

**MIDEA GROUP CO., LTD.**  
*(incorporated in the People's Republic of China with limited liability)*

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**RULES OF THE  
(H SHARE) SHARE AWARD SCHEME**

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Adopted by a resolution of the shareholders of  
Midea Group Co., Ltd. on [●] 2025

**WARNING:** The contents of this Scheme and the documents referred to in it have not been reviewed by any regulatory authority in Hong Kong or elsewhere. You are advised to exercise caution in relation to the offer of Awards under this Scheme. If you are in any doubt about any of the contents of this Scheme, you should obtain independent professional advice.

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**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Scheme, unless the context otherwise requires, the following expressions have the meanings set out below:

**A Shares** mean the A shares with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in Renminbi;

**Adoption Date** means [●], being the date on which this Scheme is conditionally adopted by Shareholders in general meeting;

**associate** has the meaning ascribed to it in the Listing Rules;

**Auditors** mean the auditors of the Company from time to time;

**Award** means an award granted under this Scheme in the form of RSUs;

**Board** means the board of Directors of the Company from time to time or a duly authorised committee of the Board or such other committee as the Board may authorise;

**Board Lot** means the board lot in which H Shares are traded on the Stock Exchange from time to time;

**Business Day** means any day on which the Stock Exchange is open for the business of dealing in securities;

**Cash Payment** means an amount in cash to be paid to a Grantee in satisfaction of an Award (in part or in whole and in one or multiple instalments) upon its vesting, the amount of which shall be determined by the Company in accordance with the formula set out below:

$$\text{Cash Payment} = (A \times B) - C$$

where:

**A** = the number of H Shares in respect of which the Award has vested;

**B** = the price at which the Company or the Trustee sells the H Shares in respect of which the Award has vested,

**C** = the relevant fees and expenses incurred by the Company or the Trustee from selling the relevant H shares (including but not limited to international remittance fees),

and the Company's determination of the amount of the Cash Payment shall, in the absence of fraud or manifest error, be binding on the Company and the relevant Grantee;

**CMO** means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended and restated from time to time;

**Company** means Midea Group Co., Ltd., a joint stock company incorporated in the People's Republic of China with limited liability;

**Competitor** means any corporation, partnership, joint venture, trust, individual proprietorship, firm, governmental unit or other enterprise (including any of their respective affiliates) that carries on activities for profit or is engaged in or is about to become engaged in any activities of any nature that compete (directly or indirectly) with a product, process, technique, procedure, device or service of the Company or any Group Company;

**connected person** has the meaning ascribed to it in the Listing Rules;

**core connected person** has the meaning ascribed to it in the Listing Rules;

**Director** means a director of the Company;

**Existing Shares** mean the H Shares already in issue which the Company directs the Trustee to purchase on- or off-market;

**Grant** means the grant of an Award made to a Participant in accordance with **paragraph 3.1**;

**Grant Date** means, in respect of an Award, the date on which a Grant is made to a Participant, which must be a Business Day;

**Grantee** means any Participant who accepts a Grant in accordance with the terms of this Scheme or, where the context so permits, any person entitled to any such Award in consequence of the death of the original Grantee or the legal personal representative of such person;

**Group** means the Company and its subsidiaries (as defined in the CMO);

**Group Company** means a member of the Group;

**H Shares** mean the H shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and traded in Hong Kong dollars;

**Hong Kong** means the Hong Kong Special Administrative Region of the People's Republic of China;

**Listing Rules** means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

**Market Value** means the closing price of an H Share as stated in the daily quotations sheets issued by the Stock Exchange on any Business Day;

**New Approval Date** has the meaning ascribed to it in **paragraph 7.3**;

**New Shares** mean (i) new H Shares that are allotted and issued by the Company and (ii) Treasury Shares;

**Notice of Grant** has the meaning ascribed to it in **paragraph 3.2**;

**Other Share Schemes** mean any other share-based incentive scheme adopted by the Company from to time which are governed by Chapter 17 of the Listing Rules and pursuant to which the Company may make Share Grants;

**Participant** means an employee or director (including executive and non-executive directors) of the Group;

**Remuneration Committee** means the duly constituted remuneration committee of the Board;

**RMB** or **Renminbi** mean Renminbi Yuan, the lawful currency of the People's Republic of China;

**RSU** means a restricted share unit, being a contingent right to receive H Shares pursuant to this Scheme;

**Scheme** means this (H Share) Share Award Scheme in its present form or as amended from time to time in accordance with the provisions hereof;

**Scheme Mandate Limit** means the total number of New Shares which may be issued and allotted under this Scheme and other share schemes of the Company, being 10,000,000 H Shares (representing approximately 0.13 per cent. of the total number Shares in issue (excluding Treasury Shares) and approximately 1.54 per cent. of the total number of H Shares in issue on the Adoption Date);

