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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)*

**MEETING OF BONDHOLDERS AND CONSENT SOLICITATION**

Harvest International Company (the "**Issuer**"), Haier Smart Home Co., Ltd. (formerly known as Qingdao Haier Co., Ltd.) ("**HSH**"), Haier Shareholdings (Hong Kong) Limited ("**Haier HK**"), FLOURISHING REACH LIMITED (the "**New Guarantor**") have given holders of the Bonds (the "**Bondholders**") notice of a meeting (the "**Notice of Meeting**") dated 31 July 2020 in connection with the solicitation of consents by an extraordinary resolution of the Bondholders for approval of certain

amendments to the terms and conditions of the Bonds (the "**Conditions**") and the trust deed (the "**Trust Deed**") constituting the Bonds (the "**Consent Solicitation**"). A consent solicitation memorandum (the "**Consent Solicitation Memorandum**") dated 31 July 2020 prepared by HSH, Haier HK and the New Guarantor has also been dispatched to the Bondholders with the Notice of Meeting.

Any questions and requests for assistance in connection with the terms of the Consent Solicitation may be directed to J.P. Morgan Securities (Asia Pacific) Limited as the consent solicitation agent (the "**Consent Solicitation Agent**") at its address and email as set forth below. Any questions and requests for assistance with regard to the procedures for participating in the Consent Solicitation, voting at the Meeting and/or the delivery of Electronic Voting Instructions or for additional copies of the Consent Solicitation Memorandum may be directed to The Hongkong and Shanghai Banking Corporation Limited as the information and tabulation agent (the "**Information and Tabulation Agent**") at its address and email as set forth below. No person has been authorised to make any recommendation on behalf of the Issuer, HSH, Haier HK, the New Guarantor, Haier Electronics, the Consent Solicitation Agent, the Trustee, the Principal Agent, the Registrar or the Information and Tabulation Agent as to whether or how the Bondholders should vote pursuant to the Proposals.

## **Background**

### ***Intra-group Transfer***

Haier HK is one of the key overseas investment and financing platforms of Haier and acts as a holding company. FLOURISHING REACH LIMITED, the New Guarantor, is a wholly-owned subsidiary of HSH and a company incorporated under the laws of the British Virgin Islands with limited liability (Company Number: 1986079). It was incorporated in the British Virgin Islands on 12 July 2018. The New Guarantor does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a subsidiary of HSH and those incidental to the Consent Solicitation. As at the date of this announcement, the New Guarantor has no indebtedness outstanding.

For internal corporate reorganisation purposes, HSH is proposing to procure (i) the transfer of all the Shares held by Haier HK as at the date of transfer (including the Exchange Property) to the New Guarantor, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of HSH (the "**Intra-group Transfer**"), and (ii) consequentially, the release and discharge of the guarantee obligation of Haier HK in respect of the Bonds and replacement of it by a guarantee obligation of the New Guarantor.

### ***Privatisation Proposal***

On 31 July 2020, HSH and Haier Electronics jointly announced that HSH has formally requested the HEG Board to, subject to the satisfaction of the Privatisation Pre-Conditions, put forward a proposal to the Scheme Shareholders for the privatisation of Haier Electronics by way of a scheme of arrangement 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 HSH H shares 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 Scheme Record Time.

In addition, as an integral part of the Privatisation Proposal, upon the Scheme becoming effective, Haier Electronics will make a 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 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<br>cancelled . . . . . | 1.60 new HSH H Shares and<br>the Cash Payment of HK\$1.95 |
|---|---|

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.

Shares held by HSH and those held by any of its wholly-owned subsidiaries (including but not limited to Haier HK), including the Exchange Property, will not form part of the Scheme Shares. As such, save as discussed in the EB-to-CB Proposal, 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 the New Guarantor 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, 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 Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange, following the Scheme Effective Date.

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.

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. 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.

If the Scheme is not approved or if the Privatisation Proposal otherwise lapses, neither HSH nor the HSH Concert Parties under the Privatisation Proposal (nor any person who is subsequently acting in concert with any of them) may, except with the consent of the Executive, within 12 months from the date on which the Scheme is not approved or the Privatisation Proposal otherwise lapses, announce an offer or possible offer for shares in Haier Electronics.

Please also refer to the announcement made by the Issuer on 31 July 2020 with respect to the Rule 3.5 Announcement.

The Bondholders are reminded that there will be further documents despatched and further announcements made by HSH and/or Haier Electronics in accordance with the Takeovers Code and/or the Listing Rules with respect to the Privatisation Proposal and the Scheme subsequent to the Consent Solicitation Memorandum. The Issuer will publish announcements on the Stock Exchange with respect to the Privatisation Proposal and the Scheme in accordance with the Listing Rules. For instance, subject to the satisfaction of the Privatisation Pre-Conditions, Haier Electronics will send to the Shareholders a Scheme Document containing, among other things, further details about the Scheme, a letter of advice from the independent financial adviser in respect of the Privatisation Proposal and the Scheme appointed by Haier Electronics to the Independent Board Committee, the recommendations of the Independent Board Committee, notices to convene the Court Meeting and the SGM, and an advanced draft of the Listing Document as soon as possible in accordance with the Takeovers Code, the requirements of the Court and other applicable regulations. The Bondholders are also reminded that subsequent to this Consent Solicitation Memorandum, both HSH and Haier Electronics will respectively publish their interim and/or quarterly financial results on their websites and/or websites of the relevant stock exchange(s) pursuant to the related listing rules and the Consent Solicitation Memorandum will not be updated to include such financial statements.

The Bondholders are further 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 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 (the "**Distribution Payment 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.

### **Summary of the Proposals in relation to the Consent Solicitation**

The proposals set out in the Consent Solicitation Memorandum (the "**Proposals**") can be categorised into (i) the Transfer of Exchange Property Proposal (as defined below) in relation to the Transfer of Exchange Property (as defined below); and (ii) the EB-to-CB Proposal in relation to the EB-to-CB (as defined below), the principal terms of which are set out in more detail below.

