

**Phase IV Stock Ownership Scheme of  
Core Employee Stock Ownership  
Scheme of Qingdao Haier Co., Ltd.  
(Draft)**

**April 2019**

## **Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft)**

### **Specific Reminder**

1. Qingdao Haier Co., Ltd. (hereinafter referred to as the “Company” or “Qingdao Haier”) has prepared the *Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft)* (hereinafter referred to as “the *Draft of Phase IV Stock Ownership Scheme*”) in accordance with relevant laws, administrative regulations, rules and normative documents including 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 the *Articles of Association* and the *Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft)*.

2. The Holders of Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (hereinafter referred to as “Phase IV Scheme” or “the Scheme”) are the directors (excluding independent directors), supervisors, senior management of the Company and regular employees who serve at the Company and its subsidiaries and sign employment contracts with the Company or its subsidiaries and receive remuneration from them. The number of Holders of Phase IV Scheme shall not exceed 635 in total. The Board of Directors of the Company authorizes the Management Committee to adjust the list of Holders and their allocation proportion for each subsequent Employee Share Ownership Scheme based on the changes in and assessment of the employees.

3. The source of funds is the bonus fund withdrawn by the Company. The source of funds for Phase IV Scheme is the bonus fund amounting to RMB273 million withdrawn by the Company.

4. Shares under Phase IV Scheme shall be derived from shares purchased in the secondary market.

5. Duration, Lock-up Period and Vesting Period of the Scheme

The duration of Phase IV Scheme shall not exceed 36 months, calculating from the time when the Company announces that the Subject Shares of the Company are registered to Phase IV Scheme. Upon the expiration of the duration, Phase IV Scheme may be either terminated or extended with the consideration and approval by the Board of Directors.

The total number of shares held under the established and existing employee stock ownership schemes in each phase shall not exceed 10% of the total equity of the Company, and the total number of shares held under employee stock ownership schemes by a single employee (including all phases) shall not exceed 1% of the total equity of the Company.

If Phase IV Scheme acquires Subject Shares through secondary market or allotment of shares, the lock-up period of shares acquired shall be 12 months, calculating from the time when the Company announces that the Subject Shares in the last purchase are registered to **Phase IV** Scheme.

Upon the expiration of the lock-up period, the appraisal shall be conducted for the Holders of Phase IV Scheme based on the Company's performance appraisal system, and the Scheme shall be vested to the qualified Holders of Phase IV Scheme. The Appraisal term shall be two years. Unless otherwise stipulated in each phase of stock ownership scheme, the actual appraisal period and ownership proportion shall be determined by the Management Committee in principle.

6. Phase IV Scheme acquires Subject Shares through the secondary market, which shall be completed within 6 months upon the approval of the Board of Directors.

7. A third party shall be appointed to manage Phase IV Scheme. 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 Scheme to purchase and hold the shares of Qingdao Haier legitimately.

8. Implementation of Phase IV Scheme are subject to approval of the Board of Directors.

## Table of Contents

I. Definitions.....	5
II. Purpose of the Scheme.....	6
III. Basis for Determination and Scope of Holders.....	6
IV. Source of Funds.....	7
V. Source and Number of Shares.....	7
VI. Information of Holders and Allocation of Units.....	8
VII. Duration, Lock-up Period, Vesting Period and Termination.....	8
VIII. Vesting and Disposal of Equity Interests of the Scheme.....	9
IX. Duties, Convening and Voting Procedures of Holders' Meeting and the Management Committee.....	10
X. Management Mode, Selection of Management Organization and Management Agreement.....	13
XI. Major Provisions of the Management Rules.....	14
XII. Execution Procedures of the Scheme.....	15
XIII. Change and Termination of Holders.....	16
XIV. Supplementary Provisions.....	17

## I. Definitions

Unless otherwise stated in context, the following terms or abbreviations have the following meanings in the Draft of Phase IV Scheme:

