

Rules of Procedure for the Meeting of the Board of Directors of Qingdao Haier Co., Ltd.

CHAPTER 1 GENERAL PROVISIONS

For the purpose of further optimizing the governance structure of the Company and ensuring the normalization and effectiveness of the works of the Board of Directors, these rules are formulated in accordance with the *Company Law of the People's Republic of China* (hereinafter referred to as the “*Company Law*”), the *Code of Corporate Governance for Listed Companies* (hereinafter referred to as the “*Code of Corporate Governance*”), the *Articles of Association of Qingdao Haier Co., Ltd.* (hereinafter referred to as the “*Articles of Association*”), *Special Regulations of the State Council Concerning the Offering and Listing of Shares Overseas by Joint Stock Limited Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Market Abuse Regulation of European Union* (《关于市场滥用的欧盟规定》) (No.596/2014 of 14 April 2014, hereinafter referred to as the “MAR Regulation”, the *German Securities Trading Act* (Wertpapierhandelsgesetz, hereinafter referred to as the “WpHG Regulation”), and the *Listing Rules of Frankfurt Stock Exchange*, hereinafter collectively referred to as the “Related Listing Requirements of Frankfurt Stock Exchange”), and other relevant regulations and requirements.

CHAPTER 2 BOARD OF DIRECTORS AND ITS FUNCTIONS

Article 1 The Company shall establish a Board of Directors, and the Board of Directors shall be accountable to the general meeting.

Article 2 The Board of Directors shall comprise of nine directors, three of which shall be independent directors. The Board of Directors shall have one chairman and one to two vice chairman/chairmen. The directors are not required to hold the shares of the Company.

Article 3 The Board of Directors discharges the following functions in accordance with the *Company Law* and the *Articles of Association*:

1. to be responsible for convening of general meetings and reporting on its work to the general meetings;
2. to implement the resolutions of the general meetings;
3. to determine the operation plans and investment proposals of the Company;
4. to formulate the annual financial budgets and final accounts of the Company;
5. to formulate the profit distribution plan and loss recovery plan of the Company;
6. to formulate plans on increase or reduction of the registered capital, issuance of bonds or other securities and listing of the Company;
7. to draw up plans on significant acquisition, merger, division and dissolution or change of form of the Company;
8. to determine the issues in relation to the acquisition of shares of the Company under the circumstances described in item (3), item (5) and item (6) of Article 34 in the *Articles of Association*;
9. to determine, within the scope as authorized by the general meeting, matters of the Company such as its external investment, purchase and sale of assets, assets pledge, external guarantee, entrusted wealth management and related-party transactions;
10. to determine on the establishment of the Company's internal management bodies;
11. to engage or dismiss the Company's general manager and the Secretary of the Board of Directors; to engage or dismiss such senior management personnel of the Company as vice general manager, financial controller and etc. as proposed by the general manager, and to decide on matters relating to their remuneration, rewards and punishments;
12. to formulate the basic management systems of the Company;
13. to formulate proposals for amendments to the *Articles of Association*;
14. to manage the information disclosure of the Company;

15. to propose to the general meeting on appointment or replacement of an accounting firm that provides audit service to the Company;

16. to listen to the work reports of the Company's managers and inspect their work;

17. to exercise other functions and powers conferred by the laws, regulations and the Articles of Association.

Except for resolutions in respect of the matters specified in items 6, 7, 8, 13 above, which shall be passed by more than two-thirds of the directors, resolutions in respect of all other matters above made by the Board of Directors may be passed by more than half of the directors.

Article 4 The Board of Directors shall establish strict examination and decision-making procedures on external investment, purchase and sale of assets, assets pledge, external guarantee, entrusted wealth management and related-party transactions of the Company; consultations with relevant experts and professionals are required for material investment projects before such projects are submitted to the general meeting for approval.

The Board of Directors shall exercise the functions and powers on the matters stipulated in Article 203 of the *Articles of Association*.

Article 5 The Board of Directors shall not, without the prior approval from the general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the fixed assets to be disposed and the total amount of all the disposals of fixed assets of the Company that have been completed in the period of 4 months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a general meeting.

For the purposes of this Article, disposal of fixed assets includes an act involving the transfer of certain interests in assets but does not include the usage of fixed assets for the provision of guarantee.

The validity of transactions contemplated under disposal of fixed assets by the

Company shall not be affected by any breach of the first paragraph of this Article.

