

Qingdao Haier Co., Ltd.

**Management Rules with regard to the Holding of and Changes in the Shares of
the Company by Directors, Supervisors and Senior Management
(Revised in 2019)**

Article 1 In order to strengthen the management in relation to the Holding of and Changes in Company Shares by Directors, Supervisors and Senior Management of Qingdao Haier Co., Ltd. (herein after referred to as the “Company”) and disclose the relevant information, this system has been formulated in accordance with the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Management Rules with regard to the Holding of and Changes in Company Shares by Directors, Supervisors and Senior Management of Listed Companies*, the *Certain Provisions on Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies*, the *Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies* and other relevant laws, regulations, regulatory documents and the *Articles of Association*.

Article 2 This system shall apply to the management with regard to the holding of and changes in company shares by directors, supervisors and senior management of the Company. The senior management in this system is determined subject to the *Articles of Association*.

Article 3 The shares of the Company held by directors, supervisors and senior management refer to all the shares of the Company registered under their names.

If directors, supervisors and senior management are engaged in securities margin trading, the shares of the Company recorded in their credit accounts shall be also included.

Article 4 The directors, supervisors and senior management of the Company shall be aware of the laws and regulations of the *Company Law of the People’s Republic of China* and the *Securities Law of the People’s Republic of China* in relation to the regulations of prohibitions of insider trading and market manipulation before trading shares and derivatives of the Company and may not carry out illegal transactions. The directors, supervisors and senior management of the Company who made promise on restricting the share transfer (including but not limited to shareholding proportion, shareholding terms, methods of share reduction, share reduction price)

shall strictly comply with it. The directors, supervisors and senior management of the Company can sell it through securities trade in the Stock Exchange and also can transfer it through agreement otherwise proposed disposal of shares permitted by laws and regulations. The proposed disposal of shares shall be handled according to this rule due to judicial enforcement, enforcement of the Share Pledge Agreement, gift, convertible bonds, exchange of shareholding interests.

Article 5 Under the following circumstances, the shares of the Company held by directors, supervisors and senior management shall not be transferred:

- (I) within 1 year after commencement of trading of the shares of the Company;
- (II) within half year after resignation of directors, supervisors and senior management;
- (III) within the period in which directors, supervisors and senior management had committed not to transfer;
- (IV) the directors, supervisors and senior management were suspected on criminal charges of securities and futures dealing during the inspection period by China Securities Regulatory Commission or judicial inspection and for less than six months after the administrative penalty decision and criminal convictions were made;
- (V) being publicly censured by Shanghai Stock Exchange for less than 3 months for its breaches of rules of Shanghai Stock Exchange;
- (VI) other circumstances specified by laws, regulations, China Securities Regulatory Commission and Shanghai Stock Exchange.

The directors, supervisors and senior management of the Company who intends to trade shares of the Company during his term of office shall report to the Shanghai Stock Exchange for record in accordance with the relevant regulations.

Article 6 If the company has any of the following circumstances and conflicts with the delisting risk warning standard, the directors, supervisors and senior management of the Company and their acting in concert shall not reduce their holding of the shares of the Company from the date when the relevant decision is made until the shares of the Company are terminated or resumed listing:

- (I) the Company is subject to administrative punishment by the China Securities Regulatory Commission for fraudulent issuance or illegal disclosure of major information;
- (II) the company was transferred to the public security organ in accordance with the law for suspected fraudulent distribution or for suspicion of illegal disclosure or non-disclosure of

important information;

(III) other major illegal delisting situations.

Article 7 The directors, supervisors and senior management of the Company who leave their posts during their term of office or before the expiration of their term of office shall abide by the following restrictions during the term of office determined during their term of office and within six months after the expiration of their term of office:

(I) shall not transfer over 25% of total shares of the Company that they held through concentrated bidding, block trading and share transfer by agreement every year, excluding the shareholdings change caused by judicial enforcement, inheritance, legacy and legal property division.

If directors, supervisors and senior management hold less than 1000 shares, they can be transferred in one time, which shall not be limited by the transfer percentage specified in last clause.

(II) shall not transfer the shares of the Company held by them with half year after leaving the Company;

(III) laws, administrative regulations, department rules, regulatory documents and other requirements of the Shanghai Stock Exchange for the transfer of shares by directors, supervisors and senior management.

Article 8 The quantity of transferrable shares shall be calculated on the basis of the shares that the Company issued and directors, supervisors and senior management held at the end of last year.

The directors, supervisors and senior management of the Company who transfer the shares of the Company held by them within the above-mentioned number of transferable shares, shall also abide by the provisions of Article 5 above.

Article 9 For various types of new shares including public offering and private placement of the Company, implementation of share incentive plan, purchase in secondary market by directors, supervisors and senior management, convertible bonds, exercise of rights and share transfer by agreement, 25% of the new shares without sales restriction can be transferred in the current year while that with sales restriction shall be accounted into the calculation basis of transferrable shares in the next year.