**Shareholder(s)** means holder(s) of Shares;

**Share Grants** mean the grant of share awards and/or share options over New Shares under Other Share Schemes;

**Shares** mean the A Shares and H Shares, both with a nominal value of RMB1.00 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;

**Stock Exchange** means The Stock Exchange of Hong Kong Limited;

**substantial shareholder** has the meaning ascribed to it in the Listing Rules;

**Takeovers Code** means the Hong Kong Takeovers Code as issued by the Securities and Futures Commission of Hong Kong;

**Term** has the meaning ascribed to it in **paragraph 2.3**;

**Treasury Shares** mean the H Shares that have been repurchased by the Company and are held in treasury;

**Trustee** means the professional trustee from time to time of this Scheme appointed by the Company pursuant to **paragraph 2.6**;

**vest** means the Grantee becoming entitled to receive all of some of the H Shares underlying the Award in accordance with the terms of the Award and this Scheme;

**Vesting Date** means the date to be determined by the Board and notified to the relevant Grantee in the Notice of Grant on which the H Shares underlying the Award may vest; and

**Vesting Period** means the period commencing on the Grant Date and ending on the Vesting Date.

1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References to **paragraphs** are to the paragraphs of this Scheme. Words importing the singular include the plural and *vice versa*, words importing a gender or the neuter include both genders and the neuter references to persons include bodies corporate or unincorporate.

1.3 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.

1.4 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.

1.5 In construing this Scheme:

- (a) the rule known as the *ejusdem generis* rule shall not apply and accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

## **2. PURPOSE, DURATION AND ADMINISTRATION OF THIS SCHEME**

2.1 The purpose of this Scheme is to:

- (a) further develop the self-motivation and creativity of key talent and to continually improve the Company's governance level and to attract, motivate, and retain core talent who have a significant impact on the Company's future development; and
- (b) inspire a sense of mission and responsibility within the Company, advocate for a performance culture oriented towards creating value, establish and perfect a mechanism for sharing interests between workers and owners, align the interests of the Company, Shareholders, and employees, and ensure the realisation of the Company's development strategy and business objectives.

2.2 This Scheme shall be subject to the administration of the Board. The Board's decision as to all matters arising in relation to this Scheme and its interpretation and effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to:

- (a) interpret and construe the provisions of this Scheme;
- (b) determine the Participants (if any) who shall be offered Awards pursuant to this Scheme;
- (c) determine the terms on which Awards are granted;
- (d) determine the number of H Shares underlying the Awards;
- (e) subject to **paragraphs 7 and 14**, make such adjustments to the terms of this Scheme and to the terms of Awards granted pursuant to this Scheme as the Board deems necessary and shall notify the relevant Grantee(s) of such adjustment(s) by written notice; and

- (f) make such other decisions or determinations as it shall deem appropriate in relation to the Awards, vesting, and/or the administration of this Scheme provided that the same are not inconsistent with the provisions of this Scheme, applicable law and the Listing Rules.

2.3 This Scheme shall take effect subject to the passing of the resolution by the Shareholders to approve and adopt this Scheme and to authorise the Board or the Remuneration Committee to grant Awards pursuant to this Scheme and to allot and issue or otherwise deal with H Shares in connection with this Scheme.

2.4 Subject to **paragraph 16**, this Scheme shall be valid and effective for the period commencing on the date on which all of the conditions set out in **paragraph 2.3** above have been satisfied and expiring on the tenth anniversary thereof or such earlier date as the Scheme is terminated in accordance with **paragraph 16** (the *Term*), after which period no further Awards shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Awards granted during the Term shall continue to be valid in accordance with their terms of grant after the end of the Term.

2.5 No member of the Board shall be personally liable by reason of any contract or other instrument executed by him or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith in relation to the administration or interpretation of this Scheme, and to the extent permitted by law, the Company shall indemnify on demand and hold harmless each Director, employee or officer of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own negligence, fraud or bad faith.

2.6 The Company may appoint the Trustee to assist with the administration and vesting of Awards granted pursuant to this Scheme. The Company may to the extent permitted by applicable laws and the Listing Rules: (a) allot and issue New Shares to the Trustee to be held by the Trustee for specific Grantees which will be used to satisfy the Awards granted to those specific Grantees upon vesting; and/or (b) direct and procure the Trustee to acquire Existing Shares to satisfy the Awards upon vesting, provided that the Trustee shall abstain from voting in respect of such Existing Shares unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given. The Company shall, to the extent permitted by applicable laws, provide sufficient funds to the Trustee by whatever means as the Board may in its sole and absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of Awards.

### **3. GRANT OF AWARDS**

3.1 On and subject to the terms of this Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound) at any time during the Term to make a Grant to any Participant, as the Board may in its absolute discretion select. In determining the basis of eligibility of Participants, the Board will take into consideration matters including, but not limited to: (i) the Group's overall business objectives, development plans and compensation strategy; (ii) the scope of the Participant's responsibilities and their contribution or expected contribution to the Group's broader business and strategy; and/or (iii) the Participant's personal performance and future development potential.