CHAPTER 3 CHAIRMAN

Article 6 Directors shall be elected at a general meeting. The term of office of the Directors shall be 3 years. Upon expiry of the current term of office, a Director shall be eligible to offer himself for re-election and re-appointment. The Chairman and Vice Chairman shall be elected and dismissed by more than one-half of all the Directors. The term of office of the Chairman and Vice Chairman shall be 3 years, renewable upon re-election.

Article 7 The Chairman of the Board of Directors shall exercise the following functions and powers:

1. to preside over general meetings and to convene and preside over meetings of the Board of Directors;
2. to supervise and inspect the implementation of board resolutions;
3. to sign the shares certificates, corporate bonds and other valuable securities of the Company;
4. to sign important documents of the Board of Directors and other documents requiring signature from the Company's legal representative;
5. to exercise the functions and powers of a legal representative;
6. where it is lawful and in the interest of the Company, to exercise the special right to deal with the Company's affairs during emergency such as the occurrence of significant natural disasters, and to report to the Company's Board of Directors and general meetings thereafter;
7. other functions and powers conferred by the Board of Directors.

Major matters of the Company shall be decided collectively by the Board of Directors, and the statutory functions and powers exercisable by the Board of Directors shall not be delegated to the Chairman, the general manager, etc.

The Vice Chairman of the Company shall assist the Chairman with its work. Where the Chairman is unable to or fails to exercise his/her/its powers, the Vice

Chairman shall perform the duties (if the Company has two or more Vice Chairmen, the Vice Chairman voted by more than one half of the directors shall perform the duties); where the Vice Chairman is unable to or fails to fulfill his/her/its duty, a director shall be elected by half of the directors to perform the duties.

CHAPTER 4 SECRETARY OF THE BORAD OF DIRECTORS

Article 8 The Board of Directors shall have a Secretary of the Board of Directors. The Secretary of the Board of Directors is a senior manager of the Company, accountable to the Board of Directors and serves as the designated contact person between the Company and the Shanghai Stock Exchange.

Article 9 The Secretary of the Board of Directors shall have the requisite professional knowledge and experience and shall be appointed by the Board of Directors.

Article 10 The main duties of the Secretary of the Board of Directors are as follows:

(1) to guarantee that the Company has complete organizational documents and records; to ensure that the Company prepares and submits according to law the reports and documents required by the regulatory authorities, to guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner. To be responsible for releasing the Company's information, to coordinate the Company's information disclosure, to organize the formulation of information disclosure management system of the Company, and to urge the Company and relevant information disclosure obligors to comply with the regulations on information disclosure;

(2) to take charge of the administration of investor relations, and coordinate the information communication with the securities regulatory authorities, investors, securities service authorities and the media;

(3) to organize the board meetings and general meetings, participate in general meetings, board meetings, meetings of the board of supervisors and senior management meetings, and take charge of and sign the minutes of board meeting;

(4) to take charge of the confidentiality of the information disclosure of the Company and report and disclose to Shanghai Stock Exchange, Frankfurt Stock Exchange and German Federal Financial Supervisory Authority in a timely manner in case of any leakage of unpublished material information;

(5) to monitor the media articles and actively verify the authenticity of the media articles and urge the Board of Directors of the Company to respond to the queries of Shanghai Stock Exchange, Frankfurt Stock Exchange and German Federal Financial Supervisory Authority in a timely manner;

(6) to organize training on the relevant laws, administrative regulations, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, Related Listing Requirements of Frankfurt Stock Exchange and other relevant requirements for the directors, supervisors and senior management personnel of the Company to assist them to understand their respective duties in the course of information disclosure;

(7) to remind the directors, supervisors and senior management of the Company and report to Shanghai Stock Exchange, German Federal Financial Supervisory Authority (if necessary) and Frankfurt Stock Exchange (if necessary) immediately upon understanding of their breach of the relevant laws, administrative regulations, departmental rules, other regulatory documents, the *Listing rules*, and other requirements of Shanghai Stock Exchange, Frankfurt Stock Exchange and German Federal Financial Supervisory Authority and the *Articles of Association* or upon the decision made or intended by the Company that is in breach of the relevant requirements;

(8) to take charge of shareholding management of the Company and maintain the information of the shares of the Company held by the directors, supervisors, senior management, controlling shareholders and its directors, supervisors and senior

management personnel and disclose the change in shareholdings of the directors, supervisors and senior management personnel of the Company;

(9) other responsibilities required by the *Company Law*, China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the German Federal Financial Supervisory Authority, Shanghai Stock Exchange and Frankfurt Stock Exchange.

