

Management Measures of Qingdao Haier Co., Ltd. for Phase IV Stock Ownership Scheme of Core Employee Stock

Ownership Scheme

Chapter I General Provisions

Article 1 To regulate the implementation of Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme (hereinafter referred to as "the Employee Stock Ownership Scheme" or "the Current Employee Stock Ownership Scheme") of Qingdao Haier Co., Ltd. (hereinafter referred to as "Qingdao Haier" or the "Company"), the Management Measures of Qingdao Haier Co., Ltd. for Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme (hereinafter referred to as the "Management Measures") are hereby formulated in accordance with the *Company Law of the People's Republic of China* (hereinafter referred to as the "*Company Law*"), the *Securities Law of the People's Republic of China* (hereinafter referred to as the "*Securities Law*"), and the *Guiding Opinions on the Implementation of Pilot Program on Employee Stock Ownership Scheme by Listed Companies* (hereinafter referred to as the "*Guiding Opinions*") as well as other relevant laws, administrative regulations, rules, regulatory documents and the *Articles of Association*, and *Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft)* (hereinafter referred to as the "Employee Stock Ownership Scheme (Draft)").

Chapter III Formulation of the Employee Stock Ownership Scheme

Article 2 Basic principles of the Employee Stock Ownership Scheme

1. Principle of legal compliance

The Company shall, during the implementation of the Employee Stock Ownership Scheme, complete the procedures in strict accordance with the provisions of laws and administrative regulations, and carry out information disclosure in a truthful, accurate, complete and timely manner. No one may use the Employee Stock Ownership Scheme to conduct such frauds as insider trading and manipulation of the securities market.

2. Principle of voluntary participation of employees

The Current Employee Stock Ownership Scheme implemented by the Company follows the principle of voluntary participation of employees, and there is no situation in which employees are forced to participate by means of apportionment or forced distribution.

3. Principle of independent risk assumption

Participants in the Current Employee Stock Ownership Scheme are independently

responsible for the profits and losses as well as risks.

Article 3 Implementation procedures for the Current Employee Stock Ownership Scheme

1. The Remuneration and Appraisal Committee under the Board of Directors of Qingdao Haier shall be responsible for developing the Current Employee Stock Ownership Scheme draft and the list of participants of the Current Employee Stock Ownership Scheme.
2. The Board of Directors shall review the Current Employee Stock Ownership Scheme draft. The independent directors shall give independent opinions of whether the Current Employee Stock Ownership Scheme is conducive to the sustainable development of the Company and whether there is any harm to the interests of the Company and all shareholders.
3. The independent directors and supervisors shall give opinions of whether the current stock ownership scheme is conducive to the sustainable development of the Company, whether there is any harm to the interests of the Company and all shareholders, and whether there is any apportionment or forced distribution to force employees to participate in the Current Employee Stock Ownership Scheme.
4. The Board of Directors shall timely release the documents related to the Employee Stock Ownership Scheme after reviewing and passing the Employee Stock Ownership Scheme.
5. The employee representative assembly shall solicit opinions from employees.
6. The Company shall engage a law firm to issue legal opinions on the legality and compliance of the Employee Stock Ownership Scheme.

Article 4 Holders of the Current Employee Stock Ownership Scheme

1. Basis and scope for the determination of holders

The holders of the Current Employee Stock Ownership Scheme are selected based on the relevant provisions of the *Company Law*, the *Securities Law*, the *Guidelines* as well as other relevant laws, regulations, rules and the *Articles of Association*.

The holders shall be employees of the Company or a subsidiary of the Company. In addition, the Current Employee Stock Ownership Scheme implemented by the Company shall observe the principle of voluntary participation of employees, and there shall be no situation in which employees are forced to participate by means of apportionment or forced distribution. The holders of the Current Employee Stock Ownership Scheme shall be independently responsible for their own profits and losses as well as risks, and have the same interests and rights as that of other investors.

The Current Employee Stock Ownership Scheme covers the Company and its subsidiaries. The scheme holders should be key persons who play an important role in the overall performance and medium- and long-term development of the Company.

2. Scope and share allocation of holders

The current employees determined in the Current Employee Stock Ownership Scheme are 635 persons, all of whom are the Company's directors (excluding independent directors), supervisors, senior managers and full-time employees that work in and enter into labor contracts with the Company or its subsidiaries and receive remuneration. The total shares held of the fund are RMB273 million. The Board of Directors of the Company can independently determine the list of employees participating in the stock ownership scheme and the distribution proportion according to the changes in the employees and assessment, and has the right to make adjustments.