3.2 A Grant shall be made to a Participant by a notice (the *Notice of Grant*) in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the Award on the terms on which it is to be granted and to be bound by the terms of this Scheme

and any other terms and conditions as contained in the Notice of Grant. The Notice of Grant shall remain open for acceptance by the Participant for such time to be determined by the Board, provided that no such Grant shall be open for acceptance after the expiry of the Term or after the Participant to whom the Grant is made has ceased to be a Participant.

3.3 The Notice of Grant shall specify the terms on which the Award is to be granted, including but not limited to:

- (a) the number of H Shares underlying the Award;
- (b) the Grant Date and the Vesting Date;
- (c) any performance conditions or other conditions that must be satisfied in order for the Award to vest in whole or in part; and
- (d) any other terms which the Board has determined shall apply to the Award.

3.4 Subject to and in accordance with the terms of this Scheme and the specific terms applicable to each Award (including the assessment of any performance conditions), an Award shall vest on the Vesting Date. The Board may in its sole and absolute discretion make, in individual cases, the vesting of an Award conditional on the achievement of objective performance conditions which shall be documented in the Notice of Grant. The performance conditions may include a combination of key performance indicators, such as:

- (a) the business performance and financial performance of the Group, including but not limited to revenue, weighted average return on equity, net profit, net growth, earnings per Share, return on equity, market capitalisation and inventory turnover);
- (b) the performance of the business unit or product line in which the Grantee works;
- (c) the individual performance of the Grantee based on the annual performance assessment results.

3.5 The Board may, at its sole discretion, vary, waive or amend any such performance condition or may impose entirely different performance conditions to those specified in the Notice of Grant, to the extent permitted under applicable law and the Listing Rules. If any of the performance conditions are not satisfied in whole or in part, the Award shall lapse automatically in respect of such proportion of underlying H Shares as have not vested with effect from the date on which the conditions are not satisfied.

3.6 The Vesting Period for Awards may not be shorter than 12 months unless otherwise determined by the Remuneration Committee where the Grant:

- (a) is made to Grantees to replace the share awards they forfeited when leaving the previous employer;
- (b) is made to Grantees whose employment is terminated due to death, disability or upon the occurrence of any out of control event, where the vesting of the Awards may accelerate based on the discretion of the Board (or the Remuneration Committee, as the case may be);
- (c) has performance-based vesting conditions in lieu of time-based vesting conditions;



- (d) which would been made earlier but for administrative and compliance reasons and are made in a subsequent batch, in order to put the Grantees in the same position as they would have been in had the grant of Awards been made earlier; and
- (e) with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months.

3.7 The Board may, in its sole and absolute discretion, determine whether all or any of the H Shares underlying any Award granted or to be granted under the Scheme shall be satisfied upon vesting by:

- (a) the allotment and issue of New Shares;
- (b) the transfer of Treasury Shares;
- (c) the transfer of Existing Shares;
- (d) a Cash Payment; and/or
- (e) any combination of the above.

Any such determination may be made on a case-by-case basis or generally at any time prior to the Vesting Date of the Award in question.

3.8 No Grant shall be made to, nor shall any Grant be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules (including any dealing code of the Company).

3.9 A Grant is accepted when the Company receives written notice (in electronic or hard copy form or such other form as the Board may accept) of the Grantee's acceptance.

3.10 A Grant may be accepted in full or in part, provided that if it is accepted in part, the acceptance must be in respect of a Board Lot or an integral multiple thereof.

3.11 For the avoidance of doubt, if for any reason, the Grantee's position is adjusted or if he is demoted, the Company shall have sole and absolute discretion at any time to adjust (including to reduce) the number of H Shares underlying his Award.

3.12 The Board may not Grant any Award after inside information has come to its knowledge until such time (and including) the Business Day after such information has ceased to constitute inside information. In particular, the Board may not make any Grant during the period commencing 30 days immediately before the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results announcement.

3.13 Where a Grant is made to a Director or to any Participant who, because of his office or employment in the Group or any Group Company, is likely to be in possession of unpublished price-sensitive information in relation to the Shares, no Grant may be made on any day on which the financial results of the Company are published and during the period of:

- (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

#### **4. GRANT OF AWARDS TO CONNECTED PERSONS AND INDIVIDUALS**

4.1 Any Grant to a Participant who is a Director, chief executive of the Company or substantial shareholder (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Grant in question).

4.2 In any 12-month period, the maximum number of New Shares allotted and issued or transferred (and to be allotted and issued or transferred) upon:

- (a) the vesting of all Awards granted under this Scheme; and
- (b) the vesting or exercise of all Share Grants made under Other Share Schemes,

(excluding any Awards and Share Grants which have lapsed or have been encashed) to any individual Participant shall not exceed 1 per cent. of the Shares in issue. Where any further Grant over New Shares to a Participant under this Scheme would result in the breach of this limit, such Grant must be separately approved by Shareholders in general meeting in accordance with the Listing Rules.

