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**MIDEA INTERNATIONAL CORPORATION
COMPANY LIMITED**

美的國際控股有限公司

(Incorporated in Hong Kong with limited liability)

Welling

WELLING HOLDING LIMITED

威靈控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 382)

JOINT ANNOUNCEMENT

**(1) PROPOSAL FOR THE PRIVATISATION OF
WELLING HOLDING LIMITED
BY THE OFFEROR BY WAY OF
A SCHEME OF ARRANGEMENT
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
WELLING HOLDING LIMITED**

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

AND

**(4) RESUMPTION OF TRADING IN THE SHARES OF
WELLING HOLDING LIMITED**

Financial Adviser to the Offeror



CMB International Capital Limited

INTRODUCTION AND TERMS OF THE PROPOSAL

The respective directors of the Offeror and the Company jointly announce that on 5 November 2017, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance.

The Scheme will provide that the Scheme Shares will be cancelled in exchange for HK\$2.06 in cash for each Scheme Share. Under the Proposal, the total consideration payable for cancellation of the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price represents:

- (a) a premium of approximately 30.4% over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 33.8% over the average closing price of approximately HK\$1.54 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 35.5% over the average closing price of approximately HK\$1.52 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 28.8% over the average closing price of approximately HK\$1.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 22.6% over the average closing price of approximately HK\$1.68 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 29.6% to the audited consolidated net asset value per Share of approximately HK\$1.59 as at 31 December 2016; and
- (g) a premium of approximately 22.6% to the unaudited consolidated net asset value per Share of approximately HK\$1.68 as at 30 June 2017.

Upon the Scheme having become effective, the Offeror will hold approximately 33.62% of the issued share capital of the Company, and the Offeror Concert Parties will hold approximately 66.38% of the issued share capital of the Company, and accordingly the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

The implementation of the Proposal and the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the High Court may direct), failing which the Proposal and the Scheme will lapse.

SHAREHOLDING STRUCTURE AND THE SCHEME SHARES

As at the Announcement Date, (i) the issued share capital of the Company is 2,864,112,822 Shares; (ii) the Offeror and the Offeror Concert Parties beneficially own or control 1,965,702,779 Shares, representing approximately 68.63% of the issued share capital of the Company; and (iii) the Scheme Shares, comprising 898,410,043 Shares, represent approximately 31.37% of the issued Shares.

FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$2.06 per Scheme Share and 898,410,043 Scheme Shares in issue as at the Announcement Date, the amount of cash required for the Proposal is approximately HK\$1,850,724,688.58. The Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the Announcement Date.

The Offeror intends to finance the cash required for the Proposal through its internal financial resources. CMB International, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting.

An independent financial adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme. An announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

DESPATCH OF SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the Announcement Date or such later date as may be permitted under the Takeovers Code or by the Executive on application by the Offeror and/or the Company.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

RESUMPTION IN TRADING OF SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 6 November 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 November 2017.

WARNINGS:

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

INTRODUCTION

On 5 November 2017, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented:

- (1) all the Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share by the Offeror;
- (2) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the creation of such number of the new Shares as is equal to the number of Scheme Shares cancelled. The credit arising in the Company's books of account as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued, credited as fully paid, to the Offeror; and
- (3) the expected withdrawal of the listing of the Shares on the Stock Exchange is expected to take place forthwith following the Effective Date.

TERMS OF THE PROPOSAL

The Scheme

The Scheme will provide that the Scheme Shares will be cancelled and in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$2.06 in cash for each Scheme Share. Under the Proposal, the total consideration payable for cancellation of the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price represents:

- (a) a premium of approximately 30.4% over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 33.8% over the average closing price of approximately HK\$1.54 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 35.5% over the average closing price of approximately HK\$1.52 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 28.8% over the average closing price of approximately HK\$1.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 22.6% over the average closing price of approximately HK\$1.68 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 29.6% to the audited consolidated net asset value per Share of approximately HK\$1.59 as at 31 December 2016; and
- (g) a premium of approximately 22.6% to the unaudited consolidated net asset value per Share of approximately HK\$1.68 as at 30 June 2017.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

Total Consideration and Financial Resources

On the basis of the Cancellation Price of HK\$2.06 per Scheme Share and 898,410,043 Scheme Shares in issue as at the Announcement Date, the amount of cash required for the Proposal is approximately HK\$1,850,724,688.58. The Company has no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the Announcement Date.