Article 5 Source of funds for the Current Employee Stock Ownership Scheme

The source of funds for the Current Employee Stock Ownership Scheme is the incentive fund drawn by the Company, with a limit of RMB273 million.

Article 6 Source and quantity of shares for the Current Employee Stock Ownership Scheme

1. Source of stocks for the Current Employee Stock Ownership Scheme

After the Current Employee Stock Ownership Scheme is approved, the Current Employee Stock Ownership Scheme shall purchase shares in the secondary market. If the Company raises funds through non-public offerings or stock placement, the Employee Stock Ownership Scheme shall have the right to participate in the initial subscription in a fair manner.

2. Number of underlying stocks involved in the Employee Stock Ownership Scheme

The total amount of funds drawn by the Employee Stock Ownership Scheme is RMB273 million. In view of the current uncertainties in the date and price of stocks under the Employee Stock Ownership Scheme, the number of stocks held by the Phase IV Employee Stock Ownership Scheme is uncertain.

The Employee Stock Ownership Scheme shall be independent from the employee stock ownership schemes of other phases, the accumulated total amount of stocks held by all employee stock ownership schemes developed and valid is below 10% of the Company's total amount of share capital, and the accumulated total amount of stocks held by single employee stock ownership scheme share (including that of each phase) is below 1% of the Company's total amount of share capital.

Article 7 Duration, lock-up period, vesting period and termination of the Employee Stock Ownership Scheme

1. Duration of the Scheme

The duration of the Stock Ownership Scheme shall not exceed 3 years, calculating from the time when the Company announces that the Subject Shares are registered to the Stock Ownership Scheme. Upon the expiration of the duration, the Current Employee Stock Ownership Scheme may be either terminated or extended with the consideration

and approval by the Board of Directors.

2. Lock-up Period of Subject Shares under the Scheme

If the Scheme acquires Subject Shares through secondary market, the lock-up period of shares acquired under the Scheme shall be 12 months, calculating from the time when the Company announces that the Subject Shares in the last purchase of the Current Employee Stock Ownership Scheme are registered to the Stock Ownership Scheme.

3. Vesting of the Scheme

Upon the expiration of the lock-up period, the appraisal shall be conducted for the Holders of the Employee Stock Ownership Scheme based on the Company's comprehensive appraisal mechanism, and the Scheme shall be vested to the qualified Holders of the Employee Stock Ownership Scheme. The Appraisal term shall be two years. Within the duration of the Scheme, the Management Committee of the Employee Stock Ownership Scheme (hereinafter referred to as the "Management Committee") shall be entitled to extend or shorten the appraisal term and adjust the ownership proportion of corresponding rights and interests.

4. Termination of the Scheme

(1) Unless extended after deliberation by the Board of Directors, the Stock Ownership Scheme shall terminate automatically upon the expiration of the duration;

(2) Upon the expiration of the lock-up period of the Current Stock Ownership Scheme, when all assets of the Employee Stock Ownership Scheme are monetary funds, the Stock Ownership Scheme may be terminated in advance;

(3) If the underlying shares held under the Stock Ownership Scheme are all sold, and the assets of the Stock Ownership Scheme are liquidated and distributed according to the provisions of the preceding paragraph, the Stock Ownership Scheme shall be terminated upon the approval of the management committee and reported to the board of directors for record;

(4) The Current Employee Stock Ownership Scheme shall be terminated by resolution of the Board of Directors in case that the Company suffers from serious operational difficulties or other major issues.

5. During the duration of the Employee Stock Ownership Scheme, if the Company raises funds through allotment of shares, additional issuance or conversion of bonds, the Management Committee may decide whether to participate in and propose capital solutions, and submit the same to the Holders' Meeting for deliberation.

Chapter III Management of the Employee Stock Ownership Scheme

Article 8 Relevant institutions of the Scheme

1. The Management Committee elected by the Scheme Holders' Meeting to supervise

the daily management of the Scheme, exercise shareholders' rights on behalf of the Scheme Holders or authorize the management party to exercise shareholders' rights.

2. If the members of Phase I Management Committee still participate in the Current Stock Ownership Scheme, the Phase I Management Committee shall also be the Management Committee for the Current Stock Ownership Scheme.