4.3 Where any Award granted to a Participant who is a Director (excluding independent non-executive Directors) or chief executive of the Company or any of their respective associates would result in the New Shares allotted and issued or transferred (and to be allotted and issued or transferred) upon:

- (a) the vesting of all Awards granted under this Scheme; and
- (b) the vesting of all Share Grants (excluding share options) made under Other Share Schemes,

(excluding any Awards and Share Grants (other than share options) which have lapsed or have been encashed) to such person in the 12-month period up to and including the Grant Date representing in aggregate over 0.1 per cent. of the Shares in issue, such further Grant over New Shares under this Scheme shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

4.4 Where any Award granted to a Participant who is a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the New Shares allotted and issued or transferred (and to be allotted and issued or transferred) upon the:

- (a) vesting of all Awards granted under this Scheme; and

- (b) vesting or exercise of all Share Grants made under Other Share Schemes,

(excluding any Awards and Share Grants which have lapsed or have been encashed) to such Participant in the 12-month period up to and including the Grant Date representing in aggregate over 0.1 per cent. of the Shares in issue, such further grant of Awards over New Shares under this Scheme shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

4.5 For the avoidance of doubt, the limitations set out in **paragraphs 4.2 to 4.4** shall apply to Awards and Share Grants over New Shares only and do not apply to Awards and Share Grants over Existing Shares. Treasury Shares (if any) shall be excluded from the number of Shares in issue for the purpose of determining any of the above limitations in **paragraphs 4.2 to 4.4**.

## **5. VESTING**

5.1 Subject to **paragraph 5.2**, Awards which have vested shall be satisfied within a reasonable period at the Company's sole and absolute discretion by:

- (a) the Company allotting and issuing the relevant number of H Shares or transferring the relevant number of Treasury Shares to the Grantee credited as fully paid;
- (b) the Company directing and procuring the Trustee to transfer to the Grantee the relevant number of Existing Shares;
- (c) the Company paying or procuring the payment of a Cash Payment (and the Company may in its sole and absolute discretion pay or procure the payment of the Cash Payment in Hong Kong dollars or the equivalent in the Grantee's local currency (converted on the basis of such exchange rate as the Company may in its sole and absolute discretion determine); or
- (d) a combination of the above,

together with a sum equivalent to the total amount of dividends and distributions (if any) accrued during the Vesting Period on the relevant number of H Shares which have vested. Such dividends and distributions (if any) may be held on trust by the Trustee during the Vesting Period, as applicable.

5.2 Notwithstanding the foregoing, if the Company, the Trustee or any Grantee would or might be prohibited by the Listing Rules or by any other applicable laws, regulations or rules (including any dealing code of the Company) from dealing in the Shares on the Vesting Date or within the period specified above, the date on which the Award shall vest or the relevant Shares under such Award shall be allotted and issued or transferred (as the case may be) to the Grantee shall occur as soon as possible after the date when such dealing is permitted.

5.3 Upon vesting, a Grantee shall be eligible to receive the dividends and distributions (if any) paid during the Vesting Period on the relevant number of H Shares which have vested. Subject to the foregoing, a Grantee shall have no other rights in respect of any H Shares underlying the Awards granted until such H Shares have been transferred to the Grantee, including but not limited to voting rights in respect of such H Shares subject to an Award. The H Shares to be allotted and issued or transferred upon the vesting of Awards shall be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on the liquidation or winding-up of the Company) as, the existing fully paid H Shares in issue on the date on which those H

Shares are allotted and issued or transferred pursuant to the vesting of Awards and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which H Shares are allotted and issued, or transferred.

## **6. CORPORATE EVENTS**

6.1 In the event a general offer (which, for the avoidance of doubt, does not include a takeover by way of scheme of arrangement pursuant to **paragraph 6.2** below) is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror as permitted under the Takeovers Code) by any person and such offer becomes or is declared unconditional prior to the Vesting Date of any Award, the Board may, in its discretion, determine that the H Shares underlying the Award (to the extent not already vested) shall vest in accordance with **paragraph 6.5**. Any such decision by the Board shall be promptly notified to the Grantees. Subject to the foregoing, the Award (to the extent not vested) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes for acceptance.

6.2 In the event a takeover or privatisation of the Company by way of scheme of arrangement or similar arrangement (including but not limited to a merger by absorption) is made by any person to all Shareholders and has been approved by the necessary number of Shareholders at the requisite meeting(s) prior to the Vesting Date of any Award, the Board may, in its discretion, determine that the H Shares underlying the Award (to the extent not already vested) shall vest in accordance with **paragraph 6.5**. Any such decision by the Board shall be promptly notified to the Grantees. Subject to the foregoing and to the scheme of arrangement or similar arrangement becoming effective, any Award (to the extent not vested) will lapse automatically on the date on which such scheme of arrangement or similar arrangement becomes effective.

