

## **Shareholder Return Plan for Next Three Years (2021-2023) of Haier Smart Home Co., Ltd.**

(considered and passed at the 10th meeting of the tenth session board of directors of the Company and still subject to the approval at the extraordinary general meeting of the Company)

Since its listing, the Company has been attaching great importance to investor returns and has maintained the continuity and stability of its profit distribution policy. In order to further improve the dividend decision-making and supervision mechanism of the Company and to guide investors to establish a long-term and rational investment philosophy, after taking into account the following factors, the Company has prepared the shareholder return plan for the next three years (2021-2023).

### **Article 1 Factors Considered by the Company in Preparing this Plan**

The Company focuses on long-term and sustainable development. By taking into account the Company's current and future profitability, cash flow position, stage of development, capital requirements for project investments, bank credit, external financing environment and other factors, the Company strives to establish a sustained, stable and scientific return plan and mechanism for investors and make a systematic arrangement for profit distribution, in order to maintain the continuity and stability of its profit distribution policy and to establish a sustained, stable and scientific dividend return mechanism for investors.

### **Article 2 Principles for the Preparation of the Plan**

1. Fully considering and listening to the opinions of shareholders (especially minority shareholders), independent directors and supervisors;
2. Adhering to cash-based dividend distribution;
3. Focusing on reasonable returns to investors;
4. Maintaining the continuity and stability of the dividend distribution policy.

### **Article 3 Detailed Shareholder Return Plan of the Company for the Next Three Years (2021-2023)**

1. The Company shall maintain the continuity and stability of its profit distribution policy. The profit distribution policy and decision-making procedures and mechanisms of the Company are: the Company's profit distribution policy is mainly dividend distribution in cash. The Company may distribute dividend in cash, shares or a combination of both cash and shares. If the conditions for distribution in cash and the conditions for distribution in shares are both met, the priority shall be given to distribution in cash.

2. In accordance with the requirements of the Articles of Association, the Company has prepared its cash dividend distribution plan for the next three years (2021-2023) as follows: on the condition of meeting the capital needs for the normal production and operation of the Company and no significant investment plans or material cash expenses, the profit of the Company for the years 2021, 2022 and 2023 to be distributed in cash shall not be less than 33%, 36% and 40% respectively of the net profit of the Company attributable to the shareholders of the listed company for the respective years.

3. While ensuring full cash dividend distribution, the Company may distribute its profit by way of stock dividend.

4. If the conditions for cash dividend distribution are met, the Company shall make a cash dividend distribution once each fiscal year in principle, and the board of directors of the Company may propose the distribution of interim cash dividend in view of the profitability and capital needs of the Company.

#### **Article 4 Decision-making, Supervision and Adjustment Mechanism for the Profit Distribution Plan**

The board of directors of the Company shall put forward an annual profit distribution proposal following the end of each fiscal year, which shall be first considered and passed by the board of directors of the Company and then submitted to the general meeting of the Company for condition and approval. In determining the annual profit distribution proposal, the board of directors of the Company shall have a thorough discussion with independent directors and prepare the annual profit distribution proposal on the basis of sustained, stable and scientific returns to all shareholders. Independent directors shall express their independent opinions on the profit distribution proposal.

When considering the specific plan for cash dividend distribution at the general meeting, various channels shall be adopted to actively communicate and exchange information with shareholders, especially minority shareholders, in order to fully listen to the opinions and demands of minority shareholders and promptly answer their questions. The profit distribution plan shall be passed by more than half of voting rights held by shareholders attending the general meeting of the Company.

Any adjustment or change to the cash dividend policy set out in the Articles of Association shall meet the conditions specified in the Articles of Association and shall be passed by more than two-thirds of voting rights held by shareholders attending the general meeting, following detailed analysis and corresponding decision-making procedures.

#### **Article 5 Disclosure of the Implementation of Profit Distribution Plan and Cash Dividend Policy**

The Company shall disclose in detail the formulation and implementation of the cash dividend policy in its annual reports, and shall, in case of any adjustment to or

change to the cash dividend policy, specify whether the conditions and procedures for adjustment or change are compliant and transparent.

If the Company records profit for the last fiscal year but the board of directors of the Company has not prepared a cash profit distribution proposal, the reasons for no cash dividend distribution and the uses of the undistributed profit of the Company shall be disclosed in its regular reports, on which independent directors shall express their independent opinions. The board of directors of the Company shall give an explanation for such issue during the consideration at the general meeting of the Company.

The board of directors of the Company shall complete the distribution of dividends (or shares) within two months of the approval at the general meeting.

#### **Article 6 Supplementary Provisions**

Any matters not covered in this plan shall be dealt with in accordance with the relevant laws, regulations, regulatory documents and the Articles of Association. This plan shall be interpreted by the board of directors of the Company and shall take effect from the date of its passing at the general meeting of the Company.

Haier Smart Home Co., Ltd.

July 30, 2020