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**HARVEST INTERNATIONAL COMPANY**  
*(incorporated in the Cayman Islands with limited liability)*

**HK\$8,000,000,000 Zero Coupon Guaranteed Exchangeable Bonds due 2022**  
**(the "Bonds")**  
**(Stock Code: 5024.HK; ISIN: XS1716796641)**

**exchangeable into the ordinary shares of**  
**HAIER ELECTRONICS GROUP CO., LTD. (Stock Code: 1169)**  
**海爾電器集團有限公司\***

*unconditionally and irrevocably guaranteed by*

**Haier**

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

*and*

**HAIER SHAREHOLDINGS (HONG KONG) LIMITED**  
*(incorporated in Hong Kong with limited liability)*

**(1) PRE-CONDITIONAL PROPOSAL FOR PRIVATISATION OF**  
**HAIER ELECTRONICS GROUP CO., LTD.**  
**BY HAIER SMART HOME CO., LTD.**  
**BY WAY OF A SCHEME OF ARRANGEMENT**  
**UNDER SECTION 99 OF THE COMPANIES ACT AND PROPOSED WITHDRAWAL OF**  
**LISTING OF SHARES**

**(2) ADJUSTMENT OF EXCHANGE PROPERTY**

**AND**

**(3) RESUMPTION OF TRADING**

# PRE-CONDITIONAL PROPOSAL FOR PRIVATISATION OF HAIER ELECTRONICS GROUP CO., LTD. AND PROPOSED WITHDRAWAL OF LISTING OF SHARES

## Privatisation Proposal and Withdrawal of Listing

Reference is made to the joint announcement (the "**Rule 3.5 Announcement**") dated 31 July 2020 made by Haier Smart Home Co., Ltd. ("**HSH**") and Haier Electronics Group Co., Ltd. ("**Haier Electronics**") pursuant to Rule 3.5 of the Takeovers Code in relation to a pre-conditional proposal for privatisation of Haier Electronics by HSH. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as given to them in the Rule 3.5 Announcement and the terms and conditions of the Bonds (the "**Terms and Conditions**").

In the Rule 3.5 Announcement, HSH and Haier Electronics jointly announced that HSH has formally requested the board of directors of Haier Electronics to, subject to the satisfaction of the pre-conditions to the making of the Privatisation Proposal (as defined below) as described in the paragraph headed "*Pre-Conditions to the making of the Privatisation Proposal*" of the Rule 3.5 Announcement (the "**Privatisation Pre-Conditions**"), put forward a proposal to the registered holder(s) ("**Scheme Shareholders**") of the Scheme Shares (as defined in the Rule 3.5 Announcement) for the privatisation (the "**Privatisation Proposal**") of Haier Electronics by way of a scheme of arrangement (the "**Scheme**") under Section 99 of the Companies Act 1981 of Bermuda (as amended).

Subject to the satisfaction of the Privatisation Pre-Conditions, HSH will make the Privatisation Proposal to privatise Haier Electronics by issuing new overseas listed foreign shares in the ordinary share capital of HSH ("**HSH H Shares**") which are to be traded in Hong Kong dollars and which are to be listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Introduction (as defined in the Rule 3.5 Announcement) as consideration for the cancellation of the Scheme Shares. Accordingly, HSH will be making an application to the Stock Exchange for the listing of the HSH H Shares by way of a listing by introduction. Upon the Privatisation Proposal becoming effective, the new HSH H Shares will be issued to the Scheme Shareholders whose names appear on the register of members of Haier Electronics at the record time (to be jointly announced by HSH and Haier Electronics) for determining entitlements under the Scheme (the "**Scheme Record Time**").

In addition, as an integral part of the Privatisation Proposal, upon the Scheme becoming effective, Haier Electronics will make a payment of HK\$1.95 per Scheme Share (the "**Cash Payment**") to the Scheme Shareholders whose names appear on the register of members of Haier Electronics at the Scheme Record Time.

Upon the fulfilment of the conditions to the implementation of the Privatisation Proposal as described in the paragraph headed "*Conditions of the Privatisation Proposal and the Scheme*" of the Rule 3.5 Announcement (the "**Privatisation Conditions**") and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from HSH (in respect of the new HSH H Shares) and from Haier Electronics (in respect of the Cash Payment):

For every Scheme Share cancelled . . . . .	1.60 new HSH H Shares and the Cash Payment of HK\$1.95
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The listing of, and permission to deal in, the HSH H Shares on the Main Board of the Stock Exchange (the "**Listing**") will take place and the new HSH H Shares will be issued to the Scheme Shareholders only if the Scheme becomes effective. The Cash Payment will be paid by Haier Electronics only if the Scheme becomes effective.