Article 9 The Management Committee of the Employee Stock Ownership Scheme

1. The following matters require convening the Holders' Meeting for deliberation:

- (1) Appointment, removal and replacement of members of the Management Committee;
- (2) Consideration of major substantive adjustments to the Scheme;
- (3) Other functions and powers the Holders' Meeting may exercise as stipulated by laws and regulations or CSRC.

2. Holders' Meeting of the Current Employee Stock Ownership Scheme shall be convened by the Management Committee and presided over by the officer of the Management Committee. The subsequent Holders' Meetings shall be convened by the Management Committee and presided over by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.

3. To convene a Holders' Meeting, the Management Committee shall send out a notice of meeting in writing 3 days prior to the meeting to all Holders by direct delivery, post, facsimile, electronic mail or other means. In case of emergency, the meeting can be held at any time upon notice. The written notice of the meeting shall include at least the following aspects:

- (1) Time and place of the meeting;
- (2) Convening method of the meeting;
- (3) Matters to be considered;
- (4) Convenor and chairman of the meeting;
- (5) Documents necessary for voting at the meeting;
- (6) That the holder shall attend the meeting in person or entrust another holder to attend the meeting on his/her behalf;
- (7) Contact and contact information;
- (8) Date on which the notice was given.

4. Voting procedures of the Holders' Meeting

- (1) Each person shall have one vote under the Scheme;
- (2) Holders' Meeting may be convened in the form of on-site meetings and

communication meetings;

(3) A resolution shall be valid only if it has been passed by more than half of all Holders (or proxies) present at the Holders' Meeting with effective voting rights.

5. If the resolutions at Holders' Meeting require submission to the Board of Directors of the Company or general meeting of shareholders for deliberation, it shall be submitted to the Board of Directors or general meeting of shareholders for deliberation in accordance with the *Articles of Association*.

Article 10 Management Committee of the Employee Stock Ownership Scheme

1. Management Committee of the Employee Stock Ownership Scheme shall be selected by the Holders' Meeting of Employee Stock Ownership Scheme. The Management Committee comprises five members. In case of any change in the members of the Management Committee, members shall be re-elected by the Holders' Meeting, and passed by more than half of all Holders (or proxies) present at the Holders' Meeting with effective voting rights.

2. The Management Committee shall have one officer, who shall be elected by more than half of all members of the Management Committee.

3. The Management Committee shall discharge the following functions:

- (1) Convene the Holders' Meetings;
- (2) Supervise the daily management of the Scheme on behalf of all Holders;
- (3) Exercise shareholders' rights or authorize the management party to exercise shareholders' rights on behalf of all Holders;
- (4) Determine and adjust the qualification, scope, number and quota of participants according to the Scheme;
- (5) Formulate and revise management measures of the Scheme;
- (6) Determine Holders' interests (units) according to the Company's assessment results;
- (7) Determine the financing method, amount and other matters related to the financing of the Scheme;
- (8) Determine the allocation of the assets under the Scheme;
- (9) Other responsibilities as delegated by the Holders' Meeting.

4. The officer of the Management Committee shall discharge the following functions:

- (1) Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
- (2) Supervise and inspect the execution of resolutions of the Holders' Meetings and the Management Committee;
- (3) Other functions as delegated by the Management Committee.

5. The Management Committee meetings shall be convened by the officer of the Management Committee occasionally as required. A notice of the meeting shall be sent out to all members of the Management Committee 2 days prior to the meeting by means of mail, telephone, facsimile, etc.

6. A Management Committee meeting shall only be held when more than half of the members are present. The Management Committee shall implement a one-person one-vote system, and meeting resolutions shall be valid only upon obtaining approval from more than half of all members of the Management Committee.

7. Members of the Management Committee shall attend the Management Committee meetings in person. For any member who cannot attend the meetings in person, he/she can appoint another member of the Management Committee as his/her proxy in writing to attend the meetings.

Article 11 Management mode, selection of management organization and management agreement

1. Selection of Management Organization of the Scheme

A third party shall be appointed to manage the Employee Stock Ownership Scheme, and the Management Organization shall be determined by the Management Committee, and the Management Committee shall be in charge of the connections with the Management Organization. The appointee thereof shall comply with the relevant requirements of laws and regulations on asset management qualification, and set up special asset management plans for the Current Scheme to purchase and hold the shares of Qingdao Haier legitimately.

