



中倫律師事務所
ZHONG LUN LAW FIRM

**Legal Opinion of Beijing Zhong Lun Law Firm on the
Implementation of Phase IV Stock Ownership Scheme of
Core Employee Stock Ownership Scheme by Qingdao Haier
Co., Ltd.**

May 2019

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Legal Opinion of Beijing Zhong Lun Law Firm on the Implementation of Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme by Qingdao Haier Co., Ltd.

To Qingdao Haier Co., Ltd.

Entrusted by Qingdao Haier Co., Ltd. (hereinafter referred to as "Qingdao Haier" or the "Company"), Beijing Zhong Lun Law Firm (hereinafter referred to as the "Firm") serves as the special legal advisor for the Company's implementation of its Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme (hereinafter referred to as the "Current Employee Stock Ownership Scheme"). In accordance with provisions of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions on the Implementation of Pilot Program on Employee Stock Ownership Scheme by Listed Companies* (hereinafter referred to as the "Guiding Opinions") issued by China Securities Regulatory Commission (hereinafter referred to as "CSRC"), the *Working Guidelines on Information Disclosure of Employee Stock Ownership Schemes of Listed Companies of Shanghai Stock Exchange* (hereinafter referred to as the "Working Guidelines") issued by Shanghai Stock Exchange and other relevant laws, regulations and normative documents, as well as the business standards, moral codes and diligent and responsible spirit recognized by the practice of law, and after verifying and validating relevant documents provided by Qingdao Haier, the Firm hereby issues this Legal Opinion.

To issue this Legal Opinion, lawyers of the Firm hereby make the following statements:

1. This Legal Opinion is issued in accordance with applicable Chinese laws, regulations and normative documents and based on the facts that have occurred or existed before the date of issuance of this Legal Opinion.
2. Acknowledgment of the relevant facts involved in this Legal Opinion of the Firm and its lawyers lies ultimately on the documents and information provided by the Company to the Firm and its lawyers, and the Company has guaranteed to the Firm and its lawyers that: all legal documents and information (including but not limited to original written materials, copies, photocopies, or oral testimonies) in connection with the Current Employee Stock Ownership Scheme provided to the lawyers of the Firm and needed for the issuance of this Legal Opinion are complete, true and valid, it has had all facts disclosed to the lawyers of the Firm without any concealment, omission, false or misleading, copies or photocopies of the documents it provided are in consistent with the reserved or original ones, the signature and seal of such documents and information are true, and the signatories to such documents are duly authorized

and valid to sign.

3. This Legal Opinion is only issued on the legal issues related to the Current Employee Stock Ownership Scheme of the Company, and not on non-legal professional issues related to the same.

4. The Firm and its lawyers are satisfied that there are no false records, misleading statements or material omissions in this Legal Opinion.

5. The Firm and its lawyers agree to make this Legal Opinion the necessary legal document for the Company's implementation of its Current Employee Stock Ownership Scheme, and are willing to assume the corresponding legal liabilities for this Legal Opinion.

6. The Firm and its lawyers agree that the Company may quote related contents of this Legal Opinion in the relevant documents prepared by it for the implementation of the Current Employee Stock Ownership Scheme, provided that the Company shall not make any legal ambiguity or misinterpretation that is resulted from such quotation, and the Firm shall have the right to review and confirm again the corresponding contents of the relevant documents mentioned.

7. This Legal Opinion shall only be used by the Company for the purpose of implementing its Current Employee Stock Ownership Scheme, and shall not be used for any other purpose without the written consent of the Firm and its lawyers.

8. The Company has carefully read this Legal Opinion and confirmed that the facts quoted or referred to in this Legal Opinion are true, accurate and complete, and without any false record, misleading statement or material omission.

Based on the aforesaid statement, lawyers of the Firm, in accordance with the business standards, moral codes and diligent and responsible spirit recognized by the practice of law, hereby issue the following legal opinions on matters related to the Current Employee Stock Ownership Scheme:

I. Legal Status as Principal of the Implementation of Current Employee Stock Ownership Scheme of Qingdao Haier

As of the issuing date of this Legal Opinion, in accordance with the *Business License* held by Qingdao Haier and verified and issued by the Administration for Industry and Commerce of Qingdao on June 21, 2018 and the announced information of the Company in Shanghai Stock Exchange (<http://www.sse.com.cn>), the basic information of Qingdao Haier is presented as follows:

Name	Qingdao Haier Co., Ltd.
Stock Code	600690
Unified Social Credit Code	91370200264574251E
Type	Limited liability company (Sino-foreign joint venture, listed company)