Qingdao Haier, the Company		Qingdao Haier Co., Ltd.
Draft of Phase IV Scheme		<i>Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft)</i>
the Scheme, Phase IV Scheme		Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd.
Holders		employees who participate in Phase IV Stock Ownership Scheme
Senior Management		General Manager, Deputy Manager, Secretary of the Board of Directors, Chief Financial Officer of the Company and other personnel as stipulated in the <i>Articles of Association</i>
Remuneration and Appraisal Committee		the Remuneration and Appraisal Committee under the Board of Directors of Qingdao Haier
Subject Shares		the shares of Qingdao Haier acquired in various ways under Employee Stock Ownership Scheme
Management Committee of the Employee Stock Ownership Scheme / the Management Committee		Management Committee of the Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd.
Asset Management Organization/Management Organization		the third-party legal entity with the asset management qualification required by laws and regulations appointed under Phase IV Stock Ownership Scheme to provide asset management service
Asset Management Plan		the asset management plan established by the Asset Management Organization appointed under Phase IV Stock Ownership Scheme for the purpose of the same
CSRC		China Securities Regulatory Commission
SSE		Shanghai Stock Exchange
CSDC		Shanghai Branch of China Securities Depository and Clearing Corporation Limited
<i>Company Law</i>		the <i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>		the <i>Securities Law of the People's Republic of China</i>
<i>Guiding Opinions</i>		the <i>Guiding Opinions on the Implementation of Pilot Program on Employee Stock Ownership Scheme by</i>

		<i>Listed Companies</i>
<i>Articles of Association</i>		the <i>Articles of Association of Qingdao Haier Co., Ltd.</i>

## II. Purpose of the Scheme

1. Fully stimulate the enthusiasm of employees and encourage makers to innovate and start businesses, so as to make them self-driven to create extra value and extra profit, and innovatively achieve the goal of the first competitiveness, thus enhancing the Company's value and bringing more efficient and sustainable returns to shareholders;

2. Promote the realization of network strategy development goals: guide all staff to create value for users and create enterprise competitiveness; create shareholders' value by guiding their behaviors consistent with the Company's development strategy and achieve their guidance role;

3. Further improve the Company's salary incentive system, improve the Company's incentive and restraint mechanism, and establish the benefit sharing and risk sharing mechanism between shareholders and makers;

4. Give consideration to the long-term and short-term interests of the Company, support the open platform of first-class human resources to better attract entrepreneurial teams and motivate the operation and management backbone, core technical (business) talents and other key talents needed by the Company, thus further promoting the development of the Company.

## III. Basis for Determination and Scope of Holders

Holders of Phase IV Scheme are determined in accordance with relevant laws, regulations and rules including the *Company Law*, the *Securities Law* and the *Guiding Opinions* as well as relevant requirements under the *Articles of Association*.

All Holders of the Scheme are the directors (excluding independent directors), supervisors, Senior Management of the Company and regular employees who serve at the Company and its subsidiaries and sign employment contracts with the Company or its subsidiaries and receive remuneration from them. In addition, the participation of the employees in the Scheme is on a voluntary basis where no manners such as

apportionment, mandatory distribution, etc. shall be adopted by the Company to force its employees to participate. Holders of the Scheme shall be financially autonomous and bear the financial risks on his/her own, and have equal entitlement of rights and interests with other investors.

The Scheme shall cover the Company and its subsidiaries. The core employees who are instrumental in the overall performance and medium to long-term development of the Company are eligible to participate in the Phase IV Scheme.

#### **IV. Source of Funds**

The source of funds is the bonus fund withdrawn by the Company. The source of funds for Phase IV Scheme is the bonus fund amounting to RMB273 million withdrawn by the Company.

#### **V. Source and Number of Shares**

##### **(I) Source of Shares under the Scheme**

Shares under Phase IV Scheme shall be derived from shares purchased in the secondary market. If the Company adopts private placement or allotment of shares for financing, the Scheme may participate in the subscription fairly.

