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HAIER SMART HOME CO., LTD.*
海爾智家股份有限公司
(a joint stock company incorporated in the
People's Republic of China with limited liability)

 **Haier 海尔**
HAIER ELECTRONICS GROUP CO., LTD.
海爾電器集團有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 1169)

JOINT ANNOUNCEMENT

PRE-CONDITIONAL PROPOSAL FOR PRIVATISATION OF HAIER ELECTRONICS GROUP CO., LTD. (“HEG”) BY HAIER SMART HOME CO., LTD. (“HSH”) BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT

(1) RESULTS OF MEETING OF BONDHOLDERS AND CONSENT SOLICITATION IN RELATION TO THE EB-TO-CB PROPOSAL AND (2) CHANGE IN SHAREHOLDING OF HEG

INTRODUCTION

Reference is made to the joint announcement issued by HSH and HEG (the “**Joint Announcement**”) on 31 July 2020 regarding the Privatisation Proposal. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Joint Announcement.

RESULTS OF MEETING OF BONDHOLDERS AND CONSENT SOLICITATION IN RELATION TO THE EB-TO-CB PROPOSAL

As disclosed in the section headed “4. HSH EXCHANGEABLE BONDS — 4.3. EB-to-CB Proposal” in the Joint Announcement, HSH has proposed the EB-to-CB Proposal, pursuant to which the Bond Terms and Conditions are proposed to be amended to substitute the right to exchange the HSH Exchangeable Bonds for the existing Exchange Property with the right to convert the HSH Convertible Bonds into new HSH H Shares issuable by HSH at the time of conversion, such that the HSH Exchangeable Bonds will not be exchangeable into the HEG Shares but will instead be convertible into new HSH H Shares. The implementation of the EB-to-CB Proposal is subject to, amongst others, obtaining the requisite Bondholders’ approval in accordance with the Bond Terms and Conditions and the trust deed (the “**Trust Deed**”) for the HSH Exchangeable Bonds.

The consent solicitation for Bondholders was launched on 31 July 2020, and a meeting of the Bondholders (the “**Bondholders’ Meeting**”) was convened and held on 28 August 2020, for Bondholders to consider and, if thought fit, approve an extraordinary resolution of the Bondholders (the “**Extraordinary Resolution**”) for approval of certain amendments to the Bond Terms and Conditions and the Trust Deed in relation to, amongst others, the EB-to-CB Proposal.

At the Bondholders’ Meeting, the Extraordinary Resolution were duly passed in accordance with the Bond Terms and Conditions and the Trust Deed. Accordingly, the requisite Bondholders’ approval for the EB-to-CB Proposal in accordance with the Bond Terms and Conditions and the Trust Deed has been obtained.

The implementation of the EB-to-CB Proposal remains to be subject to obtaining or completing various other third-party, corporate and regulatory approvals or filings as disclosed in the Joint Announcement, including, amongst others, the requisite approval by HSH Shareholders, HSH A Shareholders and HSH D Shareholders at the HSH General Meeting, HSH A Shares Class Meeting and HSH D Shares Class Meeting respectively, the satisfaction of the Pre-Conditions and the Conditions and the Scheme becoming effective. If such other conditions to the implementation of the EB-to-CB Proposal are satisfied on or before the Scheme Long Stop Date, the EB-to-CB Proposal will become effective immediately upon Listing and the commencement of trading of HSH H Shares on the Stock Exchange.

For the avoidance of doubt, the implementation of the EB-to-CB Proposal is not a condition to the Scheme becoming effective.

For further information, please refer to the separate announcement published by Harvest in relation to the HSH Exchangeable Bonds (under Stock Code: 5024) on the website of the Stock Exchange (www.hkex.com.hk) on the same day as this announcement and from time to time in the manner as provided under the Bond Terms and Conditions and in accordance with the Listing Rules.

Shareholders and potential investors of HSH and HEG are advised to refer to the announcements and other documents published by HSH and/or HEG from time to time on the website of the Stock Exchange for information regarding the Privatisation Proposal.

WARNING: Shareholders and potential investors of HSH and HEG should be aware that the making of the Privatisation Proposal is subject to the satisfaction of the Pre-Conditions. Even if the Privatisation Proposal is made, the implementation of the Privatisation Proposal (including the effectiveness of the Scheme), is subject to the satisfaction or waiver (as applicable) of the Conditions, and therefore the Privatisation Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of HSH and HEG should therefore exercise caution when dealing in the securities of HSH and HEG. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

CHANGE IN SHAREHOLDING OF HEG

HSH has informed HEG that, for the purpose of the internal group reorganisation of HSH, on the date of this announcement, HS (HK) (a wholly-owned subsidiary of HSH and a controlling shareholder of HEG) and FLOURISHING REACH LIMITED (“**FRL**”) (another wholly-owned subsidiary of HSH and a limited liability company incorporated under the laws of the British Virgin Islands) has entered into a sale and purchase agreement, under which HS (HK) has agreed to sell and FRL has agreed to purchase all of the 894,143,110 HEG Shares held by HS (HK), representing approximately 31.74% of the total issued share capital of HEG as at the date of this announcement (the “**Proposed Intra-group Transfer**”). The Proposed Intra-group Transfer does not affect the offer terms of the Privatisation Proposal. For the avoidance of doubt, the implementation of the Proposed Intra-group Transfer is not a condition to the Scheme becoming effective.

The completion of the Proposed Intra-group Transfer is subject to, amongst others, the obtaining of the requisite consent and approvals from the relevant PRC authorities in connection with the Proposed Intra-group Transfer.

Upon completion of the Proposed Intra-group Transfer:

- (a) HS (HK) will no longer be interested in the voting rights of HEG Shares;
- (b) FRL will become interested in the voting rights of approximately 31.74% of the total issued share capital of HEG; and
- (c) HSH will continue to directly and indirectly hold 1,286,820,592 HEG Shares in aggregate, representing approximately 45.68% of the issued share capital of HEG.

As FRL will acquire 30% or more of the voting rights of HEG as a result of the Proposed Intra-group Transfer, FRL is required to make a mandatory general offer for all of the HEG Shares pursuant to Rule 26.1 of the Takeovers Code unless a waiver is granted by the Executive.

HSH has applied for, and the Executive has granted, a waiver pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code of the obligation for FRL to make a general offer for all of the HEG Shares arising from the Proposed Intra-group Transfer. Accordingly, the Proposed Intra-group Transfer will not give rise to any obligation for FRL to make a general offer for HEG Shares under the Takeovers Code.

Pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the attention of HEG Shareholders is drawn to the Proposed Intra-group Transfer.

By Order of the board of directors of
Haier Smart Home Co., Ltd.*
Liang Haishan
Chairman

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

28 August 2020

As at the Announcement Date, the directors of HSH are Liang Haishan, Tan Lixia, Wu Changqi, Li Hua Gang, Yan Andrew Y, Lin Sui Martin, Chien Da-Chun, Dai Deming and Wong Hak Kun.

The directors of HSH jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than any information relating to HEG) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the directors of HEG) 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 executive directors of HEG are Mr. Zhou Yunjie (Chairman), Mr. Xie Ju Zhi and Mr. Li Hua Gang; the non-executive directors of the Company are Mr. Liang Haishan and Mr. Yang Guang; the independent non-executive directors of the Company are Mr. Yu Hon To, David, Mrs. Eva Cheng Li Kam Fun, Mr. Gong Shao Lin and Dr. John Changzheng Ma.

The directors of HEG jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than any information relating to HSH) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the directors of HSH) 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.

** For identification purpose only*