Ordinary shares in the issued share capital of Haier Electronics (the "**Shares**") held by HSH and those held by any of its wholly-owned subsidiaries (including but not limited to Haier Shareholdings (Hong Kong) Limited ("**Haier HK**")), including the Exchange Property (as defined in the Terms and Conditions), will not form part of the Scheme Shares. As such, save as discussed in the EB-to-CB Proposal (as defined below), Bondholders are not entitled to receive HSH H Shares unless they exchange their Bonds into Shares prior to the Scheme Record Time so as to be entitled to receive such HSH H Shares as Scheme Shareholders themselves.

Similarly, the Cash Payment is not available to the Bondholders unless they exchange their Bonds into Shares prior to the Scheme Record Time so as to be entitled to receive such Cash Payment as Scheme Shareholders themselves. None of the Issuer, Haier HK, HSH or other holder of the Exchange Property intends to adjust the Exchange Property based on the Cash Payment as it is only available to the Scheme Shareholders whose names appear on the register of members of Haier Electronics at the Scheme Record Time if the Scheme becomes effective. However, if the EB-to-CB Proposal becomes effective, the economic effect equivalent to the Cash Payment will be reflected in the conversion price of the Bonds as set out in the EB-to-CB Proposal.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. Haier Electronics will apply to the Stock Exchange in accordance with Rule 6.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the withdrawal of the listing of the Shares on the Stock Exchange, following the effective date of the Scheme.

Upon the fulfilment of the Privatisation Conditions and following completion of the Privatisation Proposal:

- (a) the listing of Shares on the Stock Exchange will be withdrawn;
- (b) HSH H Shares will be listed on the Stock Exchange;
- (c) the Scheme Shareholders will become holders of HSH H Shares; and
- (d) the privatised Haier Electronics will become a wholly-owned subsidiary of HSH (assuming that the EB-to-CB Proposal becomes unconditional and effective), while HSH will remain a subsidiary of Haier Group Corporation, a company incorporated under the laws of the PRC and the controlling shareholder of HSH.

The Scheme will lapse if any of the Privatisation Conditions has not been satisfied or waived, as applicable, on or before the Scheme Long Stop Date (as defined in the Rule 3.5 Announcement). If the Scheme is not approved or if the Privatisation Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn and the EB-to-CB Proposal will not become effective.

The effectiveness of the EB-to-CB Proposal is not a Privatisation Condition. The Privatisation Proposal and the Scheme will still become effective if the Privatisation Conditions are satisfied or (where applicable) waived, even if the EB-to-CB Proposal is not approved or if the EB-to-CB Proposal does not become effective for any other reason.

For further information, please refer to the Rule 3.5 Announcement and separate announcements published by Haier Electronics from time to time in accordance with the Takeovers Code and/or the Listing Rules.

### **Impact of the Privatisation Proposal and the Delisting on the Bonds and the Rights and Interests of the Bondholders**

Apart from the Exchange Right as expressed under Condition 6(a) (*Exchange Period and Exchange Rights*) that the Bondholders have available to them, the Bondholders will also have the following redemption event rights available to them under the Terms and Conditions:

- (a) Condition 8(d) (*Redemption on Relevant Redemption Event*): at any time following the occurrence of a De-listing Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on the Relevant Redemption Put Date (as defined in the Terms and Conditions) at their Early Redemption Amount (as prescribed in the Terms and Conditions). A "**De-listing Event**" will be deemed to occur when the Shares cease to be listed or admitted to trading on the Stock Exchange;
- (b) Condition 8(e) (*Redemption at the Option of Bondholders*): the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on 21 November 2020 (the "**Put Option Date**") at their Early Redemption Amount; and
- (c) Condition 8(a) (*Final Redemption*): unless previously redeemed, exchanged or purchased and cancelled, the Bonds will be redeemed at 105.11 per cent. of their principal amount on 21 November 2022 (the "**Maturity Date**").

### **Options available for the Bondholders under the Terms and Conditions**

The holders of the Bonds are reminded that they have various available options to manage their respective investment in the Bonds, including:

- (a) selling the Bonds in the secondary market;
- (b) exchanging the Bonds into the Shares and becoming shareholders of Haier Electronics (the "**Shareholders**") to participate in the Scheme in the following ways:
  - (i) if the Bondholders exercise their Exchange Right and become Shareholders on or prior to the record date (the "**Privatisation Meeting Record Date**") for determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting (as defined in the Rule 3.5 Announcement) and the entitlements of the Shareholders to attend and vote at the SGM (as defined in the Rule 3.5 Announcement), those Shares so exchanged into and held by such Bondholders as Shareholders will form part of the Scheme Shares and accordingly may be voted on at the Court Meeting and at the SGM; and

