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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)

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6690)

and

FLOURISHING REACH LIMITED

(incorporated in the British Virgin Islands with limited liability)

(1) PROPOSED 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**

(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES

(3) SANCTION OF THE SCHEME BY THE COURT

(4) EXPECTED SCHEME EFFECTIVE DATE

AND

(5) EXPECTED DATE OF WITHDRAWAL OF LISTING OF SHARES

Reference is made to (i) the announcement dated 31 July 2020 (the "**July 2020 Announcement**") made by Harvest International Company (the "**Issuer**") relating to the joint announcement dated 31 July 2020 (the "**Rule 3.5 Announcement**") 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, (ii) the joint announcement dated 16 November 2020 made by HSH and Haier Electronics relating to the proposal for privatisation of Haier Electronics by HSH, the proposed withdrawal of listing of the Shares (as defined in the July 2020 Announcement) and the despatch of the Scheme Document, (iii) the joint announcement dated 20 December 2020 made by HSH and Haier Electronics relating to the sanction of the Scheme by the Court (the "**20 December 2020 Joint Announcement**"), (iv) the announcements dated 31 July 2020, 18 August 2020 and 28 August 2020 (together, the "**Consent Solicitation Announcements**") made by the Issuer relating to the notice of a meeting dated 31 July 2020 given by the Issuer, HSH, Haier Shareholdings (Hong Kong) Limited and FLOURISHING REACH LIMITED to holders of the Bonds (the "**Bondholders**") in connection with the solicitation of consents by an extraordinary resolution of the Bondholders (the "**Extraordinary Resolution**") for approval of certain amendments to the terms and conditions of the Bonds (the "**Terms and Conditions**") and the trust deed constituting the Bonds (the "**Consent Solicitation**") and the results of the Bondholders' meeting and the Consent Solicitation, (v) the announcement dated 1 September 2020 made by the Issuer relating to the results of meeting of HSH Shareholders, HSH A Shareholders and HSH D Shareholders in relation to the EB-to-CB Proposal, (vi) the announcement dated 30 October 2020 made by the Issuer relating to the requisite approval from the CSRC in relation to the EB-to-CB Proposal and (vii) the announcement dated 13 November 2020 made by the Issuer relating to the satisfaction of all Privatisation Pre-Conditions (as defined in the July 2020 Announcement) and certain approval from the Stock Exchange in relation to the EB-to-CB Proposal. Terms and expressions used but not defined herein have the respective meanings given to them in the 20 December 2020 Joint Announcement, the Consent Solicitation Announcements and the Terms and Conditions.

SANCTION OF THE SCHEME

As disclosed in the 20 December 2020 Joint Announcement, the Scheme was sanctioned (without modification) by the Court on Friday, 18 December 2020 (*Bermuda time*).

STATUS OF THE SATISFACTION OF CONDITIONS OF THE PRIVATISATION PROPOSAL

As disclosed in the 20 December 2020 Joint Announcement, as at the date of this announcement, the implementation of the Privatisation Proposal (including the effectiveness of the Scheme) remains to be subject to the satisfaction or waiver (as applicable) of certain Privatisation Conditions (as defined in the July 2020 Announcement), including:

- (i) the sanction of the Scheme (with or without modifications) by the Court, and the delivery to the Registrar of Companies in Bermuda of a copy of the Court Order for registration. It is expected that a copy of the Court Order will be delivered to the Registrar of Companies in Bermuda for registration on or before Monday, 21 December 2020 (*Bermuda time*), upon which this condition will be fully satisfied;
- (ii) all applicable filings, notices, certificates and approvals in relation to the Privatisation Proposal (and its implementation) with or from any governmental or regulatory bodies required under any laws or regulations in the PRC, such as the NDRC and the

competent commerce authority, having been made or obtained and remaining in full force and effect;

- (iii) all necessary third party consents in relation to the Privatisation Proposal which may be required under any existing contractual obligations to which any member of the HEG Group or HSH is a party (where any failure to obtain a consent would have a material adverse effect on the implementation of the Privatisation Proposal or the business of the HEG Group or HSH Group, in each case taken as a whole) having been obtained or waived by the relevant party(ies);
- (iv) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Privatisation Proposal void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Privatisation Proposal (other than such order(s) or decision(s) that would not have a material adverse effect on the legal ability of HSH to proceed with the Privatisation Proposal);
- (v) no event having occurred which would make the Privatisation Proposal or the cancellation of the Scheme Shares void, unenforceable or illegal or which would prohibit the implementation of the Privatisation Proposal or impose any additional material conditions or obligations with respect to the Privatisation Proposal or any part thereof or on the cancellation of the Scheme Shares (other than such event(s) that would not have a material adverse effect on the legal ability of HSH to proceed with the Privatisation Proposal);
- (vi) since the date of the Rule 3.5 Announcement, there having been no material adverse change to the business, financial or trading position of the HSH Group or the HEG Group, each taken as a whole. For the purpose of this condition, material adverse change does not include any material adverse change (i) which do not have a material and significantly disproportionate impact on the business, financial or trading position of the HSH Group or HEG Group, each taken as a whole; and (ii) arising or resulting directly from COVID-19 or any change in the industry practices or policies in the material markets in which HSH Group or HEG Group operates and which practices or policies are of general application to the industry in which HSH Group or HEG Group is engaged in; and
- (vii) save in connection with the implementation of the Privatisation Proposal, the listing of the Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the SFC and/or the Stock Exchange, to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

EXPECTED SCHEME EFFECTIVE DATE

Assuming that all of the outstanding Privatisation Conditions are satisfied or waived (as applicable), it is expected that the Scheme will become effective on Monday, 21 December 2020 (*Bermuda time*). Further announcement will be made when the Scheme has become effective.