6.3 If a compromise or arrangement (other than a scheme of arrangement contemplated in **paragraph 6.2**) between the Company and the Shareholders and/or the creditors of the Company is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies prior to the Vesting Date of any Award, the Board shall give notice thereof to all Grantees on the same day as it despatches to the Shareholders and/or its creditors a notice summoning the meeting to consider such a compromise or arrangement. The Board may, in its discretion and subject to applicable laws, determine that the H Shares underlying the Award (to the extent not already vested) shall vest in accordance with **paragraph 6.5**, in which case, the Board shall endeavour to procure that the H Shares allotted and issued or transferred (as the case may be) upon the vesting of Awards in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such H Shares shall in all respects be subject to such compromise or arrangement.

6.4 In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the Vesting Date of any Award, the Company shall give notice thereof to all the Grantees on the same day as it despatches to the Shareholders the notice convening the meeting. The Board may, in its discretion and subject to applicable laws, determine that the H Shares underlying the Award (to the extent not already vested) shall vest in accordance with **paragraph 6.5**, in which case the Board shall endeavour to procure that the Shares allotted and issued or transferred (as the case may be) upon the vesting of Awards in such circumstances shall for the purposes of such winding-up form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such winding-up.

6.5 Upon the occurrence of any of the events referred to in **paragraphs 6.1 to 6.4** and prior to the offer becoming or being declared unconditional or prior to the date of the relevant meeting(s) (as the case may be), the Board shall determine in its discretion in accordance with applicable law, the Takeovers Code and the Listing Rules (i) whether any early vesting of Awards will occur; (ii) the number of H Shares underlying the Awards (if any) which shall vest; and (iii) the date on which any such vesting will occur shall be determined by the Board in its discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied; and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event. The Company shall then notify the Grantee of the date on which and the extent to which his Award will vest. If the Board determines that any Award shall vest in part only or shall not vest in its entirety, the balance or the whole of the Award (as the case may be) shall lapse. For the avoidance of doubt, any exercise of discretion by the Board shall be in accordance with Chapter 17 of the Listing Rules.

## **7. MAXIMUM NUMBER OF NEW SHARES TO BE ALLOTTED AND ISSUED OR TRANSFERRED**

7.1 At any time during the Term, the maximum aggregate number of New Shares which may be allotted and issued or transferred by the Company under this Scheme shall be calculated in accordance with the following formula:

$$X = A - B - C$$

where:

- X** = the maximum aggregate number of New Shares which may be allotted and issued or transferred by the Company under this Scheme;
- A** = the Scheme Mandate Limit (being 10,000,000 H Shares);
- B** = the maximum aggregate number of New Shares that may be allotted and issued or transferred upon the vesting of Awards already granted under this Scheme; and
- C** = the maximum aggregate number of New Shares that may be allotted and issued or transferred upon the vesting or exercise of any Share Grants already granted under Other Share Schemes.

H Shares in respect of Awards which have lapsed or have been encashed in accordance with the terms of this Scheme (and Share Grants that have lapsed or have been encashed under Other Share Schemes) will not be counted for the purpose of the formula above.

7.2 The Scheme Mandate Limit may be renewed (a) every three years subject to prior Shareholders' approval; or (b) within a three-year period with the relevant persons specified in the Listing Rules abstaining from voting on the relevant resolution, with the approval of the Shareholders in general meeting, and in each case, in accordance with the requirements of the Listing Rules.

7.3 In any event, the total number of New Shares which may be allotted and issued under this Scheme and under Other Share Schemes following the date of approval of the renewed limit (the **New Approval Date**) under the limit as renewed must not exceed 10 per cent. of the relevant class of Shares in issue (excluding Treasury Shares) as at the New Approval Date. H Shares in respect of which Awards are granted pursuant to this Scheme and Other Share Schemes (including those outstanding, lapsed or vested, exercised or encashed) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of New Shares which may be allotted and issued or transferred following the New

Approval Date. For the avoidance of doubt, (a) Shares issued prior to the New Approval Date pursuant to the vesting of Awards will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date and (b) Treasury Shares (if any) shall be excluded from the number of Shares in issue for the purpose of determining the Scheme Mandate Limit.

7.4 Notwithstanding the foregoing, the Company may grant Awards beyond the Scheme Mandate Limit to Participants if:

- (a) separate Shareholders' approval has been obtained for granting Awards beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
- (b) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules.

7.5 In calculating whether the Scheme Mandate Limit has been exceeded, Awards under this Scheme or Share Grants made under Other Share Schemes which have lapsed or have been encashed in accordance with the terms of the relevant scheme shall not be counted.

7.6 The Scheme Mandate Limit referred to in **paragraph 7.1** (or as increased in accordance with **paragraph 7.2**) will be adjusted, in such manner as the Auditors or an independent financial adviser shall confirm in writing to the Board in accordance with **paragraph 10**, in the event of any alteration in the capital structure of the Company whether by way of capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company.