- (ii) if the Bondholders exercise their Exchange Right and become Shareholders on or prior to the Scheme Record Time (but only after the Privatisation Meeting Record Date specified in sub-paragraph (b)(i) above), those Shares so exchanged into and held by such Bondholders as Shareholders will form part of the Scheme Shares (but such Bondholders will not be entitled to vote at the Court Meeting or the SGM). Subject to the Scheme becoming effective, as part of the Scheme, HSH will issue such number of HSH H Shares in accordance with the Share Exchange Ratio (as defined in the Rule 3.5 Announcement), and Haier Electronics will make the Cash Payment, multiplied by the number of Scheme Shares held by such Bondholders who have exercised their Exchange Right and become Scheme Shareholders as at the Scheme Record Time;
- (c) exercising their early redemption right and requesting the Issuer to redeem their Bonds on the Put Option Date at the Early Redemption Amount;
- (d) exercising their early redemption right upon Delisting and requesting the Issuer to redeem their Bonds at the Early Redemption Amount; or
- (e) holding their Bonds until the Maturity Date and being repaid at 105.11 per cent. of the principal amount of such Bonds.

In the event the Privatisation Proposal takes effect, the EB-to-CB Proposal is not approved or otherwise does not become effective and the Bondholders do not exercise any of the options outlined in paragraphs (a) to (d) above, the consequence will be that, following the Delisting, the Bonds will, on the exercise of the Exchange Right by the Bondholders, exchange into unlisted shares of Haier Electronics which will not have an open market for trading and will therefore become illiquid.

### **EB-to-CB Proposal**

To provide an alternative to the Bondholders outside of those that are available under the Terms and Conditions or as outlined above, HSH proposes to solicit the consents of the Bondholders (the "**Consent Solicitation**") to amend the Terms and Conditions, such that subject to the satisfaction of the EB-to-CB Conditions, the Bonds will not be exchangeable into the Shares but will be convertible into new HSH H Shares issuable by HSH upon conversion instead.

The "**EB-to-CB Conditions**" include (i) the requisite approval by shareholders of HSH, (ii) the Privatisation Pre-Conditions and the Privatisation Conditions, (iii) the Scheme becoming effective, (iv) the applicable filings and/or approvals with or from the China Securities Regulatory Commission 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; (v) the Listing Committee of the Stock Exchange having approved the listing of, and permission to deal in, the HSH H Shares (including HSH H Shares to be issued pursuant to the conversion of the Bonds) on the Stock Exchange; and (vi) satisfying the conditions imposed by the Stock Exchange on the EB-to-CB Proposal. The proposal as aforementioned is referred to as the "**EB-to-CB Proposal**".

Please also refer to the announcement made by the Issuer on 31 July 2020 with respect to the Consent Solicitation (the "**Consent Solicitation Announcement**") for details of the EB-to-CB Proposal and other proposal for which consents from Bondholders are sought.

The implementation of the EB-to-CB Proposal is conditional upon the effectiveness of the Scheme and the commencement of the Listing and such implementation will only occur after the Privatisation Conditions are satisfied and the Scheme becomes effective and trading of the HSH H Shares on the Stock Exchange commences. On the other hand, the implementation of the EB-to-CB Proposal is not a condition precedent to the Scheme becoming effective. If all EB-to-CB Conditions are satisfied, the EB-to-CB Proposal will take effect immediately upon Listing and the commencement of trading of HSH H Shares on the Stock Exchange.

The holders of the Bonds are reminded that, notwithstanding the EB-to-CB Proposal, they have various options to manage their respective investment in the Bonds in the context of the Privatisation Proposal (as defined herein), including:

- (a) selling the Bonds in the secondary market;
- (b) exchanging the Bonds into the Shares and becoming Shareholders either (i) on or prior to the Privatisation Meeting Record Date or (ii) on or prior to the Scheme Record Time, to participate in the Scheme as discussed above;
- (c) exercising their early redemption right and requesting the Issuer to redeem their Bonds on the Put Option Date at the Early Redemption Amount; or
- (d) holding their Bonds until the Maturity Date and to be repaid at 105.11 per cent. of the principal amount of such Bonds.

The Bondholders may adopt any of such options even if the extraordinary resolution (the "**Extraordinary Resolution**") sought by the Consent Solicitation is approved by the Bondholders.

