

Haier Smart Home Co., Ltd.

Announcement on Proposal of Profit Distribution in 2019

The Board of Directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

REMINDER OF IMPORTANT INFORMATION:

- A cash dividend of RMB3.75 will be distributed for every 10 shares
- The share capital of this profit distribution is based on the total share capital registered on the registration date for implementation of the equity distribution, and the specific date will be specified in the announcement of the implementation of the equity distribution
- Where the total share capital of the Company changes before the registration date for the implementation of the equity distribution, it is expected to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The specific adjustments will be announced separately

I. Contents of Profit Distribution Plan

As audited by Hexin Certified Public Accountants LLP, as of 31 December 2019, the distributable profit of the Company at the end of the period was RMB3,307,235,242.11. Resolved by the Board of Directors, the Company planed to distribute profits on the basis of the total share capital registered on the registration

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date for implementation of the equity distribution in 2019. The profit distribution plan was as follows:

The listed company intended to distribute a cash dividend of RMB3.75 for every 10 shares to all shareholders (inclusive of tax, if the amount of cash dividends distributed to D shareholders and others was denominated in foreign currency, it would be converted at the average exchange rate of 5 business days before the 2019 Annual General Meeting). As of 31 December 2019, a total of cash dividend of RMB2,467,337,485.13 (inclusive of tax) was expected to be distributed based on the Company's total share capital of 6,579,566,627 shares. The Company's cash dividend ratio for this year was 30.07%. The undistributed profits retained by the Company would be mainly used for project construction, external investment, R&D investment and daily operations related to the Company's principal businesses, to maintain sustainable and stable development of the Company and better return to investors.

During the period from the date disclosed in this announcement to the registration date for the implementation of the equity distribution, if the total share capital of the Company changes as a result of conversion of share repurchases, share repurchase and cancellation granted by share incentives and share repurchase and cancellation of significant asset reorganization, etc., the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. If the total share capital subsequently changed, the specific adjustments will be announced separately.

The profit distribution plan shall be submitted to the general meeting for consideration.

II. The Decision-making Procedures Performed by the Company

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(i) Convening, considering and voting of the Board of Directors

On 28 April 2020, the Company convened the 7th meeting of the 10th session of the Board of Directors. After consideration, the Board of Directors of the Company unanimously approved the *Proposal of Profit Distribution in 2019 of Haier Smart Home Co., Ltd.*, and agreed to submit the proposal to 2019 Annual General Meeting of the Company for consideration. For details of the meeting, please refer to the *Announcement on Resolutions of the 7th Meeting of the 10th Session of the Board of Directors of Haier Smart Home Co., Ltd.* (No.: L2020-012) disclosed on the same date as this announcement.

(ii) Opinions from independent directors

The independent directors believed that the proposal of profit distribution in 2019 is in accordance with the relevant provisions of the *Company Law*, the *Guidelines of the Shanghai Stock Exchange on Cash Dividends Distribution of Listed Companies*, and the *Articles of Association* and other requirements, reflect the Company's emphasis on the reasonable return for investors, and maintain the continuity and stability of the profit distribution policy. The independent directors agreed to submit this profit distribution proposal to the 2019 Annual General Meeting of the Company for consideration.

(iii) Opinions from the Board of Supervisors

The 7th meeting of the 10th session of the Board of Supervisors of the Company considered and approved the *Proposal of Profit Distribution in 2019 of Haier Smart Home Co., Ltd.*, considering that the proposal of profit distribution in 2019 complies with the relevant laws and regulations and provisions of the *Articles of Association*, the decision-making process is legal, compliant and in line with the Company's

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strategic planning, which is conducive to the establishment of a stable return on investment mechanism, and there is no situation that damages the interests of Company's shareholders, especially small and medium shareholders.

(III). Reminder of Relevant Risks

The profit distribution plan shall be submitted to the 2019 Annual General Meeting of the Company for consideration and approval before its implementation. Investors are requested to make rational judgments and pay attention to investment risks.

It is hereby notified the above.

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

28 April 2020

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