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Haier
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 the Bermuda with limited liability)
(Stock Code: 1169)

JOINT ANNOUNCEMENT

(1) PROPOSED 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

(2) PROPOSED WITHDRAWAL OF LISTING OF HEG SHARES

(3) DESPATCH OF SCHEME DOCUMENT

Joint Financial Advisers to HSH



J.P.Morgan

Financial Adviser to HEG



Valuation Adviser to HSH



Independent Financial Adviser to the Independent Board Committee



INTRODUCTION

Reference is made to (i) the joint announcement issued by HSH and HEG (the “**Joint Announcement**”) on 31 July 2020 regarding the Privatisation Proposal; (ii) the joint announcement issued by HSH and HEG on 1 September 2020 regarding, amongst others, the extension of time for despatch of the Scheme Document; (iii) the joint announcement issued by HSH and HEG on 13 November 2020 regarding, amongst others, the fulfilment of all Pre-Conditions to the Privatisation Proposal; and (vi) the scheme document issued by HSH and HEG on 16 November 2020 regarding the Privatisation Proposal and the Scheme (the “**Scheme Document**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Scheme Document.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document, together with the notices of the Court Meeting and the SGM (each to be held on Wednesday, 9 December 2020) and the relevant forms of proxy, will be despatched to the HEG Shareholders on Monday, 16 November 2020.

The Scheme Document contains, among other things, further details about the Privatisation Proposal and the Scheme, an explanatory statement as required under the Companies Act, the expected timetable relating to the Privatisation Proposal, the letter from the HEG Board, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser, the Valuation Report, the Listing Document and the notices of the Court Meeting and the SGM.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Yang Guang, Mr. Yu Hon To, David, Mrs. Eva Cheng Li Kam Fun, Mr. Gong Shao Lin and Dr. John Changzheng Ma, comprising all non-executive directors and independent non-executive directors of HEG who are not interested in the Privatisation Proposal, has been established by the HEG Board to make a recommendation to the Disinterested Scheme Shareholders as to: (i) whether the terms of the Privatisation Proposal are, or are not, fair and reasonable; and (ii) whether to vote in favour of the resolutions for the approval of the Scheme at the Court Meeting and the resolutions necessary to implement the Privatisation Proposal at the SGM.

Mr. Liang Haishan, a non-executive director of HEG, is a HSH Concert Party and is therefore not considered as independent for the purpose of giving advice or recommendations to the Disinterested Scheme Shareholders. Accordingly, Mr. Liang Haishan has been precluded from the Independent Board Committee.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Privatisation Proposal and the Scheme.

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Privatisation Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, the Independent Financial Adviser advises the Independent Board Committee to recommend the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve the Scheme.

The Independent Board Committee, having considered the terms of the Privatisation Proposal and taken into account the advice of the Independent Financial Adviser, in particular, the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser, considers the terms of the Privatisation Proposal to be fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve the Scheme.

HEG Shareholders are urged to read and consider carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser as set out in the letter from the Independent Board Committee and the letter from the Independent Financial Adviser contained in the Scheme Document.

COURT MEETING AND SGM

The Court Meeting and the SGM are scheduled to be held at 9:30 a.m. and 10:00 a.m. (or so soon thereafter as the Court Meeting has been concluded or adjourned) respectively on Wednesday, 9 December 2020 at Grand Ballroom 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong.

In accordance with the directions of the Court, the Court Meeting will be held for the purposes of considering, and if thought fit, passing a resolution to approve the Scheme, with or without modification.

The SGM will be held so soon thereafter as the Court Meeting has concluded or adjourned for the purposes of, amongst others, considering, and if thought fit, approving the special resolutions to approve and give effect to, amongst other things, (i) the reduction of the issued share capital of HEG by the cancellation of the Scheme Shares, (ii) immediately thereafter, the restoration of the issued share capital of HEG to its amount in issue prior to the cancellation of the Scheme Shares by issuing to HSH such number of HEG Shares as is equal to the number of Scheme Shares cancelled, credited as fully paid at par, by applying the reserve created in the books of accounts of HEG as a result of the cancellation of the Scheme Shares, (iii) the cancellation of all amount standing to the credit of the share premium account of HEG and/or other account of HEG as of the Scheme Effective Date (such cancellation of share premium constitutes a reduction in the issued share capital of HEG under the Companies Act), and (iv) the reduction of the issued share capital of HEG by the cancellation of the Fractional Shares.