### ***Principal terms of the Transfer of Exchange Property Proposal***

The principal terms of the Transfer of Exchange Property Proposal include approving:

- (a) the transfer of the Exchange Property by Haier HK to the New Guarantor and the related amendments to the Conditions with respect to deposit of Shares;
- (b) the substitution of Haier HK with the New Guarantor as a guarantor of the Bonds;

- (c) the release and discharge of Haier HK from its obligations under the Guarantee (as defined in the Conditions), the Trust Deed and the Agency Agreement;
- (d) the related amendments to the Conditions with respect to provision of financial statements, redemption for tax reasons, the definition of "Change of Control" and the definition of "Relevant Jurisdiction";
- (e) any future transfer of the Exchange Property to the Issuer or HSH by the New Guarantor;
- (f) the related amendments to the Conditions with respect to the New Guarantor's activities and deposit of Shares; and
- (g) the waiver (the "**Transfer of Exchange Property Waiver**") of any event of default or potential event of default under the Conditions or the Trust Deed or any breach or potential breach of the Conditions or the Trust Deed arising from or in connection with any transfer or agreement to transfer any legal or beneficial ownership in such number of Shares or other Securities comprising the Exchange Property from Haier HK to the New Guarantor in a single transaction or a series of transactions,

(together, the "**Transfer of Exchange Property**" and the proposals in relation to the Transfer of Exchange Property, the "**Transfer of Exchange Property Proposal**"), through in the case of (a), (b), (d), (e) and (f), the execution of the First Supplemental Trust Deed, the First Supplemental Agency Agreement, the First Supplemental Onshore Deed of Guarantee and the New Guarantor Deed of Guarantee and in the case of (c), the execution of the First Deed of Termination and Release.

Accordingly (if the Extraordinary Resolution is passed and the Transfer of Exchange Property Conditions are satisfied):

- (a) the Exchange Property will be transferred from Haier HK to the New Guarantor and can be further transferred from the New Guarantor to the Issuer or HSH;
- (b) Haier HK's guarantee obligation in respect of the Bonds, the Trust Deed and the Agency Agreement as provided in the Haier HK Deed of Guarantee will be released and discharged by the First Deed of Termination and Release and such guarantee will be provided by the New Guarantor instead by the New Guarantor entering into the New Guarantor Deed of Guarantee;
- (c) Haier HK's other obligations in respect of the Bonds, the Trust Deed and the Agency Agreement as provided in the Conditions, the Bonds, the Trust Deed and the Agency Agreement will be released and discharged by the First Deed of Termination and Release, the First Supplemental Trust Deed and/or the First Supplemental Agency Agreement, as applicable, and such obligations will be borne by the New Guarantor instead; and
- (d) the related amendments to the Conditions with respect to redemption for tax reasons, the definition of "Change of Control" and the definition of "Relevant Jurisdiction" will be made to reflect the shareholding structure among HSH, Haier HK, the New Guarantor, the Issuer and Haier Electronics and the jurisdiction of the New Guarantor being the British Virgin Islands instead of Hong Kong (which is the jurisdiction of incorporation of Haier HK).

The amendments to the Conditions of the Bonds relating to the Transfer of Exchange Property Proposal are set out in Schedule 1 (*Amended Terms and Conditions of the Bonds relating to the Transfer of Exchange Property Proposal*) to the Notice of Meeting and Extraordinary Resolution, set out in Annex A to the Consent Solicitation Memorandum.

***Principal terms of the EB-to-CB Proposal***

The principal terms of the EB-to-CB Proposal include approving:

- (a) the substitution of the Exchange Right to exchange the Bonds for the Exchange Property with the Conversion Right;
- (b) the related amendments to the Conditions with respect to other covenants and the Conversion Right (including but not limited to the definition of "Share", conversion period, conversion procedure, conversion price and adjustment to conversion price);
- (c) the release and discharge of any guarantor other than HSH from its or their obligations under the Guarantee, the Trust Deed (as then amended, if applicable) and the Agency Agreement (as then amended, if applicable);
- (d) the related amendments to the Conditions with respect to provision of financial statements, activities of Haier HK or the New Guarantor, redemption for tax reasons, the definition of "Change of Control" (as then amended, if applicable) and the definition of "Relevant Jurisdiction" (as then amended, if applicable) and the Event of Default (as defined in the Conditions);
- (e) the waiver (the "**Cash Payment Adjustment Waiver**") of the requirement to make any adjustment to the Exchange Property arising from or in connection with the Cash Payment; and
- (f) the waiver (the "**Transitional Delisting Put Waiver**") of the right to require the Issuer to redeem all or some only of that holder's Bonds on the De-listing Event provided that all EB-to-CB Conditions have been satisfied on or before the occurrence of the De-listing Event,

(together, the "**EB-to-CB**" and the proposals in relation to the EB-to-CB, the "**EB-to-CB Proposal**"), through in the case of (a), (b) and (d), the execution of the Second Supplemental Trust Deed, the Second Supplemental Agency Agreement and the Second Supplemental Onshore Deed of Guarantee and in the case of (c), the execution of the Second Deed of Termination and Release or (if the Transfer of Exchange Property does not take place) the First Deed of Termination and Release.

Accordingly (if the Extraordinary Resolution is passed and the EB-to-CB Conditions are satisfied):

- (a) the Bonds will be solely guaranteed by HSH and,
  - (i) the guarantee obligations of Haier HK or (assuming the Transfer of Exchange Property Proposal becomes effective) the New Guarantor in respect of the Bonds, the Trust Deed (as then amended, if applicable) and the Agency Agreement (as then amended, if applicable) as provided in the Haier HK Deed of Guarantee or (assuming the Transfer of Exchange Property Proposal becomes effective) the New Guarantor Deed of Guarantee will be released and discharged by the First Deed of Termination and Release or (assuming the Transfer of Exchange Property Proposal becomes effective) Second Deed of Termination and Release;
  - (ii) the other obligations of Haier HK or (assuming the Transfer of Exchange Property Proposal becomes effective) the New Guarantor in respect of the Bonds, the Trust Deed (as then amended, if applicable) and the Agency Agreement (as then amended, if applicable) as provided in the Conditions, the Bonds, the Trust Deed (as then amended, if applicable) and the Agency Agreement (as then amended, if applicable) will be released and discharged by the First Deed of Termination and Release or (assuming the Transfer of Exchange Property Proposal becomes effective) Second Deed of Termination and Release, the Second Supplemental Trust Deed and/or the Second Supplemental Agency Agreement, as applicable; and
  - (iii) the related amendments to the Conditions with respect to provision of financial statements, activities of Haier HK or the New Guarantor, redemption for tax reasons, the definition of "Change of Control" (as then amended, if applicable) and the definition of "Relevant Jurisdiction" (as then amended, if applicable) and the Event of Default will be implemented;

