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HAIER ELECTRONICS GROUP CO., LTD.

海爾電器集團有限公司*

(incorporated in the Bermuda with limited liability)

(Stock Code: 1169)

**CONTINUING CONNECTED TRANSACTIONS
NEW EXPORT AGREEMENT**

The Board wishes to announce that, on 17 July 2015, the Company on the one part and the Haier Overseas Electric on the other, have entered into the Export Agreement to replace the existing export agreement entered into between the Company and Haier Electrical on 6 September 2012 (to expire on 31 December 2015) for the period from 17 July 2015 to 31 December 2015. The above existing export agreement shall terminate immediately.

The terms of the Export Agreement and those of the existing export agreement are broadly similar, except that the counterparty has been changed from Haier Electrical to Haier Overseas Electric (owing to a business re-alignment of the Haier Group) and that the pricing principles are updated in view of the prevailing compliance requirements of the Listing Rules.

The Export Agreement will allow the Group to utilize the vast and established overseas sales network of the Haier Group for its export sales and thereby lowering its costs of export.

As Haier Corp, Haier Investment, and Qingdao Haier are the controlling Shareholders and connected persons of the Company and as Haier Overseas Electric is a wholly-owned subsidiary of Qingdao Haier and hence also a connected person of the Company, the transactions contemplated under the Export Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Each of the relevant percentage ratios (except for the profits ratio which is not applicable) for those continuing connected transactions contemplated under the Export Agreement is expected to be higher than 0.1% but less than 5% for the period from 17 July 2015 to 31 December 2015 and the transactions are therefore exempted from the Independent Shareholders' approval requirement under Rule 14A.76(2) but are subject to the reporting, annual review and announcement requirement under Chapter 14A of the Listing Rule.

* For identification purposes only

EXPORT AGREEMENT

References are made to the announcements of the Company dated 6 September 2012 in respect of the continuing connected transactions contemplated under the existing export agreement which will expire on 31 December 2015.

The Board wishes to announce that, on 17 July 2015, the Company on the one part and Haier Overseas Electric on the other, have entered into the Export Agreement to replace the existing export agreement entered into between the Company and Haier Electrical on 6 September 2012 (to expire on 31 December 2015) for the period from 17 July 2015 to 31 December 2015. The above existing export agreement shall terminate immediately.

The terms of the Export Agreement and those of the existing export agreement are broadly similar, except that the counterparty has been changed from Haier Electrical to Haier Overseas Electric (owing to a business re-alignment of the Haier Group) and that the pricing principles are updated in view of the prevailing compliance requirements of the Listing Rules.

Date

17 July 2015

Parties

- (i) the Company;
- (ii) Haier Overseas Electric (a subsidiary of Qingdao Haier and hence a connected person of the Company).

Information of the parties

The Group is currently engaged in the integrated channel services business under brand “Goodaymart” for home appliances and other household products of both “Haier” and other brands. The Group is also engaged in the research, development, manufacture and sale of washing machines and water heaters in the PRC under the brand name of “Haier”. The principal business activity of the Company is investment holding. Haier Overseas Electric is principally engaged in import and export trade and manufacture and sales of household electrical appliances.

Principal terms

Pursuant to the Export Agreement, the Company has agreed to procure members of the Group to sell the products of the Group to Haier Overseas Electric for export purpose during the period from 17 July 2015 to 31 December 2015, provided that members of the Group can also sell the products of the Group to third parties not being a member of the Haier Group as they think fit. The consideration payable under the Export Agreement will be settled by cash. The time of payment will be negotiated upon the parties entering into individual contacts pursuant to the Export Agreement.

Pricing principles

Pursuant to the Export Agreement, the Company will procure members of the Group to sell the products of the Group to Haier Overseas Electric at a price representing the selling price of the products of the Group for export less a fixed service fee margin which shall be 1.5% of the selling price of the products of the Group. The fixed service fee margin was determined having regard to the selling expenses to be incurred by Haier Overseas Electric and taking into account the management's estimation and assumption of the selling expenses going forward.

EXPORT CAP

The total amount of export sales of the products by the Group to Haier Group for each of the three years ended 31 December 2014 and the five months ended 31 May 2015 were RMB1,567 million, RMB1,439 million, RMB1,437 million, and RMB477 million, respectively. The previous caps for export sales of the products by the Group to Haier Group for each of the three years ending 31 December 2015 are RMB2,191 Million, RMB2,804 Million and RMB3,505 Million, respectively.

