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**Haier** 海尔  
**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)**

**ISSUANCE OF EXCHANGEABLE BOND BY  
A SUBSIDIARY OF THE CONTROLLING SHAREHOLDER  
OF THE COMPANY**

This announcement is made by Haier Electronics Group Co., Ltd. (the “**Company**”) on a voluntary basis.

The Company has been informed by Qingdao Haier Co., Ltd. (“**Qingdao Haier**”), the controlling shareholder of the Company, that Harvest International Company (the “**Issuer**”), a wholly-owned subsidiary of Qingdao Haier, and Qingdao Haier and Haier Shareholdings (Hong Kong) Limited (each a “**Guarantor**” and collectively the “**Guarantors**”) entered into a subscription agreement dated 6 November 2017 with J.P. Morgan Securities plc (the “**Sole Global Coordinator and Sole Bookrunner**”), pursuant to which the Issuer agreed to issue, the Guarantors agreed to guarantee the payment of all sums payable in relation to, HK\$8,000,000,000 zero coupon exchangeable bonds due 2022 (the “**Bonds**”), which will be offered and sold outside the United States in reliance upon Regulation S of the Securities Act, and the Sole Global Coordinator and Sole Bookrunner agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for the Bonds. The bonds are expected to be issued at closing of the transaction, which is expected to be on 21 November 2017. Closing of the transaction is subject to satisfaction of certain condition precedents. Qindao Haier would improve its debt structure and reduce its financing cost through the issue of the Bonds.

The Bonds are exchangeable into fully paid ordinary shares of par value HK\$0.10 each of the Company (the “**Shares**”). The exchange property will initially comprise 242,424,242 Shares (the “**Exchange Property**”). Subject to the terms and conditions of the Bonds, the exchange period will be from 1 January 2019 to the date falling 10 business days prior to 21 November

\* For identification purposes only

2022. Upon the exercise of exchange right under any Bond by its holder, the Guarantors are required to deliver or procure the delivery of the relevant pro rata share of the Exchange Property as provided in accordance with the terms and conditions of the Bonds.

Shareholders of the Company and potential investors may refer to Qingdao Haier's announcement regarding the Bonds issued or to be issued on 7 November 2017.

**No new Shares will be issued as a result or in connection with the issuance of the Bonds or upon any exchange of the Bonds.**

For clarification, the Company has no involvement in the issuance of the Bonds. The Company has no obligation with respect to the Bonds, including any obligation to consider the needs of the Issuer or holders of the Bonds. This announcement is made by the Company on a voluntary basis.

**Shareholders of the Company and potential investors should exercise caution when investing or dealing in the securities of the Company. You are also recommended to consult your own professional or financial advisers if you are in any doubt as to your investment positions.**

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

Hong Kong, 7 November 2017

*As at the date of this announcement, the executive Directors are Mr. Zhou Yunjie (Chairman) and Mr. Sun Jingyan; the non-executive Directors are Mr. Liang Haishan, Ms. Tan Lixia, Dr. Wang Hanhua and Mr. Yin Jing; the independent non-executive Directors are Mr. Yu Hon To, David, Mrs. Eva Cheng Li Kam Fun and Ms. Tsou Kai-Lien, Rose.*

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