Domicile	Haier Industrial Park, Laoshan District, Qingdao City
Legal Representative	Liang Haishan
Registered Capital	RMB6,097,402,727
Date of Incorporation	March 31, 1994
Business Term	March 31, 1994 to long term
Business Scope	R&D and manufacturing of electrical appliances, electronic products, mechanical products, communication equipment and related accessories, industrial automation and control equipment, computer software and hardware and auxiliary equipment; technical consulting service for household appliances and electronic products; import and export business (with a business scope verified and approved by the Ministry of Foreign Trade and Economic Cooperation); wholesale and retail; domestic commerce (except for the commodities prohibited by the State); digital technology, intelligent technology, software technology; technical development, technology consulting, technology transfer, technical services (for industrial Internet and home appliances); data processing; application software development and services; development and application research of advanced control and optimization technology; mineral water manufacturing, catering and tourism services (of branches only), enterprise management services and consulting, and information technology services. (Business activities subject to approval in accordance with laws shall not be carried out until approval from competent authorities has been obtained.)

After verification, lawyers of the Firm believe that, as of the issuing date of this Legal Opinion, Qingdao Haier is valid in accordance with the law, there is no such circumstance that needs to be terminated as stipulated by laws, regulations, normative documents and the Company's Articles of Association, and it has the legal status as principal to implement the Current Employee Stock Ownership Scheme.

II. Legal and Regulatory Compliance of Current Employee Stock Ownership Scheme

On April 29, 2019, Qingdao Haier convened the 27th Meeting of the 9th Board of Directors, which reviewed and approved the *Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft) and Its Abstract*. In accordance with the *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)*"), the Firm verifies item by item

the following contents:

1. As confirmed by Qingdao Haier and verified by the lawyers of the Firm, as of the issuing date of this Legal Opinion, Qingdao Haier, in implementing its Current Employee Stock Ownership Scheme, has fulfilled the procedures in strict conformity with the provisions of laws and administrative regulations, disclosed the information in a true, accurate, complete and timely manner, without any security fraud, such as insider dealing or manipulation of security market, that takes advantage of the Current Employee Stock Ownership Scheme, which is in line with the provisions in Paragraph (I) Principle of Compliance with Law, Part I of the *Guiding Opinions*.

2. As confirmed by Qingdao Haier and verified by the lawyers of the Firm, as of the issuing date of this Legal Opinion, the Current Employee Stock Ownership Scheme conforms to the principle that the Company makes decisions independently and employees participate voluntarily, without any circumstance in which the Company forces employees to participate in the Scheme by means of apportionment, forced distribution, etc., which is in line with the provisions in Paragraph (II) Principle of Voluntary Participation, Part I of the *Guiding Opinions*.

3. As confirmed by Qingdao Haier, holders of the Current Employee Stock Ownership Scheme shall be responsible for their own profits, losses and risks respectively and have equal rights and interests with other investors, which are in line with the provisions in Paragraph (III) Principle of Self Risk-taking, Part I of the *Guiding Opinions*.

4. In accordance with the *Employee Stock Ownership Scheme (Draft)* and the confirmation of the Company, participants of the Current Employee Stock Ownership Scheme 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 number of which does not exceed 635. The Board of Directors authorizes the Management Committee of the Employee Stock Ownership Scheme to adjust the name list and allocation proportion of the employees participating in the subsequent Stock Ownership Scheme according to the changes and assessment of employees. The aforesaid standards for determining the participants are in conformity with the provisions in Paragraph (IV), Part II of the *Guiding Opinions*.

5. In accordance with the *Employee Stock Ownership Scheme (Draft)* and as confirmed by the Company and verified by the lawyers of the Firm, Current Employee Stock Ownership Scheme is funded by the incentive fund withdrew by the Company. As determined by the Board of Directors, the amount of the incentive fund withdrew shall not exceed RMB273 million. Said incentive fund will be used to acquire shares of the Company through the Employee Stock Ownership Scheme, and the equity of the Company's shares so acquired will be distributed to the holders in stages in accordance with the provisions of *Employee Stock Ownership Scheme (Draft)*. The aforesaid equity attributed to the holders that have passed the appraisal shall be deemed as their remuneration. The source of fund for the Current Employee Stock Ownership Scheme is in conformity with the provisions in Item 1, Paragraph (V), Part II of the *Guiding Opinions* regarding the way that the Employee Stock Ownership Scheme is funded.

6. In accordance with the *Employee Stock Ownership Scheme (Draft)* and as confirmed by the Company and verified by the lawyers of the Firm, the equities of the

Current Employee Stock Ownership Scheme are purchased from the secondary market. The source of equities or the Current Employee Stock Ownership Scheme is in conformity with the provisions in Item 2, Paragraph (V), Part II of the *Guiding Opinions* regarding the source of equities for the Employee Stock Ownership Scheme.