Notices of the Court Meeting and the SGM are contained in the Scheme Document. An announcement will be made by HSH and HEG in relation to the results of the Court Meeting and the SGM on Wednesday, 9 December 2020 by no later than 7:00 p.m.

ENTITLEMENTS TO ATTEND AND VOTE AT THE COURT MEETING AND THE SGM

Shareholders who are entitled to attend and vote at the Court Meeting and the SGM are those whose names appear on the register of members of HEG on Wednesday, 9 December 2020 (being the Meeting Record Date). In order to qualify to vote at the Court Meeting and the SGM, all transfers of HEG Shares accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Thursday, 3 December 2020.

For the avoidance of doubt, prior to the EB-to-CB Proposal taking effect, the Bondholders remain entitled to exercise their right to exchange the HSH Exchangeable Bonds into HEG Shares in accordance with the Bond Terms and Conditions. If the Bondholders exercise their exchange right and become HEG Shareholders on or prior to the Meeting Record Date, those HEG Shares held by such Bondholders will form part of the Scheme Shares and accordingly may be voted on at the Court Meeting and the SGM.

CONDITIONS OF THE PRIVATISATION PROPOSAL AND THE SCHEME

HEG Shareholders and potential investors of HSH and HEG should be aware that the Privatisation Proposal is subject to the Conditions being fulfilled or waived, as applicable. All of the Conditions will have to be satisfied or waived, as applicable, on or before the Scheme Long Stop Date, failing which the Privatisation Proposal and the Scheme will lapse.

If all the resolutions are passed at the Court Meeting and the SGM, further announcement will be made in relation to, among other things, the results of the Court Hearing, the expected Scheme Record Time, the expected Scheme Effective Date and the expected date of withdrawal of listing of HEG Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

EXPECTED TIMETABLE

The following expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the expected timetable. All references to times and dates are references to Hong Kong times and dates, except as otherwise specified.

Date of despatch of the Scheme Document Monday,
16 November 2020

Last day for Bondholders to exchange the HSH Exchangeable
Bonds into HEG Shares in order to become HEG Shareholders to
qualify for attending and voting at the Court Meeting and the SGM ^(Note 1) Wednesday,
18 November 2020

Last day for Bondholders to exchange the HSH Exchangeable Bonds into HEG Shares and in order to become HEG Shareholders to qualify for entitlements under the Scheme ^(Note 1)	Wednesday, 25 November 2020
Latest time for lodging transfers of HEG Shares to qualify for attending and voting at the Court Meeting and the SGM.	4:30 p.m. on Thursday, 3 December 2020
Closure of the register of members of HEG for determining the entitlement to attend and vote at the Court Meeting and the SGM ^(Note 2)	Friday, 4 December 2020 to Wednesday, 9 December 2020 (both days inclusive)
Latest time for lodging forms of proxy in respect of the Court Meeting ^(Note 3)	9:30 a.m. on Monday, 7 December 2020
Latest time for lodging forms of proxy in respect of the SGM ^(Note 3)	10:00 a.m. on Monday, 7 December 2020
Meeting Record Date	Wednesday, 9 December 2020
Court Meeting ^(Note 4)	9:30 a.m. on Wednesday, 9 December 2020
SGM ^(Note 4)	10:00 a.m. on Wednesday, 9 December 2020 (or so soon thereafter as the Court Meeting has been concluded or adjourned)
Announcement of the results of the Court Meeting and the SGM published on the Stock Exchange's website and HEG's website	no later than 7:00 p.m. on Wednesday, 9 December 2020
Expected last day for trading in the HEG Shares on the Stock Exchange	Friday, 11 December 2020
Latest time for lodging transfers of HEG Shares to qualify for entitlements under the Scheme	4:30 p.m. on Wednesday, 16 December 2020