- (b) the Exchange Right to exchange the Bonds for the Exchange Property will be replaced with the right to convert the Bonds into HSH H Shares and,
- (i) the current mechanism for exchange, definition and adjustment of Exchange Property and general offer in the Conditions will be replaced with the mechanism for conversion, definition of shares and adjustment of conversion price set out in Schedule 2 (*Amended Terms and Conditions of the Bonds relating to the EB-to-CB Proposal*) to the Notice of Meeting and Extraordinary Resolution;
  - (ii) the Conversion Right attaching to any Bond may be exercised by the holder thereof at any time on or after the effective date of the EB-to-CB Proposal and up to the close of business (at the place where the Certificate representing such Bond is deposited for conversion) on the date which falls 10 days prior to the Maturity Date (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place) or if such Bond shall have been called for redemption prior to the Maturity Date, then up to the close of business (at the place aforesaid) on the date which falls 10 days prior to the date fixed for redemption thereof (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place); and
  - (iii) the initial conversion price of the Bonds before the Initial Adjustment Date will reflect the combined effect of (A) the relevant exchange price of the Bonds (after taking into account any dividend or other distribution paid or made in respect of the Exchange Property, including but not limited to the HEG 2019 Final Dividend, and the prescribed adjustment to the Exchange Property in accordance with the Conditions, which does not include any Cash Payment) and (B) the Share Exchange Ratio (being the exchange ratio of 1.60 new HSH H Shares for every Scheme Share cancelled under the Scheme). The conversion price of the Bonds on or after the Initial Adjustment Date will also reflect the additional economic effect for an amount equivalent to the Cash Payment;
- (c) the Bondholders will no longer be able to request the Issuer to redeem their Bonds upon Delisting after the satisfaction of all EB-to-CB Conditions; and
- (d) no adjustment to the Exchange Property will be made due to the Cash Payment. The conversion price of the Bonds on or after the Initial Adjustment Date will reflect the economic effect for an amount equivalent to the Cash Payment.

The amendments to the Conditions of the Bonds relating to the EB-to-CB Proposal are set out in Schedule 2 (*Amended Terms and Conditions of the Bonds relating to the EB-to-CB Proposal*) to the Notice of Meeting and Extraordinary Resolution, set out in Annex A to the Consent Solicitation Memorandum.

The implementation of the EB-to-CB Proposal is conditional upon, *inter alia*, the Scheme becoming effective and the commencement of the Listing. On the other hand, 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.

The holders of the Bonds are reminded that, notwithstanding the Proposals, they have various options to manage their respective investment in the Bonds in the context of the Privatisation Proposal, including:

- (a) selling the Bonds in the secondary market;

- (b) exchanging the Bonds into the Shares and becoming 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 Privatisation Meeting Record Date, the 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 SGM; or
  - (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), the 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, 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 21 November 2020 at the Early Redemption Amount (as defined in the Conditions); 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 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 being 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; 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.

The implementation of the EB-to-CB Proposal is conditional upon the Scheme becoming effective 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. If the EB-to-CB Conditions are satisfied on or before the Scheme Long Stop Date, the EB-to-CB Proposal will take effect immediately upon Listing and the commencement of trading of HSH H Shares on the Stock Exchange.



## Expected Timetable of the Consent Solicitation

The below times and dates are indicative only and will depend, among other things, on timely receipt (and non-revocation) of instructions, the right of the Issuer to amend and/or withdraw the Proposals, whether or not a meeting (or adjourned meeting) is quorate, and the passing of the relevant Extraordinary Resolution.

*Bondholders are advised to check with any broker, dealer, bank, custodian, trust company or other nominee or other intermediary through which they hold the Bonds to confirm whether such intermediary requires that it receive instructions for such Bondholder to participate in the Consent Solicitation before the deadlines specified below. The deadlines set by each Clearing System for delivery of consents in the Consent Solicitation may be earlier than the relevant deadlines below.*

| Event  | <u>Date and Time</u>  |
|--|---|
| <b><i>Announcement and Commencement of the Consent Solicitation</i></b>  |   |
| Announcement and Commencement of the Consent Solicitation and Notice of Meeting sent to Bondholders through the Clearing Systems.  | 31 July 2020.   |
| Consent Solicitation Memorandum available to Bondholders at the office of the Principal Agent and the Information and Tabulation Agent (copies of which are obtainable, upon request, free of charge). |   |
| <b><i>Bondholders Q&amp;A Session</i></b>  |   |
| Information session with the Bondholders hosted by the Issuer and the Consent Solicitation Agent in respect of the Consent Solicitation.   | <p>4.30 p.m. (Hong Kong time) on 11 August 2020.</p> <p><i>Bondholders intending to attend the Q&amp;A Session are reminded to contact the Consent Solicitation Agent before the session in time for meeting details. Such details can be obtained from the Consent Solicitation Agent (subject to satisfactory proof of holding).</i></p> <p><i>Bondholders wishing to raise questions at the Q&amp;A Session can submit their questions via email to the Consent Solicitation Agent at least 24 hours before the Q&amp;A Session.</i></p> |
| <b><i>Deadline</i></b>   |   |

| Event  | <u>Date and Time</u>   |
|--|--|
| <p>Latest time and date for delivery of valid Electronic Voting Instructions through the Clearing Systems. Latest time and date for obtaining a Form of Proxy from the Registrar and for the issuance or revocation of a voting instruction given other than by way of an Electronic Voting Instruction.</p> | <p>48 hours before the time fixed for the Meeting.</p>   |
| <p><b>Meeting</b></p>  |  |
| <p>Time, date and location of the Meeting for the Bonds.</p>   | <p>9.00 a.m. (Hong Kong time) on 28 August 2020 at the offices of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong.</p> <p><i>If Bondholders representing not less than 90 per cent. of the principal amount of the Bonds deliver Electronic Voting Instructions in favour of the Extraordinary Resolution prior to the Deadline, the Extraordinary Resolution shall be approved by way of Electronic Consent and no Extraordinary Resolution shall be tabled for consideration at any Meeting. If insufficient Electronic Voting Instructions are submitted in favour of the Extraordinary Resolution prior to the Deadline in order to approve the Extraordinary Resolution by way of Electronic Consent, all Electronic Voting Instructions received prior to the Deadline shall continue to count towards the quorum of the Meeting (and any adjourned Meeting) and will be deemed to instruct the Information and Tabulation Agent to attend the Meeting on behalf of the Bondholders and vote in the manner specified or identified in such Electronic Voting Instructions in respect of the Extraordinary Resolution.</i></p> <p><i>In light of the ongoing developments in relation to the coronavirus (Covid-19), it may become impossible or inadvisable to hold the Meeting at the offices of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong. In that event, the Issuer may prescribe further or alternative regulations regarding the holding of the Meeting, which may include providing access to the Meeting by conference or video call. In such circumstances, those Bondholders who have indicated that they wish to attend the meeting in person will be provided with further details about access to the Meeting. Bondholders who have requested that their votes be included in an Electronic Voting Instruction will be unaffected by these alternative regulations and will not be requested to take any further action.</i></p> |