##### **(II) Number of Subject Shares under the Scheme**

The duration of Phase IV Scheme shall not exceed 36 months, calculating from the time when the Subject Shares are registered to Phase IV Scheme. Upon the expiration of the duration, Phase IV Scheme may be either terminated or extended with the consideration and approval by the Board of Directors.

The total amount of funds withdrawn under Phase IV Scheme is RMB273 million. In view of the current uncertainties in the date and price of shares actually purchased under the Scheme, the number of shares held under Phase IV Scheme is still uncertain.

Phase IV Scheme is independent from other employee stock ownership schemes, but the total number of shares held under the established and existing employee stock ownership schemes in each phase shall not exceed 10% of the total equity of the Company, and the total number of shares held by a single employee under employee

stock ownership schemes (including all phases) shall not exceed 1% of the total equity of the Company.

## **VI. Information of Holders and Allocation of Units**

### **(I) Holders and Allocation of Units under Phase IV Scheme**

The number of employees participating in Phase IV Scheme shall not exceed 635 in total. And 7 of them are directors, supervisors and other senior management, being Liang Haishan, Tan Lixia, Gong Wei, Ming Guozhen, Wang Peihua, Ming Guoqing and Yu Miao, holding no more than RMB47.6 million in total, accounting for approximately 17.5% of Phase IV Scheme; the number of core technical (business) personnel of the Company and its subsidiaries shall not exceed 628, holding RMB225.4 million in total, accounting for approximately 82.5% of Phase IV Scheme.

### **(II) Holders and Allocation of Units under the subsequent employee stock ownership schemes**

The Board of Directors of the Company authorizes the Management Committee to determine the list of Holders and their percentages allocated for each subsequent employee stock ownership scheme and may adjust the list and their allocation proportion based on the changes in and assessment of employees.

## **VII. Duration, Lock-up Period, Vesting Period and Termination**

### **(I) Duration of the Scheme**

The duration of Phase IV Scheme shall not exceed 36 months, calculating from the time when the Company announces that the Subject Shares are registered to Phase IV Scheme. Upon the expiration of the duration, Phase IV Scheme may be either terminated or extended with the consideration and approval by the Board of Directors.

### **(II) Lock-up Period of Subject Shares under the Scheme**

If the Scheme acquires Subject Shares through secondary market or allotment of shares, 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 Phase IV Scheme are registered to Phase IV Scheme.



### (III) Vesting of the Scheme

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

### (IV) Termination of the Scheme

1. Unless extended after deliberation by the Board of Directors, Phase IV Scheme shall terminate automatically upon the expiration of the duration;
2. Upon the expiration of the lock-up period of Phase IV Scheme, when all assets of Phase IV Scheme are monetary funds, Phase IV Scheme may be terminated in advance;
3. If all Subject Shares held under Phase IV Scheme are sold out, and the assets under Phase IV Scheme have been liquidated and distributed in accordance with the preceding paragraph, Phase IV Scheme shall be terminated with the approval of the Management Committee, which shall be submitted to the Board of Directors for filing.
4. Phase IV 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.

(V) During the duration of Phase IV 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.

## **VIII. Vesting and Disposal of Equity Interests of the Scheme**

(I) Upon the expiration of lock-up period under Phase IV 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 Phase IV Scheme;

2. To appoint the Asset Management Organization to sell the shares of Qingdao Haier purchased under the Phase IV 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 Phase IV Scheme is two years. However, the actual vesting period and equity proportion of corresponding Subject Shares in each vesting period shall be determined by the Management Committee in principle.

#### (II) 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.

#### (III) Vesting of Equity Interests in Phase IV Scheme

The equity interests of the Subject Shares in Phase IV 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 is up-to-the standard results in 2019 and 2020, the Stock Ownership Scheme for the current period would be vested 40% and 60%, respectively.