7. In accordance with the *Employee Stock Ownership Scheme (Draft)* and as confirmed by the Company and verified by the lawyers of the Firm, the underlying equities purchased from the secondary market for the Employee Stock Ownership Scheme has a lockup period of 12 months that is calculated from the date on which the Company announces the registration of the last underlying equities purchased to the Current Employee Stock Ownership Scheme, conforming to the provisions in Item 1, Paragraph (VI), Part II of the *Guiding Opinions* regarding the time limit for the Employee Stock Ownership Scheme.

8. In accordance with the *Employee Stock Ownership Scheme (Draft)* and as confirmed by the Company and verified by the lawyers of the Firm, Current Employee Stock Ownership Scheme is independent from the employee stock ownership schemes of other phases, the accumulated total equity amount held by all employee stock ownership schemes developed and valid is below 10% of the Company's total equity amount, and the accumulated total equity amount held by single employee stock ownership scheme share (including that of each phase) is below 1% of the Company's total equity amount, conforming to the provisions in Item 2, Paragraph (VI), Part II of the *Guiding Opinions* regarding the scale for the Employee Stock Ownership Scheme.

9. In accordance with the *Employee Stock Ownership Scheme (Draft)* and the confirmation of the Company, the Management Committee of the Employee Stock Ownership Scheme elected by the Holder Meeting of the Employee Stock Ownership Scheme shall supervise the daily management of the Scheme, and exercise or authorize the management authorization to exercise shareholders' rights on behalf of the holders of the Employee Stock Ownership Scheme. Members of the first Management Committee of the Employee Stock Ownership Scheme that participate the Current Employee Stock Ownership Scheme shall continue to be the members of the current Management Committee of the Employee Stock Ownership Scheme. Where the Current Employee Stock Ownership Scheme is entrusted to a third-party management authority, such management authority shall be determined by the Management Committee of the Employee Stock Ownership Scheme. Such management authority entrusted shall conform to the requirements of laws and regulations on asset management qualification, and develop specific asset management programs for the Employee Stock Ownership Scheme and purchase and hold the equities of Qingdao Haier through channels permitted by laws and regulations, conforming to the provisions in Item 2, Paragraph (VII), Part II of the *Guiding Opinions*.

10. In accordance with the *Employee Stock Ownership Scheme (Draft)*, the Current Employee Stock Ownership Scheme has made clear provisions on the following matters, conforming to the provisions in Paragraph (IX), Part III of the *Guiding Opinions*.

- (1) Participants and their determination standards and source of fund and equities of the Employee Stock Ownership Scheme;
- (2) The continuance and management model of the Employee Stock Ownership

Scheme, and the convening and resolution procedures of its Holder's Meeting.

(3) The participation method of the Employee Stock Ownership Scheme in the Company's financing;

(4) Alteration and termination of the Employee Stock Ownership Scheme, and the disposal measures for the equities held by an employee that fails to fit the Employee Stock Ownership Scheme;

(5) Procedures for electing representatives or organizations of the holders of the Employee Stock Ownership Scheme;

(6) Major terms of the election and management agreements of the management authority of the Employee Stock Ownership Scheme, and the provision and payment of the management fee.

(7) Disposal measures for equities upon the expiration of the Employee Stock Ownership Scheme.

In conclusion, lawyers of the Firm believe that the Current Employee Stock Ownership Scheme is in conformity with the relevant provisions of the *Guiding Opinions*.

III. Legal Procedures for Current Employee Stock Ownership Scheme

1. Fulfilled procedures

In accordance with the meeting minutes provided by Qingdao Haier and the information disclosure documents it announced, as of the issuing date of this Legal Opinion, Qingdao Haier has fulfilled the following procedures for the implementation of the Current Employee Stock Ownership Scheme:

(1) On April 29, 2019, the Company convened the 27th Meeting of the 9th Board of Directors, which reviewed and approved the *Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft) and Its Abstract*, which was in conformity with the provisions in Paragraph (IX), Part III of the *Guiding Opinions*.

(2) On April 29, 2019, the Company's independent directors issued their independent opinions on matters related to the Current Employee Stock Ownership Scheme, in which they believed that the contents of the Company's Current Employee Stock Ownership Scheme were in line with the relevant provisions of the *Guiding Opinions*, *Working Guidelines* and other laws and regulations, caused no harm to the interests of the Company and all shareholders, and had no such circumstances in which the Company forces employees to participate in the Scheme by means of apportionment, forced distribution, etc., and agreed to the Company's implementation of the Current Employee Stock Ownership Scheme, which was in conformity with the provisions in Paragraph (II), Part I and Paragraph (X), Part III of the *Guiding Opinions*.