| Event   | <u>Date and Time</u>   |
|---|--|
| <b><i>Announcement and Publication of Result of Meeting</i></b>   |  |
| Announcement of the result or adjournment of the Meeting.   | As soon as reasonably practicable after the conclusion of the Meeting and no later than 14 days after the results are known.   |
| <b>If the Extraordinary Resolution is passed at the Meeting</b>   |  |
| The Transfer of Exchange Property Waiver coming into effect.  | Immediately effective upon the Extraordinary Resolution being passed.  |
| Execution of the Transfer of Exchange Property Proposal Documents.  | Concurrently with the Transfer of Exchange Property, which will only take place after the Transfer of Exchange Property Conditions are satisfied and be no later than the Scheme Long Stop Date.                                 |
| The Cash Payment Adjustment Waiver and the Transitional Delisting Put Waiver coming into effect.  | Immediately effective upon the satisfaction of the EB-to-CB Conditions.  |
| Execution of the EB-to-CB Proposal Documents.   | Upon Listing and the commencement of trading of HSH H Shares, which will only take place after the completion of the Privatisation Proposal (and the Scheme becoming effective), and be no later than the Scheme Long Stop Date. |
| <b>If the Meeting is adjourned</b>  |  |
| <b><i>Adjourned Meeting (if any)</i></b>  |  |
| Notice of adjourned Meeting to be given to Bondholders.   | At least 10 days' notice (exclusive of the day on which the notice is given and the day on which the adjourned Meeting is to be held) will be given to Bondholders.  |
| Latest time and date for delivery of valid Electronic Voting Instructions through the Clearing Systems. Latest time and date for obtaining a Form of Proxy from the Registrar and for the issuance or revocation of a voting instruction given other than by way of an Electronic Voting Instruction. | 48 hours before the time fixed for any adjourned Meeting.  |

| <b>Event</b>   | <b><u>Date and Time</u></b>  |
|--|--|
| Announcement of the results of any adjourned Meeting.  | As soon as reasonably practicable after the relevant adjourned Meeting and no later than 14 days after the results are known.  |
| <b>If the Extraordinary Resolution is passed at an adjourned Meeting</b>                         |  |
| The Transfer of Exchange Property Waiver coming into effect.                                     | Immediately effective upon the Extraordinary Resolution being passed.  |
| Execution of the Transfer of Exchange Property Proposal Documents.                               | Concurrently with the Transfer of Exchange Property, which will only take place after the Transfer of Exchange Property Conditions are satisfied and be no later than the Scheme Long Stop Date.                                 |
| The Cash Payment Adjustment Waiver and the Transitional Delisting Put Waiver coming into effect. | Immediately effective upon the satisfaction of the EB-to-CB Conditions.  |
| Execution of the EB-to-CB Proposal Documents.  | Upon Listing and the commencement of trading of HSH H Shares, which will only take place after the completion of the Privatisation Proposal (and the Scheme becoming effective), and be no later than the Scheme Long Stop Date. |

If the Meeting is not quorate on the date stated above, such Meeting shall stand adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be appointed by the chairman of the Meeting.

Unless otherwise stated, all announcements will be made by the Issuer in accordance with Condition 16 (*Notices*) of the Bonds. Copies of all announcements, notices and press releases can also be obtained from the Information and Tabulation Agent (subject to satisfactory proof of holding), whose contact details appear on the last page of the Consent Solicitation Memorandum. In addition, Bondholders may contact the Information and Tabulation Agent or the Issuer for information on the telephone number on the last page of the Consent Solicitation Memorandum.

#### **Conditions to the effectiveness of the Proposals and Non-Interdependency**

The effectiveness of the Transfer of Exchange Property Proposal (except for the Transfer of Exchange Property Waiver) is subject to the Transfer of Exchange Property Conditions. The Transfer of Exchange Property Proposal (except for the Transfer of Exchange Property Waiver) will only be effective if the Transfer of Exchange Property Conditions are satisfied on or before the Scheme Long Stop Date. If the Transfer of Exchange Property Conditions are not satisfied, the Transfer of Exchange Property Proposal (except for the Transfer of Exchange Property Waiver) will not come into effect and will not be binding on any of the Bondholders. The Transfer of Exchange Property Waiver will be immediately effective upon the approval of the Extraordinary Resolution. The effectiveness of the Transfer of Exchange Property Proposal is not dependent on the effectiveness of the EB-to-CB Proposal.

The effectiveness of the EB-to-CB Proposal is subject to the satisfaction of the EB-to-CB Conditions . The EB-to-CB Proposal will only be effective if the EB-to-CB Conditions are satisfied on or before the Scheme Long Stop Date. If the EB-to-CB Conditions are not satisfied, the EB-to-CB Proposal will not come into effect and will not be binding on any of the Bondholders. The effectiveness of the EB-to-CB Proposal is not dependent on the effectiveness of the Transfer of Exchange Property Proposal.

The Proposals will only take effect if the Extraordinary Resolution is approved and passed by the Bondholders. If the Extraordinary Resolution is approved by the Bondholders:

- (a) the Transfer of Exchange Property Waiver will be immediately effective and if the Transfer of Exchange Property Conditions are satisfied on or before the Scheme Long Stop Date, the Transfer of Exchange Property Proposal will become effective and the Transfer of Exchange Property will take place first regardless of whether the EB-to-CB Conditions are satisfied; and
- (b) if the EB-to-CB Conditions are satisfied on or before the Scheme Long Stop Date, the EB-to-CB Proposal will become effective and the EB-to-CB will take place (i) regardless of whether the Transfer of Exchange Property takes place and (ii) if the Transfer of Exchange Property Conditions are satisfied on or before the Scheme Long Stop Date, after the Transfer of Exchange Property.

### **Revocation of the Proposals and effect of the Extraordinary Resolution**

The Issuer may, in its sole discretion, withdraw or revoke the Proposals, notwithstanding the passing of the Extraordinary Resolution.

The Proposals will only take effect if the Extraordinary Resolution is approved and passed by the Bondholders.

If the Extraordinary Resolution is passed at any original Meeting,

- (i) the Transfer of Exchange Property Waiver will be immediately effective;
- (ii) the Transfer of Exchange Property Proposal Documents will be executed upon the Transfer of Exchange Property if the Transfer of Exchange Property Conditions are satisfied, but if the Transfer of Exchange Property Conditions are not satisfied, then none of the Transfer of Exchange Property Proposal Documents will be executed and the Transfer of Exchange Property will not take place;
- (iii) the Cash Payment Adjustment Waiver and the Transitional Delisting Put Waiver will be immediately effective upon the satisfaction of the EB-to-CB Conditions, but if the EB-to-CB Conditions are not satisfied, then neither the Cash Payment Adjustment Waiver nor the Transitional Delisting Put Waiver will be effective; and
- (iv) the EB-to-CB Proposal Documents will be executed upon Listing and the commencement of trading of the HSH H Shares if the EB-to-CB Conditions are satisfied, but if the EB-to-CB Conditions are not satisfied, then none of the EB-to-CB Proposal Documents will be executed and the EB-to-CB will not take place.