### **IX. Duties, Convening and Voting Procedures of Holders' Meeting and the Management Committee**

The Management Committee of the Employee Stock Ownership Scheme shall be selected 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.

If the members of Phase I Management Committee still participate in Phase IV

Scheme, the Phase I Management Committee shall also be the Management Committee for Phase IV Scheme.

(I) Holders' Meeting

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 Phase IV Scheme 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*.

## (II) 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.

If the members of Phase I Management Committee still participate in Phase IV Scheme, the Phase I Management Committee shall also be the Management Committee for Phase IV Scheme.

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.

## **X. Management Mode, Selection of Management Organization and Management Agreement**

### **(I) Selection of Management Organization of the Scheme**

A third party shall be appointed to manage Phase IV Scheme, and the Management Organization shall be determined by the Management Committee. 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 Phase IV Scheme to purchase and hold the shares of Qingdao Haier legitimately.

(II) 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

## **XI. Major Provisions of the Management Rules**

(I) A third party shall be appointed to manage Phase IV Scheme.

(II) Management Committee of the Employee Stock Ownership Scheme shall be selected by the Holders' Meeting of Phase IV Scheme to supervise the daily management of the Scheme, exercise shareholders' rights or authorize the management party to exercise shareholders' rights on behalf of the Scheme Holders.

If the members of Phase I Management Committee still participate in Phase IV Scheme, the Phase I Management Committee shall also be the Management Committee for Phase IV Scheme.

In case of any change in the members of the Management Committee, members shall be re-elected by the Holders' Meeting of Phase IV Scheme.

(III) 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 Company, 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.

(IV) Disposal of Assets under the Scheme

1. 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 Phase IV Scheme to the expiration of the duration of Phase IV Scheme, the asset manager shall sell the Subject Shares held by the Phase IV 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 Phase IV Scheme, when all assets of Phase IV 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 Phase IV Scheme are sold out, and the assets under Phase IV Scheme have been liquidated and distributed in accordance with the preceding paragraph, Phase IV Scheme shall be terminated with the approval of the Management Committee, which shall be submitted to the Board of Directors for filing.

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

## **XII. Execution Procedures of the Scheme**

(I) The Remuneration and Appraisal Committee under the Board of Directors shall prepare the draft of Phase IV Scheme and the list of Holders of Phase IV Scheme.

(II) The Board of Directors shall consider and approve the draft of Phase IV Scheme. The independent directors shall issue independent opinions on whether Phase IV Scheme facilitates the sustainable development of the Company and whether Phase IV Scheme impairs the interests of the Company and the shareholders as a whole.

(III) The independent directors and the Board of Supervisors shall issue opinions on whether Phase IV Scheme facilitates the sustainable development of the Company,

whether Phase IV Scheme impairs the interests of the Company and the shareholders as a whole, and whether there is any apportionment, mandatory distribution, etc. adopted by the Company to force its employees to participate in Phase IV Scheme.

(IV) The Board of Directors shall, upon review and approval of the Scheme, announce the relevant documents of the Scheme in a timely manner.

(V) Employee Representatives Meeting shall solicit opinions from employees.

(VI) The Company shall engage a law firm to issue legal opinions on the legality and compliance of the Scheme.

### **XIII. Change and Termination of Holders**

#### **(I) 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 Phase IV Scheme.

#### **(II) Increase in Holders**

The Management Committee is authorized by the Board of Directors to increase the number of Holders.

#### **(III) 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.

#### **(IV) 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.

# **XIV. Supplementary Provisions**

1. The Company shall comply with relevant financial system, accounting standards and tax system for the financial, accounting treatment and taxation matters under the Scheme;

2. Phase IV Scheme shall effect from the date of approval by the Board of Directors of the Company;

3. The board of Directors of the Company reserves the right of interpretation over Phase IV Scheme.

Board of Directors  
Qingdao Haier Co., Ltd.  
29 April 2019