If the shares of the Company held by directors, supervisors and senior management are

increased by share distribution of the Company, amount of shares transferrable in the current year can be increased proportionately.

Article 10 If transferrable shares held by directors, supervisors and senior management of the Company are not transferred in the current year, they shall be accounted into the number of total shares of the Company that they held at the end of the current year, which shall be regarded as calculation basis of transferrable shares in the next year.

Article 11 The Articles of Association may stipulate a longer period of prohibition of transfer, a lower proportion of transferable shares or other restrictions on the transfer of shares held by directors, supervisors and senior management than these rules.

Article 12 The Directors, supervisors and senior management of the Company shall entrust the Company to timely declare or update their personal information (including but not limited to name, position, ID number, A-share securities account, departure time, etc.) through the website of Shanghai Stock Exchange at the following time points or periods:

(I) within 2 trading days after general meeting (or congress of workers and staff) passes the office holding issues of newly-appointed directors and supervisors and after the Board meeting passes the office holding issues of newly-appointed senior management;

(II) within 2 trading days after the current directors, supervisors and senior management declare the changes of their personal information during their term of office and within half a year after leaving office, include but not limited to the opening of new A-share securities accounts;

(III) within 2 trading days after the current directors, supervisors and senior management leave office;

(V) other time required by the Shanghai Stock Exchange.

Article 13 The directors, supervisors and senior management of the Company shall ensure that the data they declared are timely, truthful, accurate and complete and shall bear the legal liabilities arising therefrom.

Article 14 Any change in the shares of the Company held by directors, supervisors and senior management of the Company shall be reported to the Company and an announcement shall be published by the Company on the website of Shanghai Stock Exchange within 2 trading days from the date of the change occurred. The announcement includes:

(I) the quantity of the Company's shares they held at the end of last year;

(II) the dates, quantities and prices of each change of shares from the end of last year to this

change;

(III) the quantity of shares they held before this change of shareholdings;

(IV) the date, quantity and price of this change of shareholdings;

(V) the quantity of shares they held after this change of shareholdings;

(VI) other matters required to be disclosed by the Shanghai Stock Exchange.

Article 15 If the directors, supervisors and senior management reduce their shares through centralized bidding transactions, they shall file the reduction plan with the Shanghai Stock Exchange before 15 trading days after the first sale of shares and publish an announcement. The contents of the reduction plan shall include but not limited to: the number, source, reduction time interval, method, price interval and reasons for the shares to be reduced, and the reduction time interval for each disclosure shall not exceed 6 months.

During the reduction time interval, the directors, supervisors and senior management shall disclose the progress of the reduction when the reduction amount is more than half or the reduction time interval is more than half. During the reduction time interval, if the Company discloses major issues such as high transfer or planning mergers and acquisitions, the directors, supervisors and senior management shall immediately disclose the progress of the reduction, and explain whether the reduction is related to the above-mentioned major events.

If the directors, supervisors and senior management of the Company reduce the share held by them through centralized bidding transactions, they shall make an announcement in relation to the specific reduction of the share held by them within 2 trading days after the completion of the share reduction plan or the expiration of the disclosed reduction time interval.

Article 16 The directors, supervisors and senior management of the Company shall comply with the provisions of Article 47 of the *Securities Law of the People's Republic of China*, and these who violate this provision shall sell the share certificate of the Company held by them within 6 months after purchasing or buy back within 6 months after selling, the proceeds generated therefrom shall be attributable to the listed company, and the Board of Directors of the Company shall recover the proceeds and disclose the relevant information in a timely manner.

The above-mentioned sell within 6 months after purchasing refers to the sale within 6 months from the point of purchase the last purchase; buy back within 6 months after selling refers to the buy-back within 6 months from the point of sell the last purchase.

Article 17 The directors, supervisors and senior management of the Company shall not

purchase or sell shares of the Company during the following periods:

(I) within 30 days prior to the periodic report announcement of the Company;

(II) within 10 days prior to the preliminary results announcement or express results announcement of the Company;

(III) the period starting from the date when a material issue, which may significantly affect the trading price of the share certificate of the Company occurs or is in the process of decision-making to within 2 trading days after the issue being disclosed in accordance with laws;

(IV) the period starting from the date of receipt of inside information that may cause abnormal fluctuations in the shares of the Company to the second trading days after the date of public disclosure of such information;

(V) other time required by Shanghai Stock Exchange.

Article 18 The secretary of the Board of Directors shall be responsible for the management of the identities of directors, supervisors and senior management of the Company and the data and information of the shares of the Company they held, issue online declaration of personal information of the directors, supervisors and senior management, and regularly inspect the disclosure of the directors, supervisors and senior management buying and selling the shares of the Company.

Article 19 The directors, supervisors and senior management who buy and sell shares of the Company violate these rules, and the China Securities Regulatory Commission shall impose penalties in accordance with the relevant provisions of the *Securities Law of the People's Republic of China*.

Article 20 These rules shall come into force after being reviewed and approved at the board meeting of the Company.

Article 21 The Board of Directors shall be responsible for the formulation and interpretation of these Rules.

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