If the Extraordinary Resolution is rejected at any original or adjourned Meeting, none of the Transfer of Exchange Property Proposal Documents or the EB-to-CB Proposal Documents will be executed and none of the amendments or waivers contemplated by the Proposals will be effected.

If the original Meeting is adjourned for want of quorum and the Extraordinary Resolution is passed at an adjourned Meeting,

- (i) the Transfer of Exchange Property Waiver will be immediately effective;
- (ii) the Transfer of Exchange Property Proposal Documents will be executed upon the Transfer of Exchange Property if the Transfer of Exchange Property Conditions are satisfied, but if the Transfer of Exchange Property Conditions are not satisfied, then none of the Transfer of Exchange Property Proposal Documents will be executed and the Transfer of Exchange Property will not take place;
- (iii) the Cash Payment Adjustment Waiver and the Transitional Delisting Put Waiver will be immediately effective upon the satisfaction of the EB-to-CB Conditions, but if the EB-to-CB Conditions are not satisfied, then neither the Cash Payment Adjustment Waiver nor the Transitional Delisting Put Waiver will be effective; and
- (iv) the EB-to-CB Proposal Documents will be executed upon Listing and the commencement of trading of the HSH H Shares if the EB-to-CB Conditions are satisfied, but if the EB-to-CB Conditions are not satisfied, then none of the EB-to-CB Proposal Documents will be executed and the EB-to-CB will not take place.

## **Definition**

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| <b>Agency Agreement</b>               | The paying, exchange and transfer agency agreement dated 21 November 2017 in respect of the Bonds entered into between the Issuer, HSH, Haier HK, the Trustee and the agents named therein, as amended or supplemented from time to time.   |
| <b>Beneficial Owner</b>               | A person who is the beneficial owner of a particular principal amount of any Bonds, as shown in the records of the Clearing Systems or their respective accountholders.   |
| <b>Bondholders</b>                    | The person in whose name a Bond is registered, including, where the context so permits or requires, Direct Participants and Beneficial Owners.  |
| <b>Bonds</b>                          | HK\$8,000,000,000 zero coupon guaranteed exchangeable bonds due 2022 exchangeable into the ordinary shares of Haier Electronics issued by the Issuer on 21 November 2017 and guaranteed by HSH and Haier HK.  |
| <b>Cash Payment</b>                   | Subject to the Scheme becoming effective and as part of the Scheme, the payment of HK\$1.95 per Scheme Share payable in cash by Haier Electronics to the Scheme Shareholders whose names appear on the register of members of Haier Electronics at the Scheme Record Time.  |
| <b>Cash Payment Adjustment Waiver</b> | The waiver of the requirement to make any adjustment to the Exchange Property arising from or in connection with the Cash Payment.  |
| <b>Certificate</b>                    | Each certificate issued to each Bondholder in respect of its registered holding of Bonds.   |
| <b>CICC</b>                           | China International Capital Corporation Hong Kong Securities Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, and one of the financial advisers to HSH in respect of the Privatisation Proposal and the Scheme.   |
| <b>Clearing Systems</b>               | Clearstream and Euroclear   |
| <b>Clearstream</b>                    | Clearstream Banking S.A.  |
| <b>Conditions</b>                     | The terms and conditions of the Bonds.  |
| <b>Conversion Period</b>              | The period from the effective date of the EB-to-CB Proposal and up to the close of business (at the place where the Certificate representing such Bond is deposited for conversion) on the date which falls 10 days prior to the Maturity Date (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place) or if such Bond shall have been called for redemption prior to the Maturity Date, then up to the close of business (at the place aforesaid) on the date which falls 10 days prior to the date fixed for redemption thereof (or, if such date shall not be a business day at the place where the |

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|   |                 | Certificate representing the Bond is to be delivered, the immediately preceding business day at such place), during which Bondholders are entitled to exercise their Conversion Right pursuant to the EB-to-CB Proposal.   |
| <b>Conversion Right</b>                 |                 | The right to convert the Bonds into HSH H Shares as described in the EB-to-CB Proposal.  |
| <b>Court</b>                            |                 | The Supreme Court of Bermuda.  |
| <b>Court Meeting</b>                    |                 | The meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof.   |
| <b>Deadline</b>                         |                 | 48 hours before the time fixed for the Meeting or the adjourned Meeting, as applicable.  |
| <b>Delisting</b>                        |                 | The delisting of the Shares from the Main Board of the Stock Exchange.   |
| <b>Deeds of Termination and Release</b> |                 | The First Deed of Termination and Release and the Second Deed of Termination and Release.  |
| <b>Direct Participant</b>               |                 | Each person shown in the records of the Clearing Systems as a holder of the Bonds (except for either Clearing System in its capacity as an accountholder of the other Clearing System).  |
| <b>Disinterested Shareholder(s)</b>     | <b>Scheme</b>   | The Scheme Shareholder(s) other than the HSH Concert Parties.  |
| <b>EB-to-CB</b>                         |                 | Has the meaning ascribed to it in the section " <i>Summary of the Proposals in relation to the Consent Solicitation</i> ".   |
| <b>EB-to-CB Conditions</b>              |                 | (i) 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, (ii) the satisfaction of the Privatisation Pre-Conditions and 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 the 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. |
| <b>EB-to-CB Proposal</b>                |                 | Has the meaning ascribed to it in the section " <i>Summary of the Proposals in relation to the Consent Solicitation</i> ".   |
| <b>EB-to-CB Documents</b>               | <b>Proposal</b> | The Second Supplemental Trust Deed, the Second Supplemental Agency Agreement, the Second Supplemental Onshore Deed of Guarantee and Second Deed of Termination and Release or (if the Transfer of Exchange Property does not take place) the First Deed of   |



Termination and Release, in respect of the amendments relating to the EB-to-CB Proposal.

**Electronic Instructions**

**Voting** The electronic instruction which must be submitted or delivered through the relevant Clearing System by each Direct Participant instructing the relevant Clearing System that the vote(s) attributable to the Bonds the subject of such Electronic Voting Instruction should be cast in a particular way (either in favour or against) in relation to an Extraordinary Resolution, which instruction shall form part of a Form of Proxy to be issued by the Registered Holder appointing two or more representatives of the Information and Tabulation Agent (nominated by it) as proxy in relation to a corresponding Meeting.