Article 11 The Company shall facilitate the Secretary of the Board of Directors to perform his/her duties. The directors, supervisors, other senior management personnel and relevant staff shall support and cooperate with the Secretary of the Board of Directors.

For the purpose of exercising his/her duties and functions, the Secretary of the Board of Directors is entitled to access the financial position and business operation of the Company, to attend relevant meetings involving information disclosure, to consult all documents related to information disclosure, and to request relevant departments and staffs of the Company to provide relevant documents and information in a timely manner.

If the Secretary of the Board of Directors encounters improper or significant interruption when performing his/her duties, he/she may report directly to Shanghai Stock Exchange.

Article 12 A director (except for independent directors) or other senior management officer of the Company may hold the office of Secretary of the Board of Directors concurrently. Certified public accountant(s) of the accounting firm and lawyer(s) of the law firm appointed by the Company shall not act as the Secretary of the Board of Directors. Provided that where the office of Secretary of the Board of Directors is held concurrently by a director and an act is required to be done by a director and a Secretary of the Board of Directors separately, the person who holds the office of director and Secretary of the Board of Directors may not perform the act in dual capacity. The Secretary of the Board of Directors shall have the requisite

professional knowledge in terms of finance, management and law, possess good professional ethics and personal quality and have been granted with the Certificate of Training for Secretary of Board by Shanghai Stock Exchange. Any person under any of the following circumstances shall not serve as the Secretary of the Board of Directors:

- (1) any circumstance as provided in Article 146 of the *Company Law*;
- (2) having been subject to the administrative punishment imposed by CSRC in the recent three years;
- (3) having been publicly censured or criticized by circulating a notice of criticism for more than three times by a stock exchange in the recent three years;
- (4) currently serving as a supervisor of the Company;
- (5) other circumstances which Shanghai Stock Exchange deems inappropriate to take the post of Secretary of the Board of Directors.

Article 13 The Company shall submit the following information to the Shanghai Stock Exchange five trading days prior to the Board Meeting at which the Secretary of the Board of Directors is to be appointed. Provided that the Shanghai Stock Exchange has no objection to the qualification of the candidate for the post of Secretary of the Board of Directors, the Company may convene the Board Meeting and appoint the Secretary of the Board of Directors:

- (1) A recommendation letter from the Board of Directors, including a statement that the nominee (i.e. the candidate) meets the qualification for the post of Secretary of the Board of Directors as stipulated in these Rules, and his/her current position, work performance and other relevant matters;
- (2) Copies of the resume and education certificates of the candidate;
- (3) Copy of the Certificate of Training for Secretary of Board obtained by the candidate from Shanghai Stock Exchange.

Article 14 In addition to the appointment of the Secretary of the Board of

Directors, the Company shall appoint a Securities Affairs Representative simultaneously to assist the Secretary of the Board of Directors to perform his/her duties. When the Secretary of the Board of Directors is unable to perform his/her duties, the Securities Affairs Representative shall perform his/her duties and exercise his/her power on his/her behalf. Under the circumstances aforesaid, the responsibility of the Secretary of the Board of Directors in respect of information disclosure shall not be automatically waived.

A Securities Affairs Representative shall obtain a Certificate of Training for Secretary of Board issued by Shanghai Stock Exchange.

Article 15 After appointing the Secretary of the Board of Directors and Securities Affairs Representative, the Company shall make announcement and submit the following information to the Shanghai Stock Exchange in a timely manner:

- (1) Letters of appointment of the Secretary of the Board of Directors and Securities Affairs Representative or related board resolutions;
- (2) Contact information of the Secretary of the Board of Directors and Securities Affairs Representative, including office and home telephone numbers, mobile telephone number, fax, mailing address and email address, etc.;
- (3) Contact information of the Chairman of the Board of Directors, including office telephone number, mobile telephone number, fax, mailing address and email address.

In case of any change of the above-mentioned contact information, the Company shall promptly submit the changed information to the Shanghai Stock Exchange.

Article 16 The Company shall not remove the Secretary of the Board of Directors from his/her office without justification.

Upon removal of the Secretary of the Board of Directors by the Company or resignation of the Secretary of the Board of Directors, the Company shall promptly

report to Shanghai Stock Exchange to explain the reasons and publish an announcement thereof.

The Secretary of the Board of Directors is entitled to submit a personal statement in respect of any unfair removal or relevant issues of his/her resignation to Shanghai Stock Exchange.

