



NOTICE IS HEREBY GIVEN that the annual general meeting (“Meeting”) of the shareholders of Haier Electronics Group Co., Ltd. (海爾電器集團有限公司*) (the “Company”) will be held at Small Connaught Room, 1/F., Mandarin Oriental Hotel, 5 Connaught Road Central, Hong Kong on Wednesday, 25 May 2005 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and consider the audited Financial Statements and the Reports of the directors (“Directors”) and auditors (“Auditors”) of the Company for the year ended 31 December 2004.
2. To re-elect retiring Directors and to authorise the board of Directors (“Board”) to determine the remuneration of the directors.
3. To re-appoint Auditors and to authorise the Board to determine the remuneration of the auditors.

AS SPECIAL BUSINESS

Ordinary Resolutions

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the shares of HK\$0.10 each in the share capital of the Company (“Shares”) to be issued pursuant to the exercise of share options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on 28 February 2002 and all other share option scheme(s) of the Company, up to 10 per cent. of the number of Shares in issue as at the date of passing of this resolution (the “New Scheme Limit”) be and is hereby approved and any Director, or any two Directors if affixation of the common seal of the Company is necessary, be and is/ are hereby authorised to do all such acts and execute all such documents to effect the New Scheme Limit.”

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued Shares subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) or of any other stock exchange as amended from time to time and the manner of any such repurchase be and is hereby generally and unconditionally approved;



Notice of Annual General Meeting

- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the shares of the Company which are authorised to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws or the bye-laws of the Company (“Bye-laws”) to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the share option scheme of the Company approved by the Stock Exchange; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with



Notice of Annual General Meeting

the Bye-laws from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” shall have the same meaning as that ascribed to it under resolution no. 5 as set out in the notice convening the Meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of the resolutions nos. 5 and 6 as set out in the notice convening the Meeting, the general mandate granted to the Directors to the resolution no. 6 as set out in the notice convening the Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution no. 5 as set out in the notice convening the Meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution”

Special Resolutions

8. To consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution of the Company:

“**THAT** upon the passing of this resolution,

- (a) the amount standing to the credit of the share premium account of the Company as at 31 December 2004 amounting to HK\$70,179,188 be and is hereby reduced and applied to set off against an equivalent amount of the accumulated losses of the Company as at 31 December 2004;
- (b) an amount of HK\$844,285,035 standing to the credit of the contributed surplus account of the Company as at 31 December 2004 be and is hereby reduced and applied to set off against the balance of the accumulated losses of the Company as at 31 December 2004 remaining after the set-off referred to in (a) above in full;
- (c) the Directors be and are hereby authorised to do all acts and things which they may consider appropriate, necessary or desirable to give effect to or to implement any of the foregoing.”



Notice of Annual General Meeting

9. To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“THAT the existing Bye-laws be and is hereby amended in the following manner:

(a) by deleting the first sentence of Bye-Law 99, which reads:

“At each annual general meeting one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as Chairman or Managing Director.”

and substituting therefor the following:

“At each annual general meeting one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation, providing that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years”

(b) by deleting Bye-law 102(B) in its entirety, which reads:

“The Board shall have power from time to time and at any time to appoint any person either to fill a causal vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of the Directors who are to retire by rotation at such meeting.”

and substituting therefor the following:

“The Board shall have power from time to time and at any time to appoint any person either to fill a causal vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting (in the case of filling a causal vacancy on the Board) or the next following annual general meeting (in the case of an addition to the Board) of the Company and shall then be eligible for re-election at the meeting. The Directors subject to re-election under this Bye-law shall be taken into account in calculating the total number of Directors for the time being but shall not be taken into account in determining the Directors or the number of the Directors who are to retire by rotation at such meeting.”

By Order of the Board of
HAIER ELECTRONICS GROUP CO., LTD.
(海爾電器集團有限公司*)
Yang Mian Mian
Chairman

Hong Kong, 25 April 2005



Notice of Annual General Meeting

Notes:

1. The register of members of the Company will be closed from Monday, 23 May 2005 to Wednesday, 25 May 2005 (both days inclusive) during which period no transfer of Share(s) will be effected. In order to determine the entitlement to attend and vote at the Meeting, all transfer of Share(s), accompanied by the relevant Share certificate(s) with the completed transfer form(s), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 20 May 2005.
2. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf in accordance with the bye-laws of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the annual general meeting.
5. With respect to the resolution set out in resolution no. 2 of this notice, Ms. Yang Mian Mian, Mr. Wu Ke Song, Mr. Liang Hai Shan, Mr. Cao Chun Hua, Mr. Song Chun Guang, Mr. Lau Ho Wai, Lucas and Mr. Wu Yinong will retire and, being eligible, offer themselves for re-election at the Meeting. Details of the above Directors will be set out in the 2004 Annual Report of the Company.
6. With respect to the resolution set out in resolution no. 4 of this notice, approval is being sought from the shareholders for an approval to refresh the 10% general limit on grant of options under the share option scheme adopted on 28 February 2002 and all other share option scheme(s) of the Company.
7. With respect to the resolution set out in resolution no. 5 of this notice, approval is being sought from the shareholders for a general mandate to be given to the directors to repurchase shares of the Company.
8. An explanatory statement containing further information with respect to the resolution set out in resolution no. 5 of this notice will be sent to the shareholders together with the 2004 Annual Report of the Company.
9. With respect to the resolutions set out in resolutions nos. 6 and 7 of this notice, approval is being sought from the shareholders for general mandates to be given to the directors to allot, issue and deal with shares of the Company in accordance with the Listing Rules.

As at the date of this notice, the executive Directors are Ms. Yang Mian Mian, Mr. Wu Ke Song, Mr. Chai Yong Sen, Mr. Liang Hai Shan, Mr. Cao Chun Hua, Mr. Cui Shao Hua and Mr. Song Chun Guang and the independent non-executive Directors of the Company are Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry, Mr. Lau Ho Wai, Lucas and Mr. Wu Yinong.

* for identification purpose only