*Each Electronic Voting Instruction submitted prior to the Deadline in favour of the Extraordinary Resolution will also constitute a consent given by way of Electronic Consent (as defined in the Trust Deed) for the purposes of the Trust Deed. Accordingly, if Bondholders representing not less than 90 per cent. of the principal amount of the Bonds deliver Electronic Voting Instructions in favour of the Extraordinary Resolution prior to the Deadline, the Extraordinary Resolution shall be approved by way of Electronic Consent and no Extraordinary Resolution shall be tabled for consideration at any Meeting.*

*If insufficient Electronic Voting Instructions are submitted in favour of the Extraordinary Resolution prior to the Deadline in order to approve the Extraordinary Resolution by way of Electronic Consent, all Electronic Voting Instructions received prior to the Deadline shall continue to count towards the quorum of the Meeting (and any adjourned Meeting) and will be deemed to instruct the Information and Tabulation Agent to attend the Meeting on behalf of the Bondholders and vote in the manner specified or identified in such Electronic Voting Instructions in respect of the Extraordinary Resolution.*

**Exchange Property**

Has the meaning ascribed to it under the Conditions.

**Exchange Period**

The period from 1 January 2019 and up to the close of business (at the place where the Certificate representing such Bond is deposited for exchange) on the date which falls 10 days prior to the Maturity Date (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place) or if such Bond shall have been called for redemption prior to the Maturity Date, then up to the close of business (at the place aforesaid) on the date which falls 10 days prior to the date fixed for redemption thereof (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place), during which Bondholders are entitled to exercise their Exchange Rights pursuant to the Conditions.

**Executive**

The Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof.

**Euroclear**

Euroclear Bank SA/NV.

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| <b>Extraordinary Resolution</b>                     | The extraordinary resolution to be put to the Bondholders at the Meeting if the necessary quorum is present, as set out in the Notice.   |
| <b>First Deed of Termination and Release</b>        | The first deed of termination and release to be entered into by Haier HK and the Trustee to discharge Haier HK's obligation from the Haier HK Deed of Guarantee.   |
| <b>First Supplemental Agency Agreement</b>          | The first supplemental agency agreement supplemental to the Agency Agreement, effecting the amendments approved by the Extraordinary Resolution in relation to the Transfer of Exchange Property Proposal.   |
| <b>First Supplemental Onshore Deed of Guarantee</b> | The first supplemental deed of guarantee supplemental to the HSH Deed of Guarantee, effecting the amendments approved by the Extraordinary Resolution in relation to the Transfer of Exchange Property Proposal.   |
| <b>First Supplemental Trust Deed</b>                | The first supplemental trust deed supplemental to the Trust Deed, effecting the amendments approved by the Extraordinary Resolution in relation to the Transfer of Exchange Property Proposal.   |
| <b>Form of Proxy</b>                                | In relation to any Meeting, a document in the English language available from the Registrar signed by a Bondholder or, in the case of a corporation, executed under its seal or signed on its behalf by a duly authorised officer and delivered to the Registrar not later than 48 hours before the time fixed for such Meeting, appointing a named individual or individuals to vote in respect of the Bonds held by such Bondholder. |
| <b>Haier Electronics or HEG</b>                     | Haier Electronics Group Co., Ltd.  |
| <b>Haier Group</b>                                  | Haier Group Corporation, a company incorporated under the laws of the PRC and is the controlling shareholder of HSH.   |
| <b>Haier HK</b>                                     | Haier Shareholdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HSH. Haier HK is a guarantor of the Bonds.  |
| <b>Haier HK Deed of Guarantee</b>                   | The deed of guarantee (as amended or supplemented from time to time) dated 21 November 2017 in respect of the Bonds entered into by Haier HK and the Trustee.  |
| <b>HCH (HK)</b>                                     | HCH (HK) Investment Management Co., Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of Haier Group. HCH (HK) is principally engaged in investment holding activities.   |
| <b>HEG Board</b>                                    | The board of directors of Haier Electronics.   |
| <b>HEG 2019 Final Dividend</b>                      | The final dividend for the year ended 31 December 2019 of HK\$49 cents per Share in cash payable to Shareholders whose names appeared on the register of members of Haier Electronics on 3 July 2020.  |
| <b>HKI/HIC Restricted Share Award Schemes</b>       | The restricted share award schemes adopted on 22 August 2018 and 14 November 2016 respectively by Haier (HK) Investment Co., Limited and Haier International Co., Limited (each being a wholly-owned subsidiary of Haier Group) for the benefit of their respective  |

participants, in their present form or as amended from time to time in accordance with their rules, and HKI/HIC Restricted Share Award Scheme means any of the aforementioned schemes. Under the rules of those schemes, the selected participants will, after the vesting of awards made, either be entitled to Shares or cash, except that awards granted to any selected participant who is a director or a chief executive of Haier Electronics will only be cash-settled.

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| <b>HKI/HIC Trustee</b>            | Bank of Communications Trustee Limited (i.e. Bank of Communications Trustee Limited - T144 and Bank of Communications Trustee Limited - T168), a professional trustee who is an independent third party not associated or connected with Haier (HK) Investment Co., Limited or Haier International Co., Limited (as the case may be) or its respective connected persons appointed by Haier (HK) Investment Co., Limited and Haier International Co., Limited (as the case may be) for the administration of the corresponding HKI/HIC Restricted Share Award Scheme. |
| <b>HK\$</b>                       | Hong Kong dollars, the lawful currency of Hong Kong.  |
| <b>Hong Kong</b>                  | The Hong Kong Special Administrative Region of the PRC.   |
| <b>HSH</b>                        | Haier Smart Home Co., Ltd., a joint stock company incorporated in the PRC with limited liability whose A shares are listed on the Shanghai Stock Exchange (stock code: 600690) and whose D shares are listed on the China Europe International Exchange AG D-Share Market on the Frankfurt Stock Exchange (stock code: 690D). HSH is a guarantor of the Bonds.  |
| <b>HSH A Shares</b>               | The A shares in the ordinary share capital of HSH, with a nominal value of RMB1 each, which are listed and traded on the Shanghai Stock Exchange (stock code: 600690).  |
| <b>HSH A Shares Class Meeting</b> | The class meeting of the HSH A Shareholders to be held to consider and, if thought fit, approve, among other things, the Privatisation Proposal and the transactions contemplated thereunder.   |
| <b>HSH A Shareholder(s)</b>       | The holder(s) of HSH A Shares.  |
| <b>HSH Concert Parties</b>        | Parties acting in concert with HSH in relation to Haier Electronics, including Haier Group, HCH (HK), the HKI/HIC Trustee, the directors of each of HSH and Haier Group, CICC and J.P. Morgan (except for the relevant members of the CICC group and J.P. Morgan group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code), each of which is presumed under the Takeovers Code to be acting in concert with HSH in relation to Haier Electronics.                    |
| <b>HSH D Shares</b>               | The D shares in the ordinary share capital of HSH, with a nominal value of RMB1.00 each, which are listed and traded on the China Europe International Exchange AG D-Share Market on the Frankfurt Stock Exchange (stock code: 690D).   |
| <b>HSH D Shares Class Meeting</b> | The class meeting of the HSH D Shareholders to be held to consider and, if thought fit, approve, among other things, the Privatisation Proposal and the transactions contemplated thereunder.   |

