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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 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) FULFILMENT OF PRE-CONDITION TO THE PRIVATISATION PROPOSAL IN RELATION TO APPROVAL FROM THE CSRC

AND

(2) APPROVAL FROM THE CSRC IN RELATION TO THE EB-TO-CB PROPOSAL

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.

FULFILMENT OF PRE-CONDITION TO THE PRIVATISATION PROPOSAL IN RELATION TO APPROVAL FROM THE CSRC

As disclosed in the section headed “2. TERMS OF THE PRE-CONDITIONAL PRIVATISATION PROPOSAL — 2.6 Pre-Conditions to the making of the Privatisation Proposal” in the Joint Announcement, the making of the Privatisation Proposal is conditional upon the fulfilment of the Pre-Conditions, including, amongst others, the CSRC having approved the proposed issuance of HSH H Shares pursuant to the Introduction.

On 30 October 2020, HSH received the approval by the CSRC for, amongst others, the proposed issuance of HSH H Shares pursuant to the Introduction. Accordingly, the Pre-Condition as set out under paragraph (a) in the section headed “2. TERMS OF THE PRE-CONDITIONAL PRIVATISATION PROPOSAL — 2.6 Pre-Conditions to the making of the Privatisation Proposal” in the Joint Announcement has been fulfilled.

As at the date of this announcement, the Pre-Condition as set out under paragraph (b) (being the approval of the Listing Committee of the Stock Exchange for the listing of HSH H Shares on the Stock Exchange to be issued as consideration for the cancellation of the Scheme Shares under the Scheme, pursuant to the Introduction) in the section headed “2. TERMS OF THE PRE-CONDITIONAL PRIVATISATION PROPOSAL — 2.6 Pre-Conditions to the making of the Privatisation Proposal” in the Joint Announcement remains to be outstanding. Further announcement(s) will be made in relation to the satisfaction of the outstanding Pre-Condition if and when appropriate.

APPROVAL FROM THE CSRC 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, the obtaining or completing of the applicable filings and/or approvals with or from the CSRC and (if any) other relevant PRC governmental or regulatory authorities which are required to be completed or obtained prior to the EB-to-CB Proposal taking effect.

On 30 October 2020, HSH received the requisite approval from the CSRC in relation to the EB-to-CB Proposal.

The implementation of the EB-to-CB Proposal remains to be subject to obtaining or completing various other approvals or filings as disclosed in the Joint Announcement, including, amongst others, 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.

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.

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

30 October 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