The Offeror intends to finance the cash required for the Proposal through its internal financial resources. CMB International, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Pursuant to section 674(2) of the Companies Ordinance, for a scheme of arrangement that involves a takeover offer to be approved, the votes cast against the scheme of arrangement must not exceed 10% of the voting rights attached to all Disinterested Shares. This requirement is in addition to the requirement under the Companies Ordinance that the scheme

of arrangement must be approved by shareholders representing at least 75% of the voting rights of the shareholders present and voting, in person or by proxy, at the court meeting, and to similar voting threshold requirements under the Takeovers Code.

The Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by Scheme Shareholders representing at least 75% of the votes attaching to the Scheme Shareholders that are cast, in person or by proxy, at the Court Meeting, and the number of votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
 - (i) the Scheme is approved (by way of poll) by Scheme Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Shares;
- (b) the passing of a special resolution(s) by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) all necessary authorisations, consents and approvals (including approval in-principle) of any Relevant Authority in relation to the Proposal (including its implementation) having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong and other relevant jurisdictions;
- (f) all necessary third party consents in relation to the Proposal required pursuant to any agreement to which any member of the Group is a party having been obtained or waived by the relevant party(ies) and remaining in full force and effect without modification;
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Proposal void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Proposal;

- (h) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any of the Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme becomes effective;
- (i) there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which as a consequence of the Proposal or the Scheme would result in (in each case to an extent which is material in the context of the Group as a whole and in the context of the Proposal):
- (i) any monies borrowed by or any other indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or earlier than their or its stated maturity date or repayment date;
 - (ii) any such agreement, arrangement, licence, permit or instrument (or the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability arising or any material action being taken thereunder); or
 - (iii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Group or any such security (whenever arising) becoming enforceable,
- and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Group is a party or by which any such member or all or any of its assets may be bound, entitled or subject, would result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (iii) of this paragraph (i) (in each case to an extent which is material in the context of the Group as a whole and in the context of the Proposal);
- (j) no event having occurred which would make the Proposal, the cancellation of the Scheme Shares or the issue of the new Shares in the Scheme void, unenforceable or illegal or which would prohibit the implementation of the Proposal or impose any additional material conditions or obligations with respect to the Proposal or any part thereof, on the cancellation of the Scheme Shares or the issue of the new Shares in the Scheme; and
- (k) since the Announcement Date:
- (i) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal); and
 - (ii) there not having been instituted or remaining outstanding any litigation, arbitration, proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any such member (and no

investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

With reference to Conditions (e), (f), (g) and (h), the Company and the Offeror are not aware of any necessary authorisations, consents, approvals (including approval-in-principle), third party consents, Authorisations required. With reference to Condition (i), the Company and the Offeror are not aware of any such provision of any agreement, arrangement, licence, permit or other instrument.

The Offeror reserves the right to waive all or any of the conditions (except for the conditions referred to in paragraphs (a) to (e), (g) and (j) above) in whole or in part. The Company does not have the right to waive any of the conditions. All of the above conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the High Court may direct), failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. In accordance with Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not be permitted to invoke all or any of the conditions of the Proposal so as to cause the Scheme to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Proposal.

As of the Announcement Date, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

In accordance with Rule 31.1 of the Takeovers Code, except with the consent of the Executive, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Proposal is withdrawn or lapses, either announce an offer or possible offer for the Company or acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the issued share capital of the Company is 2,864,112,822 Shares.

The table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon the Scheme becoming effective and assuming no other new Shares will be issued prior thereto:

Shareholders	As at the Announcement Date		Upon the Scheme becoming effective	
	Number of Shares	Approximate % of total issued share capital ⁽²⁾	Number of Shares	Approximate % of total issued share capital ⁽²⁾
Offeror				
Midea International Corporation Company Limited ⁽¹⁾	64,498,000	2.25	962,908,043	33.62
Offeror Concert Parties				
Midea Holding (Cayman Islands) Limited ⁽¹⁾	1,901,204,779	66.38	1,901,204,779	66.38
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	1,965,702,779	68.63	2,864,112,822	100.00
Scheme Shareholders				
Public shareholders	898,410,043	31.37	—	—
Total number of Shares in issue	2,864,112,822	100.00	2,864,112,822	100.00

Notes:

1. The Offeror is directly and wholly-owned by Midea Group Co., Ltd. (000333.SZ), whose shares have been listed on the Shenzhen Stock Exchange since September 2013. Midea Holding (Cayman Islands) Limited is directly and wholly-owned by Midea Investment Holding (BVI) Limited which is in turn directly and wholly-owned by Midea Group Co., Ltd. (000333.SZ). Midea Holding (Cayman Islands) Limited is presumed to be acting in concert with the Offeror under class (1) of the definition of “acting in concert” under the Takeovers Code.
2. All percentages in the above table are approximations.