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| <b>HSH D Shareholder(s)</b>        | The holder(s) of HSH D Share(s).   |
| <b>HSH Deed of Guarantee</b>       | The deed of guarantee (as amended or supplemented from time to time) dated 21 November 2017 in respect of the Bonds entered into by HSH and the Trustee.   |
| <b>HSH General Meeting</b>         | The general meeting of HSH to be held to consider and, if thought fit, approve, among other things, the Privatisation Proposal and the transactions contemplated thereunder.   |
| <b>HSH H Shares</b>                | Overseas listed foreign shares in the ordinary share capital of HSH, with a nominal value of RMB1.00 each, which are to be traded in HK\$ and which are to be listed on the Stock Exchange pursuant to the Introduction.   |
| <b>HSH Shares</b>                  | Ordinary shares of HSH, comprising both HSH A Shares and HSH D Shares.   |
| <b>HSH Shareholder(s)</b>          | Holder(s) of HSH Shares.   |
| <b>Independent Board Committee</b> | The independent board committee of Haier Electronics established by the HEG Board to make a recommendation to the Disinterested Scheme Shareholders in respect of the Privatisation Proposal and the Scheme.   |
| <b>Initial Adjustment Date</b>     | The 11 <sup>th</sup> trading date after the date on which the Cash Payment is paid by Haier Electronics.   |
| <b>Introduction</b>                | The proposed Listing of HSH by way of introduction on the Main Board of the Stock Exchange.  |
| <b>Issuer</b>                      | Harvest International Company, a direct wholly-owned subsidiary of Haier HK and an indirect wholly-owned subsidiary of HSH.  |
| <b>J.P. Morgan</b>                 | J.P. Morgan Securities (Asia Pacific) Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities, and one of the financial advisers to HSH in respect of the Privatisation Proposal and the Scheme. |
| <b>Listing</b>                     | The listing of, and permission to deal in, the HSH H Shares on the Main Board of the Stock Exchange.   |
| <b>Listing Document</b>            | The listing document to be published by HSH in connection with the Introduction.   |
| <b>Listing Rules</b>               | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.  |
| <b>Maturity Date</b>               | 21 November 2022.  |
| <b>Meeting</b>                     | The meeting of the Bondholders to be held at 9.00 a.m. (Hong Kong time) on 28 August 2020, as specified in the Notice and, where the context permits, any adjourned such meeting, at which the Bondholders will be asked to consider and, if thought fit, pass the   |

relevant Extraordinary Resolution, subject to the necessary quorum being present.

*If Bondholders representing not less than 90 per cent. of the principal amount of the Bonds deliver Electronic Voting Instructions in favour of the Extraordinary Resolution prior to the Deadline, the Extraordinary Resolution shall be approved by way of Electronic Consent and no Extraordinary Resolution shall be tabled for consideration at any Meeting. If insufficient Electronic Voting Instructions are submitted in favour of the Extraordinary Resolution prior to the Deadline in order to approve the Extraordinary Resolution by way of Electronic Consent, all Electronic Voting Instructions received prior to the Deadline shall continue to count towards the quorum of the Meeting (and any adjourned Meeting) and will be deemed to instruct the Information and Tabulation Agent to attend the Meeting on behalf of the Bondholders and vote in the manner specified or identified in such Electronic Voting Instructions in respect of the Extraordinary Resolution.*

*In light of the ongoing developments in relation to the coronavirus (Covid-19), it may become impossible or inadvisable to hold the Meeting at the offices of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong. In that event, the Issuer may prescribe further or alternative regulations regarding the holding of the Meeting, which may include providing access to the Meeting by conference or video call. In such circumstances, those Bondholders who have indicated that they wish to attend the meeting in person will be provided with further details about access to the Meeting. Bondholders who have requested that their votes be included in an Electronic Voting Instruction will be unaffected by these alternative regulations and will not be requested to take any further action.*

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| <b>New Guarantor</b>                   | FLOURISHING REACH LIMITED, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of HSH.   |
| <b>New Guarantor Deed of Guarantee</b> | The new deed of guarantee to be entered into by the New Guarantor and the Trustee in relation to the New Guarantor's guarantee obligations under the Bonds, the Trust Deed and the Agency Agreement. |
| <b>Notice</b>                          | Notice of meeting dated 31 July 2020 convening the Meeting and setting out the Extraordinary Resolution, as set out in " <i>Annex A – Form of Notice of Meeting and Extraordinary Resolution</i> ".  |
| <b>PRC</b>                             | The People's Republic of China (for the purpose of the Consent Solicitation Memorandum, excluding Hong Kong, the Macao Special Administrative Region and Taiwan).                                    |
| <b>Principal Agent</b>                 | The Hongkong and Shanghai Banking Corporation Limited.   |
| <b>Privatisation Conditions</b>        | 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.      |