The Directors expect that for the period from 17 July 2015 to 31 December 2015, the aggregate amount of sales by the Group to Haier Overseas Electric pursuant to the Export Agreement shall not exceed RMB1,150 million ("Export Cap").

The Export Cap is determined by reference to the historical export data during the period of three years ended 31 December 2014 and the five months ended 31 May 2015 and the expected growth in exports business. Such expected increase in export sales is merely assumed for the purpose of determining the Export Cap and shall not be regarded as any indication directly or indirectly as to the Group's revenue, profitability or trading prospects.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE EXPORT AGREEMENT

The Export Agreement will allow the Group to utilize the vast and established overseas sales network of the Haier Group for its export sales and thereby lowering its costs of export (such as agency fees).

Furthermore, the Group may be able to minimize credit risk and default risk by engaging the Haier Group as export agent for avoiding any potential credit problem from third party export agents.

The Directors (including the independent non-executive Directors) are, therefore, of the view that the Export Agreement and the Continuing Connected Transactions contemplated therein are entered into in the ordinary course of business, on normal commercial terms, which are arrived at after arm's length negotiations after comparing with quotations obtained from independent third parties, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Zhou Yunjie, Mr. Liang Haishan, Ms. Tan Lixia and Mr. Li Huagang (alternate to Mr. Liang Haishan) have positions with Haier Corp and have abstained from voting on the resolution of the Board approving the Export Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As Haier Corp, Haier Investment, and Qingdao Haier are the controlling Shareholders and connected persons of the Company and as Haier Overseas Electric is a wholly-owned subsidiary of Qingdao Haier and hence also a connected person of the Company, the transactions contemplated under the Export Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Each of the relevant percentage ratios (except for the profits ratio which is not applicable) for those continuing connected transactions contemplated under the Export Agreement is expected to be higher than 0.1% but less than 5% for the period from 17 July 2015 to 31 December 2015 and the transactions are therefore exempted from the Independent Shareholders' approval requirement under Rule 14A.76(2) but are subject to the reporting, annual review and announcement requirement under Chapter 14A of the Listing Rule.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“associate”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Company”	Haier Electronics Group Co., Ltd., a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Export Agreement
“Directors”	the directors of the Company
“Export”	the export of products of the Group pursuant to the Export Agreement
“Export Agreement”	the export agreement dated 17 July 2015 entered into between the Company and Haier Overseas Electric, pursuant to which the Company agreed to procure members of the Group to sell the products of the Group to Haier Overseas Electric as distributor for export during the period from 17 July 2015 to 31 December 2015

“Export Cap”	the amount regarding Export as set out under the paragraph headed “Export Cap” of this announcement
“Group”	the Company and its subsidiaries and associates
“Haier Corp”	海爾集團公司 (Haier Group Corporation*), a company established in the PRC which is acting in concert with Haier Investment and a substantial shareholder of the Company
“Haier Electrical”	海爾集團電器產業有限公司 (Haier Electrical Appliances Co., Ltd.*), a company established in the PRC and a 70% subsidiary of Haier Investment
“Haier Group”	Haier Corp, Haier Investment and Qingdao Haier together with their respective subsidiaries and associates but excluding the Group
“Haier Investment”	青島海爾投資發展有限公司 (Qingdao Haier Investment and Development Co., Ltd.*), a company established in the PRC, a substantial shareholder of the Company and a party acting in concert with Haier Corp
“Haier Overseas Electric”	海爾海外電器產業有限公司 (Haier Overseas Electric Appliances Corp., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Qingdao Haier
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Qingdao Haier”	青島海爾股份有限公司 (Qingdao Haier Company Limited), a company listed on the Shanghai Stock Exchange (under stock code: 600690.SH) in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares

“Shares” ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“subsidiary” has the same meaning ascribed to it in the Listing Rules

By Order of the Board of
Haier Electronics Group Co., Ltd.
Zhou Yun Jie
Chairman

Hong Kong, 17 July 2015

As at the date of this announcement, the executive Director is Mr. Zhou Yunjie (Chairman); the non-executive Directors are Mr. Liang Haishan, Ms. Tan Lixia, Dr. Wang Hanhua and Mr. Zhang Yong; the independent non-executive Directors are Mr. Yu Hon To, David, Mrs. Eva Cheng Li Kam Fun and Ms. Tsou Kai-Lien, Rose; the alternate Director is Mr. Li Huagang (alternate to Mr. Liang Haishan).

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