## **8. TRANSFERABILITY**

8.1 An Award shall be personal to the Grantee and shall not be assignable or transferable by the Grantee and the Grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Award (save that, for the avoidance of doubt, where permitted by applicable laws and regulations (including the Listing Rules) and subject to the approval of the Stock Exchange, the Grantee may transfer Awards to a vehicle (such as a trust or a private company) for the sole benefit of such Grantee and any family members of such Grantee that would continue to meet the purpose of this Scheme, provided the terms of grant of such Award will continue to bind any such transferee with reference to the Grantee, where relevant.

8.2 The terms of this Scheme and the Notice of Grant shall be binding upon the permitted assignees and transferees of the Grantee.

## **9. LAPSE OF AWARDS**

9.1 Notwithstanding any other provisions of the Scheme, an Award (or any part thereof) that has not vested shall lapse automatically on the earliest of:

- (a) the date of termination of the Grantee's employment, service or engagement by the Company or a Group Company;
- (b) the date on which the Grantee:
  - (i) becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning more than a 5 per cent. interest in, any Competitor; or

- (ii) knowingly performs any act that may confer any competitive benefit or advantage upon any Competitor;
- (c) subject to **paragraph 6.1**, the date on which the offer (or, as the case may be, revised offer) closes for acceptance;
- (d) subject to **paragraph 6.2**, the date on which the scheme of arrangement or similar arrangement referred to in **paragraph 6.2** becomes effective;
- (e) the date on which the compromise or arrangement referred to in **paragraph 6.3** becomes effective;
- (f) the date of the commencement of the winding-up of the Company;
- (g) the date on which the Grantee (whether intentionally or otherwise) commits a breach of **paragraph 8.1**;
- (h) the date on which the Grantee is declared bankrupt or enters into any arrangement or compromise with his creditors generally; and
- (i) in respect an Award which is subject to performance or other vesting condition(s), the date on which the condition(s) to vesting of the Award is not satisfied (save that the Award shall lapse only in respect of such proportion of underlying H Shares as have not vested because of the application of such performance or other vesting condition(s)).

9.2 The Board shall have the right to determine whether the Grantee's employment, service or engagement has been terminated, the effective date of such termination for Cause and whether someone is a Competitor, and such determination by the Board shall be final and conclusive.

9.3 If the Grantee's employment, service or engagement with a Group Company is terminated due to retirement, work-related death or disability prior to the Vesting Date of any Award, then notwithstanding any other terms on which the Award was granted, the Board may determine in its discretion whether such Award shall vest, the extent to which it shall vest and when such Award (or part thereof) shall vest. If no such determination is made, the Award shall lapse with effect from date on which the Grantee's employment, service or engagement is terminated. To the extent that the Board determines that such Award shall not vest in respect of some or all of the underlying H Shares, such Award shall lapse automatically in respect of those H Shares with effect from such termination date. For the avoidance of doubt, any exercise of discretion by the Board shall be in accordance with Chapter 17 of the Listing Rules.

9.4 For the avoidance of doubt, if an Award lapses in whole or in part for any reason, any dividends and distributions accrued on the H Shares underlying such Award shall no longer be payable to the Grantee.

## **10. REORGANISATION OF CAPITAL STRUCTURE**

10.1 In the event of an alteration in the capital structure of the Company by way of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company or any Group Company is a party or in connection with any share option, restricted share or other share schemes of the Company), such corresponding adjustments (if any) shall be made to:

- (a) the Scheme Mandate Limit in the case of a subdivision or consolidation of Shares;
- (b) the number and/or nominal value of H Shares underlying any Award which has not yet vested and/or been satisfied; and/or
- (c) the number and/or nominal value of H Shares underlying any Award which has not yet vested and/or been satisfied,

or any combination thereof, provided that:

- (d) any such adjustments give a Grantee the same proportion of the share capital of the Company as that to which that Grantee was previously entitled; and
- (e) notwithstanding this paragraph, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, the Auditors or an independent financial adviser to the Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable.

10.2 The Company shall engage the Auditors or an independent financial adviser to the Company to certify in writing, either generally or as regards any particular Grantee, that the adjustments made by the Company under **paragraph 10.1** satisfy the requirements set out in **paragraphs 10.1(d) and 10.1(e)** above. The capacity of the Auditors or the independent financial adviser to the Company (as the case may be) in this **paragraph 10** is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

## **11. SHARE CAPITAL**

11.1 The issue of any Award and the vesting of any Award shall (except where an Award is to be satisfied by the transfer of Existing Shares) be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject to the foregoing, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the vesting of Awards.