Closure of the register of members of HEG for determining entitlement of the Scheme Shareholders under the Scheme ^(Note 5) From Thursday, 17 December 2020 onwards

Court Hearing for sanctioning the Scheme. Thursday, 17 December 2020
(Bermuda time)

Announcement of (i) the results of the Court Hearing; (ii) the expected Scheme Record Time; (iii) the expected Scheme Effective Date; and (iv) the expected date of withdrawal of listing of the HEG Shares to be published on the Stock Exchange's website and HEG's website. at or before 8:30 a.m. on Friday, 18 December 2020

Scheme Record Time 4:30 p.m. on Friday, 18 December 2020

Scheme Effective Date ^(Note 7) Friday, 18 December 2020 (Bermuda time)

Announcement of (1) the Scheme Effective Date and (2) the withdrawal of listing of the HEG Shares on the Stock Exchange's website and HEG's website. at or before 8:30 a.m. on Monday, 21 December 2020

Despatch of certificates for the new HSH H Shares to be issued pursuant to the Scheme and the Listing ^(Notes 6 and 8) Monday, 21 December 2020

Withdrawal of the listing of the HEG Shares on the Stock Exchange becomes effective ^(Notes 6 and 9) 9:00 a.m. on Tuesday, 22 December 2020

Dealings in the HSH H Shares on the Stock Exchange expected to commence at ^(Note 6) 9:00 a.m. on Tuesday, 22 December 2020

EB-to-CB Proposal becomes effective ^(Note 10) Tuesday, 22 December 2020

Latest time to despatch cheques for payment of the Cash Payment to the Scheme Shareholders Wednesday, 30 December 2020

HEG Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

1. Pursuant to the Bond Terms and Conditions, HSH and FRL will take all necessary action to procure the transfer of HEG Shares to exchanging Bondholders and the delivery of such HEG Shares to such exchanging Bondholder or its nominee as provided for in the relevant exchange notice through CCASS in accordance with prevailing laws, rules, regulations and procedures of CCASS effective from time to time within 10 business days after the Exchange Date. References to “business day” in the Bond Terms and Conditions mean a day on which both CCASS and the share registrar and transfer office of HEG in Hong Kong are open for business for trade, settlement of the HEG Shares and for registration of HEG Share transfers. The Exchange Date is the Exchange Business Day immediately following the date of due delivery of the relevant exchange notice and, if applicable, the making of any payment to be made and the giving of any indemnity and/or security to be given under the Bond Terms and Conditions in connection with the exercise of such exchange right.

Bondholders are reminded that although HSH and FRL will take all necessary action to procure the transfer and delivery of HEG Shares to the relevant exchanging Bondholders as soon as practicable, there is no guarantee that transfer and delivery of the HEG Shares can be completed before the 10th business day after the Exchange Date. As the register of members of HEG will be closed from Thursday, 17 December 2020 onwards for determining entitlement of the Scheme Shareholders under the Scheme, there is no guarantee that HSH and FRL will be able to transfer and deliver HEG Shares to the relevant exchanging Bondholders in respect of any exercise of exchange right after Wednesday, 25 November 2020. Upon exchange, the right of the exchanging Bondholder to repayment of any amount of principal or premium (if any) of the HSH Exchangeable Bond to be exchanged will be extinguished and released and the principal amount of the HSH Exchangeable Bonds will be reduced to reflect such exchange on the Exchange Date.

Bondholders are urged to deliver an exchange notice and make all relevant arrangements (including providing sufficient details to its broker, dealer, bank, custodian, trust company or other nominee or other intermediary) as early as possible if they intend to be a Scheme Shareholder to attend and vote at the Court Meeting and the SGM and/or to participate in the Scheme. Bondholders are also advised to check with any broker, dealer, bank, custodian, trust company or other nominee or other intermediary through which they hold the HSH Exchangeable Bonds to confirm whether such intermediary requires that it receive instructions for such Bondholder related to the exchange before the deadlines specified above.

