affected. Otherwise, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

5. *Death*

In the event of the death of a Participant on the job, his 2022 ESOP shares granted but not vested shall not be affected, and the relevant interests shall be enjoyed by his legal successors. If it occurs during the lock-up period or the first vesting period, the shares granted but not vested shall be fully vested in his legal successors during the first vesting period. Otherwise, the Management Committee shall dispose of the 2022 ESOP shares granted but not vested.

XIV. SUPPLEMENTARY PROVISIONS

1. The financial and accounting treatment and taxation with respect to the Company's implementation of the 2022 ESOP shall be carried out in accordance with the relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Participants due to the implementation of the 2022 ESOP shall be borne by the Participants themselves.
2. The 2022 ESOP shall take effect from the date of deliberation and approval by the board of directors of the Company;
3. The board of directors of the Company reserves the right to interpret the 2022 ESOP.

Haier Smart Home Co., Ltd.
Board of Directors
April 28, 2022