## **12. DISPUTES**

12.1 Any dispute arising in connection with this Scheme shall be referred to the decision of the Board in the first instance, which decision shall, in the absence of manifest error, be final and binding on the Company, the Grantee and to the extent permitted by the Trustee (if applicable). Should the Board, in its sole and discretion, decide, any dispute referred to it may subsequently be referred to the decision of the Auditors who shall then act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company, the Grantee and to the extent permitted by the Trustee (if applicable). In such cases, the costs of the Auditors shall be shared equally between the Company and the relevant Grantee.



### 13. MALUS AND CLAWBACK

13.1 If circumstances occur which, in the reasonable opinion of the Board, justify a reduction to the Award, the Board may in its discretion at any time before the Award is vested determine that the number of H Shares in respect of which the Award is granted shall be reduced to such number (including to nil) as the Board considers appropriate in the circumstances.

13.2 If circumstances occur which, in the reasonable opinion of the Board, justify a reduction in respect of the H Shares been transferred, the Board may in its discretion determine (acting fairly and reasonably) that the Grantee should repay to the Company (whether by redemption or repurchase of relevant H Shares, payment of cash proceeds or deductions from or set offs against any amounts owed to the Grantee by the relevant Group Company) an amount equal to the benefit (including any dividends and distributions), calculated on an after-tax basis, that the Grantee received, provided that the Board may, at its discretion, determine that a lesser amount should be repaid. Each Grantee shall be deemed to undertake, as a condition of participation in this Scheme, to do all things necessary to complete the redemption or repurchase of relevant H Shares or pay cash in order to comply with this **paragraph 13** and to expressly authorise deductions from or set offs against any amounts owed to the Grantee by the relevant Group Company.

13.3 The circumstances in which the Board may consider that it is appropriate to exercise its discretion under **paragraphs 13.1 and 13.2**, may, without limitation, include the following:

- (a) a material misstatement or restatement in the audited financial accounts of any Group Company (other than as a result of a change in accounting practice);
- (b) the negligence, fraud or serious misconduct of a Grantee which results in or is reasonably likely to result in:
  - (i) significant reputational damage to any Group Company (or to a relevant business unit, product line or function of any Group Company);
  - (ii) a material adverse effect on the financial position of any Group Company (or to a relevant business unit, product line or function of any Group Company);
  - (iii) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of any Group Company (or to a relevant business unit, product line or function of any Group Company);
- (c) the Grantee being employed or engaged by any Group Company (or the relevant business unit, product line or function of any Group Company) that suffers:
  - (i) significant reputational damage;
  - (ii) a material adverse effect on its financial position; or
  - (iii) a material adverse effect on its business opportunities and prospects for sustained performance or profitability; or
- (d) a breach of the Company's "red line" as defined under the "Management Measures for Accountability of Midea Group", "Measures for Cadre Management of Midea Group" or "Employee Code of Conduct of Midea Group";
- (e) a significant breach by the Grantee of the Company's internal management system or other actions that harm the Company's interests; or

- (f) significant violations by the Grantee are found during the departure audit.

#### **14. ALTERATION OF THIS SCHEME**

14.1 Save as provided in this **paragraph 14**, the Board may alter any of the terms of this Scheme at any time, including but not limited to the method by which a Participant accepts the Award, and such other minor amendments to benefit the administration of the Scheme, provided that such alterations comply with the requirements of applicable law and the Listing Rules, to the extent applicable.

14.2 Those specific provisions of this Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Grantees or Participants, any alterations of the terms and conditions of this Scheme of a material nature and changes to the authority of the Board in relation to any alteration of the terms of this Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.

14.3 Any changes to the terms of the Awards granted (save where the alterations take effect automatically under the existing terms of this Scheme) shall be subject to approval of the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial Grant was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be).

14.4 After any alteration, this Scheme so altered must comply with Chapter 17 of the Listing Rules.

#### **15. CANCELLATION**

15.1 The Board may at any time cancel Awards previously granted but which have not yet vested. Where the Company cancels Awards and offers new Awards to the same Grantee, the offer of such new Awards may only be made with available Awards to the extent not yet granted (excluding the cancelled Awards) within the limits prescribed by **paragraph 7**.

#### **16. TERMINATION**

16.1 The Company may by ordinary resolution in general meeting or the Board may at any time terminate this Scheme and in such event, no further Awards may be offered or granted but in all other respects the terms of this Scheme shall remain in full force and effect in respect of Awards which are granted during the Term and which remain unvested or which have vested but not yet been satisfied immediately prior to the termination of this Scheme.

## **17. MISCELLANEOUS**

17.1 The Company shall bear the costs of establishing and administering this Scheme.

17.2 A Grantee shall be entitled to access copies of all notices and other documents sent by the Company to the Shareholders through the Company's website.

17.3 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address as notified to the Company from time to time.

17.4 Any notice or other communication served:

- (a) by post: (i) by or on behalf of the Company shall be deemed to have been served two Business Days after the same was put in the post; and (ii) by the Grantee shall not be deemed to have been served until the same shall have been received by the Company;
- (b) by any electronic means: (i) by or on behalf of the Company shall be deemed to have been served at the time at which such notice is sent; and (ii) by or on behalf of the Grantee shall not be deemed to have been served until the same shall have been received by the Company; and
- (c) by the Company or by a Grantee by hand shall be deemed to be served when delivered.