As at the Announcement Date, the Directors do not hold any Shares.

Assuming that no new Shares will be issued after the Announcement Date up to the Record Date, upon the Scheme having become unconditional and effective, the Offeror will hold approximately 33.62% of the issued share capital of the Company, and the Offeror Concert Parties will hold approximately 66.38% of the issued share capital of the Company, and accordingly the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

As at the Announcement Date, the Scheme Shares, comprising 898,410,043 Shares, represent approximately 31.37% of the issued Shares.

As at the Announcement Date, the Offeror and Offeror Concert Parties beneficially own or control 1,965,702,779 Shares, representing approximately 68.63% of the issued Shares. The Shares beneficially owned by the Offeror and Offeror Concert Parties in respect of the Company will not form part of the Scheme Shares, will not be voted at the Court Meeting and will not be cancelled upon the Scheme becoming effective. All Shareholders will be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the reduction of capital and the implementation of the Scheme. The Offeror has indicated that, if the Scheme is approved at the Court Meeting, the Offeror will vote in favour of the special resolution to be proposed at the EGM to approve and give effect to the Scheme, including the

approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled. The Offeror Concert Parties will also be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the Scheme.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed CMB International as its financial adviser in connection with the Proposal.

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting.

An independent financial adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme. An announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Scheme Shareholders are reminded to carefully read the Scheme Document and the letter of advice from the independent financial adviser to the Independent Board Committee contained therein before making a decision.

REASONS FOR AND BENEFITS OF THE PROPOSAL

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 1.3 million Shares per day, representing only approximately 0.05% of the issued Shares as at the Announcement Date. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at an attractive premium over the prevailing market price (particularly in light of the relative underperformance of the share price since the Company's listing in 1993) without having to suffer any illiquidity discount. The Scheme also affords the Scheme Shareholders the opportunity, if they so wish, to invest the monies received from realizing their investments in the Company in alternative investments with higher liquidity.

In addition, the listing of Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated as a result of implementation of the Proposal, the funds saved could be used for growing the Company's business operations.

INFORMATION ON THE COMPANY

The Company is a limited liability company incorporated in Hong Kong whose shares have been listed on the Main Board of the Stock Exchange since 1993. The Group is principally engaged in the manufacturing, distribution and selling of motors and electronic and electric components for electrical household appliances in the PRC and overseas.

INFORMATION ON THE OFFEROR

The Offeror is a limited liability company incorporated in Hong Kong which is directly and wholly-owned by Midea Group Co., Ltd. (000333.SZ). The principal activity of the Offeror is investment holding.

INFORMATION ON THE OFFEROR CONCERT PARTIES

The Offeror is directly and wholly-owned by Midea Group Co., Ltd. (000333.SZ). Midea Holding (Cayman Islands) Limited is directly and wholly-owned by Midea Investment Holding (BVI) Limited which is in turn directly and wholly-owned by Midea Group Co., Ltd. (000333.SZ). Midea Holding (Cayman Islands) Limited is presumed to be acting in concert with the Offeror under class (1) of the definition of “acting in concert” under the Takeovers Code.

As at 30 September 2017, the registered capital of Midea Group Co., Ltd. (000333.SZ) is owned as to approximately 33.78% by Midea Holding Co., Ltd, whose registered capital is in turn owned as to approximately 94.55% by Mr. He Xiangjian. The shares of Midea Group Co. Ltd. (000333.SZ) have been listed on the Shenzhen Stock Exchange since September 2013 and its largest shareholder is Midea Holding Co., Ltd. The ultimate beneficial owner of the Offeror is Mr. He Xiangjian.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective.

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the conditions described in the section headed “Conditions of the Proposal and the Scheme” has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and/or the High Court may direct).

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, *inter alia*, further details of the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the shareholders of the Offeror), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

GENERAL

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal.

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Announcement Date.

As at the Announcement Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror or the Offeror's Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror or the Offeror Concert Parties.

No irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the Announcement Date.

None of the Offeror or the Offeror Concert Parties has had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the 6-month period preceding the Announcement Date.

DESPATCH OF SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the Announcement Date or such later date as may be permitted under the Takeovers Code or by the Executive on application by the Offeror and/or the Company.