Article 17 The Secretary of the Board of Directors shall be dismissed by the Company within one month from the date of the occurrence of one of the following circumstances:

- (1) any circumstance as stipulated under Article 12;
- (2) non-performance of duties for over three consecutive months;
- (3) significant errors and omissions in the performance of his/her duties, causing material losses to the investors;
- (4) violation of laws, regulations, rules, these Rules, other stipulations of Shanghai Stock Exchange and the *Articles of Association*, causing material losses to the investors.

Article 18 The Company shall, when appointing the Secretary of the Board of Directors, sign a confidentiality agreement with him or her and require him or her to undertake continued performance of the obligations for confidentiality during his or her term of office and after leaving office until the relevant information is disclosed, except for the information concerning the violation against laws and regulations by the Company.

The Secretary of the Board of Directors shall, before leaving office, subject himself or herself to the examination on the office leaving by the Board of Directors and the Board of Supervisors, and hand over the relevant archives, matters in progress or to be processed under the supervision of the Board of Supervisors of the Company.

Article 19 During any vacancy of the Secretary of the Board of Directors, the Company shall timely designate a director or senior management personnel to perform the duties of the Secretary of the Board of Directors, and report to Shanghai Stock Exchange for filing, and determine a new Secretary of the Board of Directors as soon as practicable. Prior to designation of a person to act as Secretary of the Board of Directors, the Chairman shall perform the duties of the Secretary of the Board of Directors.

Where the vacancy of the Secretary of the Board of Directors has lasted for over three months, the Chairman shall take the office of the Secretary of the Board of Directors till appointment of a new Secretary of the Board of Directors is made by the Company.

Article 20 The Company shall guarantee that the Secretary of the Board of Directors attends the follow-up training for Secretary of the Board of Directors organized by Shanghai Stock Exchange as required during the term of office.

Article 21 Shanghai Stock Exchange accepts the Secretary of the Board of Directors, the person acting as Secretary of the Board of Directors as stipulated in Article 19 or the Securities Affairs Representative to deal with the information disclosure and equity management affairs in the name of the Company.

The Secretary of the Board of Directors shall be nominated by the Chairman and appointed or removed by the Board of Directors. Where the Secretary of the Board of Directors is also a director and an action is required to be made by a director and the Secretary of the Board of Directors separately, such person who is acting both as a director and the Secretary of the Board of Directors shall not make such action in dual capacities.

CHAPTER 5 CONVENING AND HOLDING OF THE BOARD MEETING

Article 22 Board meetings shall be held at least four times a year. Meetings shall be convened by the Chairman of the Board of Directors. A written notice shall be given to all directors and supervisors at least ten days before the meeting is held. In case of emergency, an interim board meeting may be convened upon the proposal of more than two directors or the Company's managers.

Article 23 An interim meeting shall be convened and held by the Chairman of the Board of Directors within ten days upon the occurrence of any of the following circumstances:

1. It is deemed necessary by the Chairman of the Board of Directors;
2. It is so requested by shareholders representing more than 10% of the voting rights;
3. It is so requested by more than one-third of the directors collectively;
4. It is so requested by more than half of the independent directors;
5. It is so requested by the Board of Supervisors;
6. It is so requested by the managers.

Article 24 The notice of an interim board meeting shall be served by: telephone, e-mail or fax; the time limit of such notice is: notify all directors two days prior to the date of such meeting, except for any interim board meeting held under any special situations or emergency.

Article 25 A notice for a board meeting shall set out the followings:

- (1) time and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons and agenda;
- (4) issuance date of the notice.

Article 26 The proposals of the board meeting shall be delivered to all directors and relevant participants with the notice of the meeting.

The Board of Directors shall provide all directors with sufficient information,

including relevant background materials of proposals and information and data facilitating the directors' understanding of the Company's business progress. Where two or more independent directors believe that the materials are not sufficient or the demonstrations are not clear, they jointly make a written request to the Board of Directors for postponing the board meeting or postponing discussion of the matter, such request shall be adopted by the Board of Directors, and the Company shall timely disclose the relevant information.

Article 27 The directors shall attend the board meetings in person. If the directors are unable to attend for some reason, they may entrust other directors to attend on his/her behalf in writing. Independent directors may not entrust non-independent directors to vote on their behalf.

The power of attorney shall state clearly the names of the principal and proxy, the issue to be entrusted, brief opinion of the principal on each proposed item, the scope of authority and the instruction on the vote for the proposal, date and effective period. It shall be signed or sealed by the principal.

A director who attends a meeting on behalf of another director shall exercise the director's rights within the scope of the appointed authority. A director who fails to attend the board meeting and has not appointed a representative to do so shall be deemed to have waived his/her voting rights in respect of that meeting.