Bondholders are strongly advised to refer to the separate announcements published by Harvest in relation to the HSH Exchangeable Bonds (under Stock Code: 5024) on the website of the Stock Exchange (www.hkexnews.hk) on the same day as the date of the Scheme Document and from time to time in the manner as provided under the Bond Terms and Conditions and in accordance with the Listing Rules for further information in relation to the HSH Exchangeable Bonds.

2. The closure of the register of members of HEG during this period is not for the purpose of determining entitlements under the Scheme. Instead, it is for the purpose of determining entitlements of Scheme Shareholders and Disinterested Scheme Shareholders to attend and vote at the Court Meeting and the HEG Shareholders to attend and vote at the SGM, respectively.
3. Forms of proxy should be lodged with the share registrar and transfer office of HEG in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than the respective times and dates stated above. In the case of the pink forms of proxy for use at the Court Meeting, they may alternatively be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting. Completion and return of the relevant form of proxy for the Court Meeting or the SGM will not preclude a Scheme Shareholder, a Disinterested Scheme Shareholder or a HEG Shareholder, as the case may be, from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked by operation of law.
4. The Court Meeting and the SGM will be held at Grand Ballroom 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong, at the times and dates specified above. Please see the notice of the Court Meeting set out in Appendix J — Notice of Court Meeting to the Scheme Document and the notice of the SGM set out in Appendix K — Notice of SGM to the Scheme Document.
5. Subject to the requisite approval having been obtained at the Court Meeting and the SGM, the register of members of the Company will be closed from Thursday, 17 December 2020 onwards for the purposes of determining the entitlements under the Scheme.
6. If the approval for the Listing is not granted on or prior to Friday, 18 December 2020, the certificates for the new HSH H Shares will not be despatched on Monday, 21 December 2020, dealings in the HSH H Shares on the Stock Exchange will not commence on Tuesday, 22 December 2020, and the listing of the HEG Shares on the Stock Exchange will also not be withdrawn on Tuesday, 22 December 2020. In such event, HSH will make an announcement of the above and of a revised timetable as soon as practicable.

7. *The Scheme will become effective upon all the Conditions set out in the section headed “2. THE PRIVATISATION PROPOSAL AND THE SCHEME — 2.6 Conditions of the Privatisation Proposal and the Scheme” in Part IX — Explanatory Statement of the Scheme Document having been satisfied or validly waived (as applicable) on or before the Scheme Long Stop Date. HEG Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective.*
8. *The share certificates for the new HSH H Shares to be issued pursuant to the Scheme and the Listing as cancellation consideration for the Scheme Shares are expected to be despatched to the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders) on Monday, 21 December 2020. Each Scheme Shareholder (other than the Non-Qualifying Overseas Shareholders) will be sent one share certificate representing all HSH H Shares. Such share certificates will not become valid unless the formal letter of approval for the Listing is obtained, and the Introduction has become effective. Investors who trade in the HSH H Shares prior to the receipt of the HSH H Share certificates or prior to the HSH H Share Certificates becoming valid do so entirely at their own risk.*
9. *If the Scheme becomes effective, it is expected that the listing of the HEG Shares on the Stock Exchange will be withdrawn with effect from 9:00 a.m. on Tuesday, 22 December 2020, being the second Business Day following the Scheme Effective Date. The listing of the HEG Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective.*
10. *The EB-to-CB Proposal will become effective upon all the relevant conditions set out in the section headed “4. HSH EXCHANGEABLE BONDS — 4.3 EB-to-CB Proposal” in Part IX — Explanatory Statement of the Scheme Document having been obtained or completed. The Bondholders will be advised by an announcement published by Harvest in relation to the HSH Exchangeable Bonds or the then HSH Convertible Bonds (under Stock Code: 5024) on the website of the Stock Exchange (www.hkexnews.hk) in relation to the exact date upon which the EB-to-CB Proposal becomes effective.*

WARNING: 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 Yunjie
Chairman

16 November 2020

As at the date of this announcement, the directors of HSH are Liang Haishan, Tan Lixia, Wu Changqi, Li Hua Gang, 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 date of this announcement, 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*