The Scheme Document will contain important information and the Scheme Shareholders are urged to carefully read the Scheme Document containing such disclosures before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

DISCLOSURE OF DEALINGS

In accordance with Rule 22 of the Takeovers Code, associates of the Offeror and the Company (as defined under the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code during the offer period commencing on 10 November 2017, being the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION IN TRADING OF SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 6 November 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 November 2017.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly
“Announcement Date”	10 November 2017, being the date of this announcement
“associates”	has the meaning ascribed to it under the Takeovers Code
“Authorisation”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any member of the Group to carry on its business
“Beneficial Owner”	any beneficial owner of the Shares
“Board”	the board of Directors

“Cancellation Price”	the cancellation price of HK\$2.06 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CMB”	China Merchants Bank Co., Limited, a joint stock limited company incorporated under the laws of the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 3968)
“CMB International”	means CMB International Capital Limited, a corporation licensed by the SFC to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal;
“Company”	Welling Holding Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 382)
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed “Conditions of the Proposal and the Scheme” of this announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court at which the Scheme will be voted upon
“Disinterested Shares”	Shares in issue other than those held by: (i) the Offeror (or by a nominee on its behalf) or the Offeror Concert Parties, save for the Shares in issue held by any member of the CMB group acting in its capacity as a registered owner of Shares held on behalf of a Beneficial Owner where the Beneficial Owner (a) controls the voting rights attaching to those Shares; (b) if Shares are voted, gives instructions as to how those Shares are to be voted; and (c) is not the Offeror or an Offeror Concert Party; (ii) an associate (as defined in section 667(1)(b) of the Companies Ordinance) of the Offeror, except a person who falls within section 667(1)(b)(iii) of the Companies Ordinance or a person specified in section 674(4) of the Companies Ordinance; or (iii) a person who is a party to an acquisition agreement within the meaning of section 667(5) of the Companies Ordinance with the Offeror (except a person specified in section 674(4) of the Companies Ordinance), or by a nominee on behalf of the person under the acquisition agreement, as described in section 674(3)(a) of the Companies Ordinance
“Directors”	the directors of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance

“EGM”	an extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving, among other matters, the reduction of the share capital of the Company and implementing the Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company to be established by the Board to make a recommendation to the Independent Shareholders in respect of, among others, the Proposal and the Scheme
“Last Trading Day”	3 November 2017, being the last trading day prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 31 May 2018 or such other date as agreed between the Company and the Offeror or, to the extent applicable, as the Executive may consent and the High Court may direct
“Offeror”	Midea International Corporation Company Limited, a company incorporated in Hong Kong with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Midea Holding (Cayman Islands) Limited
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the conditions set out in this announcement
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance

“Relevant Authorities”	governments and/or governmental bodies, regulatory bodies, courts or institutions having jurisdiction over members of the Group in matters relevant to the Proposal
“Scheme”	the scheme of arrangement to be proposed under Section 673 of the Companies Ordinance for the implementation of the Proposal
“Scheme Document”	the scheme document of the Company and the Offeror to be issued to all Shareholders containing, <i>inter alia</i> , further details of the Proposal together with the additional information specified in the section of this announcement headed “Despatch of Scheme Document” above
“Scheme Share(s)”	Share(s) other than those held by the Offeror and Midea Holding (Cayman Islands) Limited and their respective concert parties. For the avoidance of doubt, Scheme Shares include Shares held by any member of the CMB group acting in its capacity as a registered owner of Shares held on behalf of a Beneficial Owner where the Beneficial Owner: (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not the Offeror or an Offeror Concert Party
“Scheme Shareholder(s)”	registered holders of Scheme Shares as at the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

By Order of the Board of
**MIDEA INTERNATIONAL
CORPORATION COMPANY LIMITED**
Li Feide
Director

By Order of the Board
WELLING HOLDING LIMITED
Fu Yongjun
Chairman

Hong Kong, 10 November 2017

As at the Announcement Date, the directors of the Offeror are Mr. Fang Hongbo, Mr. Li Feide and Mr. Xiao Mingguang.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the Announcement Date, the Board comprises six executive Directors, namely Mr. Fu Yongjun (Chairman), Mr. Zhang Lifeng (Chief Executive Officer), Ms. Pan Xinling, Mr. Li Li, Mr. Xiao Mingguang and Mr. Li Feide and three independent non-executive Directors, namely Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement (other than those relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.