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| <b>Privatisation Record Date</b>              | <b>Meeting</b> | The record date for determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the SGM.   |
| <b>Privatisation Conditions</b>               | <b>Pre-</b>    | The pre-conditions to the making of the Privatisation Proposal as described in the paragraph headed "Pre-Conditions to the making of the Privatisation Proposal" of the Rule 3.5 Announcement.  |
| <b>Privatisation Proposal</b>                 |                | The proposal for the privatisation of Haier Electronics by HSH by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange.  |
| <b>Proposals</b>                              |                | Has the meaning ascribed to it in the section " <i>Summary of the Proposals in relation to the Consent Solicitation</i> ".  |
| <b>Registered Holder</b>                      |                | HSBC Nominees (Hong Kong) Limited, as nominee for the common depositary of Euroclear and Clearstream.   |
| <b>Registrar</b>                              |                | The Hongkong and Shanghai Banking Corporation Limited.  |
| <b>RMB</b>                                    |                | Renminbi, the lawful currency of the PRC.   |
| <b>Rule 3.5 Announcement</b>                  |                | The joint announcement dated 31 July 2020 made by HSH and Haier Electronics in relation to the Privatisation Proposal and the Scheme.   |
| <b>Scheme</b>                                 |                | A scheme of arrangement under Section 99 of the Companies Act 1981 of Bermuda (as amended) involving, among other matters, the cancellation of all of the Scheme Shares and making of the Cash Payment upon the Scheme becoming effective.  |
| <b>Scheme Effective Date</b>                  |                | The date on which the Scheme becomes effective in accordance with the Companies Act 1981 of Bermuda (as amended).   |
| <b>Scheme Document</b>                        |                | The composite scheme document of HSH and Haier Electronics containing, among other things, further details of the Privatisation Proposal together with the additional information specified in the section headed " <i>Despatch of the Scheme Document</i> " of the Rule 3.5 Announcement.                  |
| <b>Scheme Long Stop Date</b>                  |                | 30 June 2021 or such later date as may be agreed by HSH and Haier Electronics, or to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive.   |
| <b>Scheme Record Time</b>                     |                | The record time (to be jointly announced by HSH and Haier Electronics) for determining entitlements under the Scheme.   |
| <b>Scheme Share(s)</b>                        |                | All of the Shares in issue and such further Shares as may be issued prior to the Scheme Record Time, other than those held by HSH and those held by any of its wholly-owned subsidiaries (including but not limited to Haier HK). The Scheme Shares shall include Shares held by other HSH Concert Parties. |
| <b>Scheme Shareholder(s)</b>                  |                | The registered holder(s) of the Scheme Shares.  |
| <b>Second Deed of Termination and Release</b> | <b>of</b>      | The second deed of termination and release to be entered into by the New Guarantor and the Trustee to discharge the New Guarantor from the New Guarantor Deed of Guarantee.   |

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| <b>Second Supplemental Agency Agreement</b>          | The second supplemental agency agreement supplemental to the Agency Agreement, effecting the amendments approved by the Extraordinary Resolution in relation to the EB-to-CB Proposal.  |
| <b>Second Supplemental Onshore Deed of Guarantee</b> | The second supplemental deed of guarantee supplemental to the HSH Deed of Guarantee, effecting the amendments approved by the Extraordinary Resolution in relation to the EB-to-CB Proposal.  |
| <b>Second Supplemental Trust Deed</b>                | The second trust deed supplemental to the Trust Deed, effecting the amendments approved by the Extraordinary Resolution in relation to the EB-to-CB Proposal.   |
| <b>Securities</b>                                    | Has the meaning ascribed to it under the Conditions.  |
| <b>SGM</b>   | A special general meeting of the Shareholders to be convened to consider and, if thought fit, approve, among other things, the necessary resolutions for the implementation of the Privatisation Proposal or any adjournment thereof.   |
| <b>Shareholders</b>                                  | Holders of the Shares.  |
| <b>Share Exchange Ratio</b>                          | The exchange ratio of 1.60 new HSH H Shares for every Scheme Share cancelled under the Scheme.  |
| <b>Shares</b>  | Ordinary shares in the issued share capital of Haier Electronics (Stock Code: 1169 HK) or shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends nor of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of Haier Electronics. |
| <b>Stock Exchange</b>                                | The Stock Exchange of Hong Kong Limited   |
| <b>Takeovers Code</b>                                | The Hong Kong Code on Takeovers and Mergers.  |
| <b>Transfer of Exchange Property</b>                 | Has the meaning ascribed to it in the section " <i>Summary of the Proposals in relation to the Consent Solicitation</i> ".  |
| <b>Transfer of Exchange Property Conditions</b>      | (i) The filing of the report on substantial non-sensitive overseas investment (境外投资的大额非敏感报告) with the National Development and Reform Commission and (ii) the receipt of approval related to enterprise overseas investment from the Ministry of Commerce of the PRC or its local counterpart, by HSH or the New Guarantor.   |
| <b>Transfer of Exchange Property Proposal</b>        | Has the meaning ascribed to it in the section " <i>Summary of the Proposals in relation to the Consent Solicitation</i> ".  |
| <b>Transfer of Exchange Property Documents</b>       | The First Supplemental Trust Deed, the First Supplemental Agency Agreement, the First Supplemental Onshore Deed of Guarantee, the New Guarantor Deed of Guarantee and the First Deed of Termination and Release, in respect of the amendments relating to the Transfer of Exchange Property Proposal.   |
| <b>Transfer of Exchange Property Waiver</b>          | The waiver of any event of default or potential event of default under the Conditions or the Trust Deed or any breach or potential breach of the Conditions or the Trust Deed arising from or in connection with  |

any transfer or agreement to transfer any legal or beneficial ownership in such number of Shares or other Securities comprising the Exchange Property from Haier HK to the New Guarantor in a single transaction or a series of transactions.

**Transitional Delisting Put Waiver** The waiver of the right to require the Issuer to redeem all or some only of that holder's Bonds on the De-listing Event (as defined in the Conditions) provided that all EB-to-CB Conditions have been satisfied on or before the occurrence of the De-listing Event.

**Trust Deed** The trust deed dated 21 November 2017 constituting the Bonds, as amended or supplemented from time to time, between, *inter alios*, the Issuer, HSH and the Trustee.

**Trustee** The Hongkong and Shanghai Banking Corporation Limited

**Bondholders should refer to the Notice of Meeting and the Consent Solicitation Memorandum for details of the Consent Solicitation.** Copies of the Trust Deed and the Consent Solicitation Memorandum will be available for inspection at the specified offices of the Principal Agent and the Information and Tabulation Agent (subject to satisfactory proof of holding) set out below. In addition, copies of the Trust Deed and the Consent Solicitation Memorandum will be available upon request from the Principal Agent, the Information and Tabulation Agent or the Consent Solicitation Agent (subject to satisfactory proof of holding).

Bondholders may contact the Information and Tabulation Agent and the Consent Solicitation Agent at the following contact details:

**The Hongkong and Shanghai Banking Corporation Limited**  
Level 24  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong  
Email: daphne.t.y.yeung@hsbc.com.hk  
amyhychim@hsbc.com.hk  
antony.p.y.chong@hsbc.com.hk  
frederick.wayman@hsbc.com.hk

**J.P. Morgan Securities (Asia Pacific) Limited**  
28/F, Chater House  
8 Connaught Road  
Central  
Hong Kong  
Email:  
JPM\_HAIER\_EB\_CONSENT\_2020@jpmorgan.com

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 Liqun, LIANG Haishan and WANG Ningning*

*\* For identification purposes only*