2. Main clauses of asset management agreement shall include the following aspects:

- (1) Name of the Asset Management Plan;
- (2) Type of the plan;
- (3) Situation of the appointed assets;
- (4) Investment of the appointed assets;
- (5) Rights and obligations of the appointor;
- (6) Specific risks reminder;
- (7) Management fees, trust fees and other relevant fees;
- (8) Liquidation and termination of the Asset Management Plan;
- (9) Other clauses.

Chapter IV Rights and Obligations of Holders

Article 12 Holders of the Employee Stock Ownership Scheme

1. The rights of holders are as follows:

- (1) Enjoy the interests and rights of the assets of the Current Employee Stock Ownership Scheme in accordance with the shares held of the Employee Stock Ownership Scheme;
- (2) Participate in or appoint agents to attend the Holders' Meeting and exercise corresponding voting rights;
- (3) Supervise the management of the Employee Stock Ownership Scheme and make suggestions or inquiries;
- (4) Other rights as stipulated by laws, administrative regulations, departmental rules or the Employee Stock Ownership Scheme.

2. The obligations of holders are as follows:

- (1) Pay the full amount of funds within the agreed time limit according to the subscription amount of the Employee Stock Ownership Scheme, bear the investment risk associated with the Employee Stock Ownership Scheme, and be solely responsible for their own profits and losses;
- (2) Within the duration of the Employee Stock Ownership Scheme, except for the case of compulsory transfer of the share as agreed in the Employee Stock Ownership Scheme, the shares of the Employee Stock Ownership Scheme held by the holders shall not be transferred, used for guarantee and repayment of debt, or subject to other similar disposal;
- (3) During the duration of the Employee Stock Ownership Scheme, the assets of the Employee Stock Ownership Scheme shall not be allocated;
- (4) Observe the Management Measures;
- (5) Other obligations as stipulated by laws, administrative regulations and the Employee Stock Ownership Scheme.

Chapter V Asset Composition and Disposal Measures of the Scheme

Article 13 Asset composition of the Scheme

1. Shares of Qingdao Haier;
2. Cash deposits and interest accrued;
3. Income from fund management or other assets that are not vested due to various reasons such as employee resignation and appraisal.

Assets under each phase of employee stock ownership schemes are independent from each other and the assets of the Company and the custodian. The listed companies, the custodian and the creditors of the Company and the custodian shall have no right to freeze, detain, pledge or otherwise dispose the assets under the Scheme.

Article 14 Disposal of Assets under the Scheme

1. Within the duration of the Stock Ownership Scheme, unless otherwise stipulated in laws, regulations, provisions and administrative rules or upon consideration and approval at the Holders' Meeting, the units of the Scheme held by the Holders shall not be transferred, pledged or be subject to other similar disposals. Holders shall not require the distribution of assets under the Scheme.

2. During the period from the expiration of the lock-up period of the Stock Ownership Scheme to the expiration of the duration of the Current Stock Ownership Scheme, the asset manager shall sell the Subject Shares held by the Current Stock Ownership Scheme or determine the ownership of the relevant shares pursuant to the written authorization of the Management Committee.

3. Upon the expiration of the lock-up period of the Current Stock Ownership Scheme, when all assets of the Stock Ownership Scheme are monetary funds, the Management Committee shall decide whether to allocate the assets. If it is decided to allocate the assets, the Management Committee shall authorize the Management party to allocate the same according to the units held by the Holders.

If all Subject Shares held under the Stock Ownership Scheme are sold out, and the assets under the Employee Stock Ownership Scheme have been liquidated and distributed in accordance with the preceding paragraph, the Current Stock Ownership Scheme shall be terminated with the approval of the Management Committee, which shall be submitted to the Board of Directors for filing.

4. If the Employee Stock Ownership Scheme is not extended upon the expiration of its duration, the Management Committee or its authorized manager shall liquidate the assets under the Employee Stock Ownership Scheme, and allocate the cash or stock according to units held by the Holders.

Article 15 Change and termination of holders

1. Change of control, combination and division of the Company

In case of any changes in control, combination and division of the Company for any reasons, no amendment shall be made to the Employee Stock Ownership Scheme.

2. Increase in holders

The Management Committee is authorized by the Board of Directors to increase the number of Holders based on "Employee Stock Ownership Scheme (Draft)".