In addition, if the Extraordinary Resolution is approved by the Bondholders, in terms of the put option available to the Bondholders relating to the Delisting and withdrawal of listing of HSH H Shares on the Stock Exchange:

- (i) the Bondholders may exercise their early redemption right upon Delisting and request the Issuer to redeem their Bonds at the Early Redemption Amount if the Delisting occurs without all EB-to-CB Conditions satisfied;
- (ii) after the EB-to-CB Conditions are satisfied, upon Delisting but before Listing and the commencement of trading of HSH H Shares, the Bondholders will no longer be able to request the Issuer to redeem their Bonds based on the Delisting due to the Transitional Delisting Put Waiver (as defined in Consent Solicitation Announcement), which will be granted by the Bondholders as part of the EB-to-CB Proposal approved. Please refer to the Consent Solicitation Announcement for more details; and
- (iii) after the EB-to-CB Conditions are satisfied and upon Listing and the commencement of trading of HSH H Shares, the EB-to-CB Proposal will become effective. Thereafter, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds at the Early Redemption Amount after the HSH H Shares cease to be listed or admitted to trading on the Stock Exchange. Listing and the commencement of trading of HSH H Shares are expected to occur concurrently or shortly after the Delisting.

## **Listing Status of the Bonds**

The Bonds were listed on the Stock Exchange effective from 22 November 2017 pursuant to Chapter 37 (Debt Issues to Professional Investors Only) of the Listing Rules. As at the date of this announcement, none of the Issuer, Haier HK or HSH is aware of any reason why the continued debt listing status of the Bonds will be affected by reason of the Privatisation Proposal and the Delisting.

**The Bondholders are reminded that the making of the Privatisation Proposal is subject to the satisfaction of the Privatisation 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 Privatisation Conditions, and therefore the Privatisation Proposal may or may not be implemented and the Scheme may or may not become effective. The Bondholders should therefore exercise caution when dealing in the Bonds and/or the securities of HSH and Haier Electronics. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.**

## **ADJUSTMENT OF EXCHANGE PROPERTY**

At the annual general meeting of Haier Electronics held on 23 June 2020, the Shareholders have approved the final dividend for the year ended 31 December 2019 of HK\$49 cents per Share in cash (the "**HEG 2019 Final Dividend**") which will be payable to Shareholders whose names appear on the register of members of Haier Electronics on 3 July 2020. The HEG 2019 Final Dividend will be paid on or around 3 August 2020.

Under the Terms and Conditions, if the HEG 2019 Final Dividend is paid or made in respect of the Exchange Property before the EB-to-CB Proposal described above becoming effective, additional Shares will need to be included to form part of the Exchange Property. Although the Terms and Conditions permit the Issuer, Haier HK or HSH to apply the amount of HEG 2019 Final Dividend received in respect of the Exchange Property (the "**Cash Distribution Amount**") to purchase additional Shares in the market after the date on which such Cash Distribution Amount is received (the "**Distribution Payment Date**") to form part of the Exchange Property, it is not currently intended that the rights would be exercised. Instead, it is intended that the adjustment mechanism set out in Condition 6(f) of the Terms and Conditions would take effect, whereby additional Shares calculated based on the following prescribed formula will be deemed to be added to the Exchange Property:

Additional Shares = (Cash Distribution Amount/Theoretical Purchase Price on the 11th trading day following the Distribution Payment Date),

where:

"**Theoretical Purchase Price**" on any day will be equal to the average of the closing prices of the Shares on each of the 10 trading days preceding, and excluding such date.

Further information will be available in a separate announcement to be published by Issuer with respect to adjustment of the Exchange Property due to the HEG 2019 Final Dividend after the 11th trading day following the Distribution Payment Date.

## RESUMPTION OF TRADING

Reference is made to the announcement of the Issuer dated 30 July 2020 in relation to the halt of trading of the Bonds.

Following the publication on 31 July 2020 of the Rule 3.5 Announcement by Haier Electronics concerning, among others, the resumption of trading of the ordinary shares of Haier Electronics, the Issuer has made a request with the Stock Exchange in respect of the resumption of trading of the Bonds with effect from 9:00 a.m. on Monday, 3 August 2020.

Bondholders are advised to take note of this announcement, the Rule 3.5 Announcement and the Consent Solicitation Announcement and make their own individual independent assessment on the impact of the information contained in that announcement on their individual particular holdings of the Bonds.

Harvest International Company  
Board of Directors

Hong Kong, 31 July 2020

*As at the date of this announcement, the directors of Harvest International Company are WANG Ningning and WANG Rongli.*

*As at the date of this announcement, the directors of Haier Smart Home Co., Ltd. (海爾智家股份有限公司) are LIANG Haishan, TAN Lixia, WU Changqi, LI Huagang, YAN Yan, LIN Sui, QIAN Daqun, DAI Deming and WONG Hak Kun.*

*As at the date of this announcement, the directors of Haier Shareholdings (Hong Kong) Limited are ZHANG Liquan, LIANG Haishan and WANG Ningning*

*\* For identification purposes only*