(3) On April 29, 2019, the Company convened the 23th Meeting of the 9th Board of Supervisors, who believed that the contents of the Company's Current Employee Stock Ownership Scheme were in line with the relevant provisions of the *Guiding Opinions*, *Working Guidelines* and other laws and regulations and caused no harm to the interests of the Company and all shareholders, and that the Company's Current Employee Stock Ownership Scheme would further improve the Company's

compensation incentive mechanism, fully arouse the core employees' enthusiasm, realize the through integration of long-term enterprise development and employee interests, and benefit the Company's on-going business. The procedures and resolutions of the relevant proposals of the Company's Current Employee Stock Ownership Scheme upon review and discussion was legal and valid, caused no harm to the interests of the Company and all shareholders, the implementation of the Current Employee Stock Ownership Scheme is the participation of employees in the principles of legal compliance, voluntary participation, and risk-taking, had no such circumstances in which the Company forces employees to participate in the Scheme by means of apportionment, forced distribution, etc., and the Company had no rule-violating plans or arrangements to provide loans, loan guarantees or any other financial assistance to the holders of the Current Employee Stock Ownership Scheme, and agreed to the Company's implementation of the Current Employee Stock Ownership Scheme, which was in conformity with the provisions in Paragraph (II), Part I and Paragraph (X), Part III of the *Guiding Opinions*.

(4) On May 8, 2019, the Company convened the Congress of Workers and Staff, in which it fully asked for the opinions of its employees regarding the implementation of the Current Employee Stock Ownership Scheme, which was in conformity with the provisions in Paragraph (VIII), Part III of the *Guiding Opinions*.

(5) In accordance with the *Resolution on Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd. (Draft) and Its Abstract* and *Resolution of Qingdao Haier Co., Ltd. on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Core Employee Stock Ownership Scheme* reviewed and approved by 2015 General Meeting of Shareholders, the General Meeting of Shareholders has authorized the Board of Directors to review and discuss the subsequent stock ownership schemes of all phases under the stock ownership scheme, so it is not necessary to submit the Current Employee Stock Ownership Scheme to the General Meeting of Shareholders of Qingdao Haier for review and discussion.

In conclusion, lawyers of the Firm believe that, Qingdao Haier has fulfilled all necessary legal procedures needed as of the issuing date of this Legal Opinion for the implementation of its Current Employee Stock Ownership Scheme.

IV. Information Disclosure of Current Employee Stock Ownership Scheme

As verified, the Company has submitted to the Shanghai Stock Exchange the resolution of the Board of Directors on the Current Employee Stock Ownership Scheme, the *Employee Stock Ownership Scheme (Draft) and Its Abstract*, the opinions of the independent directors, the resolution of the Board of Supervisors, the *Directed Asset Management Program Asset Management Contract for Phase IV Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd.* to be entered into with Xingzheng Securities & Asset Management Co., Ltd., and other announcement documents.

Lawyers of the Firm believe that, as of the issuing date of this Legal Opinion, Qingdao Haier has fulfilled the necessary information disclosure obligation for its Current Employee Stock Ownership Scheme. According to the *Guiding Opinions*, the Company still needs to fulfill the information disclosure obligation in accordance with relevant laws, regulations and normative documents with the advance of its Current Employee Stock Ownership Scheme.

V. Concluding Opinions

In conclusion, lawyers of the Firm believe that:

1. Qingdao Haier has the legal status as principal to implement its Current Employee Stock Ownership Scheme;
2. The *Employee Stock Ownership Scheme (Draft)* is in conformity with the relevant provisions of the *Guiding Opinions* and *Working Guidelines*;
3. Qingdao Haier has fulfilled all necessary legal procedures needed for the implementation of its Current Employee Stock Ownership Scheme as of the issuing date of this Legal Opinion;
4. As of the issuing date of this Legal Opinion, Qingdao Haier has fulfilled the necessary information disclosure obligation for its Current Employee Stock Ownership Scheme, and with the advance of its Current Employee Stock Ownership Scheme, Qingdao Haier still needs to fulfill the information disclosure obligation in accordance with relevant laws, regulations and normative documents.

This Legal Opinion is made in triplicate and shall come into force upon the signature of the Firm's lawyers and the official seal of the Firm.

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(This page is for the signature of the *Legal Opinion of Beijing Zhong Lun Law Firm on the Implementation of Phase IV Stock Ownership Scheme of Core Employee Stock Ownership Scheme of Qingdao Haier Co., Ltd.*)

Beijing Zhong Lun Law Firm

Person in Charge: _____ Handling Lawyer: _____
Zhang Xuebing Tang Zhoujun

Li Kefeng

May 14, 2019