17.5 Any liability of a Grantee to tax or social security contributions in respect of an Award shall be for the account of the Grantee and the allotment and issue and/or transfer (as the case may be) of H Shares or the making of a Cash Payment (together with the payment of the relevant dividends and distributions, if any) pursuant to the vesting of his Award shall be conditional on the Grantee complying with any arrangements specified by the Company or the Trustee for the payment of any tax and social security contributions, including, without limitation, authorising:

- (a) the Company or the Trustee to sell, on behalf of the Grantee, a sufficient number of the H Shares allotted and issued and/or transferred to the Grantee pursuant to the vesting of his Award to satisfy any tax and social security contribution liability (and the fees and expenses incurred by the Company or the Trustee from selling the relevant H Shares shall also be deducted from the proceeds); or
- (b) the Company to withhold the amount of any tax and social security contribution liability from any Cash Payment, dividends and distributions (if any), remuneration or other amounts owing to the Grantee.

17.6 All allotments and issues and/or transfers of H Shares and payment of the Cash Payment and dividends and distributions (if any) will be subject to all applicable laws, regulations, rules and requirements for the time being in force in any relevant jurisdiction. A Grantee shall be responsible for obtaining any governmental, regulatory or other official consent or approval and going through any other governmental, regulatory or other official procedures that may be required by any country or jurisdiction for the Grant or vesting of his Award.

17.7 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the vesting of any Award. The Company or any Group Company may coordinate or assist a Grantee in complying with such applicable requirements and taking any other actions as may be required by any applicable laws,

regulations or rules. However, neither the Company nor any Group Company shall be responsible for: (i) any failure by a Grantee to obtain any such consent or approval; or (iii) any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme. A Grantee shall, on demand, indemnify the Company in full against all claims and demands which may be made against the Company or any Group Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to above or to pay tax or other liabilities referred to above and against all incidental costs and expenses which may be incurred by the Company or any Group Company.

17.8 Awards granted under this Scheme are not pensionable. Cash Payments and dividends and distributions (if any) paid to a Grantee in lieu of H Shares shall not form any part of the relevant income within the meaning of the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and shall not be attributable to contributions payable by the Company or any Group Company in accordance with the Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong) and the terms and conditions of the relevant retirement schemes of the Company and/or any Group Company.

17.9 Participation in this Scheme shall be at the Board's sole and absolute discretion and neither participation in this Scheme nor the receipt of a Grant pursuant to this Scheme shall create any right to or expectation of any future participation or offer under this Scheme or any other share schemes of the Group.

17.10 This Scheme shall not form part of any contract of employment or engagement of services between the Company or any Group Company and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participant in this Scheme or any right which he may have to participate in it and this Scheme shall afford such Participant no additional rights to compensation or damages in consequence of the termination (howsoever caused) of such office, employment or engagement for any reason (whether lawful or unlawful).

17.11 This Scheme (and other documents relating to this Scheme) does not constitute an offer or invitation to the public within the meaning of the CMO or the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). H Shares offered in relation to this Scheme (and any such documents) may not be offered or sold in Hong Kong by means of any document, except in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance.

17.12 No person may issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to H Shares offered in relation to the Scheme, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong.

17.13 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the other provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Awards and to determine the terms on which such Awards are granted to any of the Directors or any duly authorised committee of the Board from time to time.

17.14 The terms of this Scheme must be kept strictly confidential and should not be distributed to anyone other than the Participants (or by such Participants to their professional advisors in connection with obtaining advice).

17.15 The Board shall be entitled to establish such arrangements as it deems reasonably necessary with respect to the mechanisms to implement the vesting of Awards and the related registration, recording and reporting matters to ensure that the Grantees and the Company can comply with all applicable securities, foreign exchange and tax regulations of all relevant jurisdictions. Each Grantee shall authorise the Company to establish all necessary brokerage and other accounts on the Grantee's behalf and shall provide to the Company such information as the Board deems necessary in connection with the Company's and the Grantee's compliance with the foregoing obligations.

17.16 If any provision of this Scheme or its application to any person or in any circumstances is illegal, invalid or unenforceable to any extent, such illegality, invalidity or unenforceability shall not prejudice the effectiveness of the remainder of this Scheme or the application of such provision to other persons or in other circumstances and each other provision of this Scheme shall be legal, valid and enforceable to the fullest extent permitted by law.

17.17 This Scheme has been prepared in English and Chinese. In the event of any inconsistencies, the English version shall prevail.

17.18 This Scheme and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong. The courts of Hong Kong shall have exclusive jurisdiction in relation to all disputes (including non-contractual disputes) arising out of or in connection with this Scheme.