Article 28 The Secretary of the Board of Directors is responsible for collecting and submitting any resolution that is required to be submitted to the Board of Directors for discussion and resolution.

CHAPTER 6 VOTING OF THE BOARD MEETING

Article 29 The board meeting will only be held upon attendance by over half of the whole Board of Directors. Every director has one voting right. Unless otherwise stipulated by laws, regulations and the *Articles of Association*, resolutions of the Board of Directors must be passed by over half of the whole Board of Directors. Where there is the same number of dissenting and affirmative votes, the Chairman of

the Board of Directors has the right to cast one more vote.

Article 30 Vote on board resolutions shall be taken by way of voting on a show of hands. Each director has one vote.

Article 31 As long as directors can fully express their opinions, an interim board meeting may be held by way of communication (such as off-site meetings by telephone, video and a written proposal meeting), and resolutions passed shall be signed by participating directors.

Article 32 When the Board of Directors of the Company conducts a poll for the related-party transactions, any interested directors therein shall not take part in the poll in the following cases:

1. a related-party transaction in which a director has personal interest;
2. a related-party transaction between the Company and a related enterprise in which the director is employed or the director has controlling shareholdings right or controlling rights;
3. the matter that shall be abstained from in accordance with the relevant laws, regulations, listing rules of the stock exchanges where the stocks of the Company are listed and the *Articles of Association*.

If a director has connection with the enterprise involved in the resolution made at a board meeting, such director shall not vote on the said resolution for himself/herself or on behalf of other directors. The board meeting may be held when more than half of the non-related directors attend the meetings. The resolutions made at the board meeting shall be passed by more than half of the non-related directors. If the number of non-related directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

Article 33 Directors present at a board meeting shall expressly vote for, against or abstain from voting with regard to each proposal discussed at the meeting and shall sign the minutes of meeting, regardless the way in which the meeting is held.

CHAPTER 7 RESOLUTIONS AND ANNOUNCEMENTS OF THE

BOARD MEETING

Article 34 The Board of Directors shall record the resolutions passed at the meeting as minutes of the meeting. The directors and recorder attending the meeting shall sign on the minutes of the meeting. Directors shall bear responsibility for the resolutions passed. Participating directors who passed resolutions that are against the laws, administrative regulations and the *Articles of Association*, and cause serious losses to the Company, shall be responsible for indemnifying the Company. A director can be exonerated if he/she is proved to have voted against such resolution which is recorded in the minutes. The minutes of the board meeting will be maintained by the Secretary of the Board of Directors. The deposit period shall not be less than ten years.

Article 35 Minutes of the board meeting shall include the following:

1. Date, venue and name of convener of meeting;
2. Names of attending directors and names of directors (proxies) entrusted by other party to attend the board meeting;
3. Meeting agenda;
4. Key comments of directors;
5. Voting method and result of each resolution (the voting result shall state clearly the number of affirmative, dissenting or abstaining votes).

Article 36 The directors shall sign and be responsible for the resolutions passed at board meetings. If any resolution of the Board of Directors runs counter to the laws, regulations or the Articles of Association and resolutions of general meetings and causes losses to the Company, directors who have voted for the said resolution shall be liable for compensation to the Company. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

Article 37 The Secretary of the Board of Directors of the Company shall submit the resolutions of the Board of Directors to the stock exchange at the place where the

Company's securities are listed for filing within two working days after the end of the board meeting.

Where the resolutions of the Board of Directors of the Company involve matters that are subject to voting of the general meeting and the disclosure requirements of the *Listing Rules* and the listing rules of the place where the Company's securities are listed, such matters shall be disclosed correspondingly.

CHAPTER 8 SUPPLEMENTARY PROVISIONS

Article 38 Matters not stipulated in these Rules shall be dealt with in accordance with the *Articles of Association*, the *Listing Rules* and the *Code of Corporate Governance*.

Where these Rules contravene the laws, regulations and regulatory rules to be issued by the state in the future, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the related listing requirements of Frankfurt Stock Exchange and the provisions of the *Articles of Association* amended through legal procedures, such documents shall prevail.

Article 39 The Board of Directors may amend these Rules pursuant to the relevant laws and regulations and the Company's practical conditions, and such amendments shall be submitted to the general meeting for deliberation.

Article 40 These Rules shall take effect upon approval by the general meeting. The original *Rules of Procedure for the Board of Directors* of the Company shall lapse automatically upon the date on which these Rules becomes effective.

Qingdao Haier Co., Ltd.

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