3. Unqualified holders

Assessment shall be conducted on Holders in each vesting period during the vesting period, and the units held by unqualified Holders shall be disposed by the Management Committee.

4. Job Position Change, Resignation or Death of Holders

(1) Job Position Change

1) In case that a Holder has a job position change but remains as a director (excluding independent director), supervisor, senior manager or core technical (business) personnel of the Company, or is appointed by the Company to hold posts in its subsidiaries, the units held by them under the Scheme may be adjusted accordingly, and their units shall not be increased in principle.

2) In case that a Holder has a job position change because he/she is not qualified for his/her job, fails to reach expected standards, violates laws, disobeys professional ethics, leaks confidential information of the Company, fails to discharge his duties or has willful misconduct, causing damages to the interest or reputation of the Company, the units held by him/her shall be disposed by the Management Committee.

(2) Resignation

Except the circumstance where a Holder leaves office due to retirement, the Management Committee shall dispose the units held by such Holder since the date of his/her resignation for whatever reason.

(3) Retirement

In case that a Holder leaves office due to retirement for being at the retirement age as stipulated by the state and the Company:

1) The units held by such Holder under the Scheme shall not be affected if the Holder reaches the performance appraisal standards in the year of resignation and accepts the non-competition restrictions of the Company. If the retirement time is within the lock-up period or the first vesting period, his/her units shall be all vested to him/her within the first vesting period.

2) The units held by such Holder under the Scheme shall be disposed by the Management Committee if the Holder fails to reach the performance appraisal standards in the year of resignation.

(4) Loss of working capacity

If a Holder loses working capacity resulting from performance of duties, the units held by him/her under the Scheme shall not be affected.

5. Death

The units held by the Holders under the Scheme shall not be affected in the event of death, and relevant interests shall be inherited by their lawful inheritors. If it is within the lock-up period or the first vesting period, their units shall be vested to their lawful inheritors within the first vesting period.

Chapter VI Vesting and Disposal of Equity Interests of the Scheme

Article 16 Vesting and disposal of equity interests of the scheme

1. Upon the expiration of lock-up period under the Current Employee Stock Ownership Scheme, if the share vesting conditions are satisfied pursuant to the comprehensive appraisal mechanism by the Holders during the vesting period, the Management Committee may apply for one of the following vesting means:

(1) The Company, on behalf of the Holder, submits an application to the Asset Management Organization, SSE and CSDC for vesting the shares to the individual account of the Holders in the Current Employee Stock Ownership Scheme;

(2) To appoint the Asset Management Organization to sell the shares of Qingdao Haier purchased under the Current Employee Stock Ownership Scheme on behalf of the Holders during the duration;

(3) To appoint the Asset Management Organization to continue holding the shares purchased during the duration;

The vesting period under the Current Employee Stock Ownership Scheme is two years.

2. Vesting of equity interests of the Scheme

During the duration, the cash dividends under the Scheme shall be vested in the Scheme and shall be used in the settlement of relevant management fees charged by the appointed Asset Management Organization and custodian bank in priority; for those shares which could not be vested to a target Holder owing to reasons such as unqualification in performance appraisal and resignation of staff, Management Committee shall determine to vest the interests of Subject Shares to the Company or motivate other employees who contribute more values.

3. Vesting of equity interests in the Current Employee Stock Ownership Scheme

The equity interests of the Subject Shares in the Current Employee Stock Ownership Scheme shall be vested to their Holders in two phases, the specific vesting time shall be after the end of lock-up period, and determined by Management Committee of the Scheme. The Management Committee will assess the holders based on the Company's comprehensive appraisal mechanism. According to the assessment of the Management Committee, if the holders of the Current Stock Ownership Scheme are up-to-the standard results in 2019 and 2020, the Stock Ownership Scheme for the current period would be vested 40% and 60%, respectively.

Chapter VII Supplementary Provisions

Article 17 The Company shall carry out the financial affairs, accounting processing and taxation of the Stock Ownership Scheme in accordance with relevant financial policies, accounting standards and taxation policies.

Article 18 These Management Measures shall come into force on the date of review and approval by the Holders' Meeting, and the Management Committee shall have the right to amend the Management Measures.

Article 19 The right for interpretation of the Management Measures shall belong to the Management Committee.

Qingdao Haier Co., Ltd.

Management Committee of Phase IV Employee Stock Ownership Scheme of Core
Employee Stock Ownership Scheme

May 14, 2019