The Scheme will lapse if it does not become effective on or before 30 June 2021 (being the Scheme Long Stop Date). HSH and Haier Electronics will make further announcement(s) as and when necessary.

EXPECTED DATE OF WITHDRAWAL OF LISTING OF SHARES

Assuming that all of the outstanding Privatisation Conditions are satisfied or waived (as applicable) and the Scheme becomes effective, the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place with effect from 9:00 a.m. on Wednesday, 23 December 2020. An application for the withdrawal of the listing of the Shares on the Stock Exchange has been made and the Stock Exchange has approved the withdrawal of the listing of the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 23 December 2020, subject to the Scheme becoming effective.

DESPATCH OF CERTIFICATES FOR HSH H SHARES AND COMMENCEMENT OF DEALINGS IN HSH H SHARES

Subject to the Scheme becoming effective, certificates for the HSH H Shares are expected to be despatched to the Scheme Shareholders on or before Tuesday, 22 December 2020, and dealings in the HSH H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, 23 December 2020. Such share certificates will not become valid unless the formal letter of approval for the Listing is obtained, and the Introduction has become effective. Investors who trade in the HSH H Shares prior to the receipt of the HSH H Share certificates or prior to the HSH H Share Certificates becoming valid do so entirely at their own risk.

IMPACT OF THE PRIVATISATION PROPOSAL AND THE DELISTING ON THE BONDS AND THE RIGHTS AND INTERESTS OF THE BONDHOLDERS AND 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; and
- (b) holding their Bonds until the Maturity Date and being repaid at 105.11 per cent. of the principal amount of such Bonds.

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, which has been granted by the Bondholders as part of the EB-to-CB Proposal approved and the Extraordinary Resolution; 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 currently expected to occur concurrently with the Delisting as set out in the timetable below.

In the event that the Privatisation Proposal takes effect, the EB-to-CB Proposal does not become effective and the Bondholders do not exercise the option outlined in paragraph (a) above or if applicable, the put option in paragraph (i) 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.

EXPECTED TIMETABLE

The 20 December 2020 Joint Announcement sets out the below expected timetable with respect to the Privatisation Proposal. **As disclosed in the 20 December 2020 Joint Announcement, the following expected timetable is indicative only and is subject to change.** Further announcement(s) will be made if there is any change to the expected timetable. All references to times and dates are references to Hong Kong times and dates, except as otherwise specified. For reference only, Bermuda is 12 hours behind Hong Kong time as at the date of this joint announcement.

Scheme Record Time.....	4:30 p.m. on Monday, 21 December 2020
Scheme Effective Date ^(Note 2)	Monday, 21 December 2020 <i>(Bermuda time)</i>
Announcement of (1) the Scheme Effective Date and (2) the withdrawal of listing of the Shares on the Stock Exchange's website and Haier Electronics' website	at or before 8:30 a.m. on Tuesday, 22 December 2020
Despatch of certificates for the new HSH H Shares to be issued pursuant to the Scheme and the Listing ^(Notes 1 and 3)	Tuesday, 22 December 2020
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective ^(Notes 1 and 4)	9:00 a.m. on Wednesday, 23 December 2020
Dealings in the HSH H Shares on the Stock Exchange expected to commence at ^(Note 1)	9:00 a.m. on Wednesday, 23 December 2020
EB-to-CB Proposal becomes effective ^(Note 5)	Wednesday, 23 December 2020
Latest time to despatch cheques for payment of the Cash Payment to the Scheme Shareholders ^(Note 6)	Thursday, 31 December 2020

Notes:

1. *If the approval for the Listing is not granted on or prior to Monday, 21 December 2020, the certificates for the new HSH H Shares will not be despatched on Tuesday, 22 December 2020, dealings in the HSH H Shares on the Stock Exchange will not commence on Wednesday, 23 December 2020, and the listing of the Shares on the Stock Exchange will also not be withdrawn on Wednesday, 23 December 2020. In such event, HSH will make an announcement of the above and of a revised timetable as soon as practicable.*
2. *The Scheme will become effective upon all the Privatisation Conditions set out in the section headed "2. THE PRIVATISATION PROPOSAL AND THE SCHEME – 2.6 Conditions of the Privatisation Proposal and the Scheme" in Part IX – Explanatory Statement of the Scheme Document having been satisfied or validly waived (as applicable) on or before the Scheme Long Stop Date. Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective.*
3. *The share certificates for the new HSH H Shares to be issued pursuant to the Scheme and the Listing as cancellation consideration for the Scheme Shares are expected to be despatched to the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders) on Tuesday, 22 December 2020. Each Scheme Shareholder (other than the Non-Qualifying Overseas Shareholders) will be sent one share certificate representing all HSH H Shares. Such share certificates will not become valid unless the formal letter of approval for the Listing is obtained, and the Introduction has become effective. Investors who trade in the HSH H Shares prior to the receipt of the HSH H Share certificates or prior to the HSH H Share Certificates becoming valid do so entirely at their own risk. Share certificates of new HSH H Shares will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses at their own risk.*
4. *If the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn with effect from 9:00 a.m. on Wednesday, 23 December 2020, being the second Business Day following the Scheme Effective Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective.*
5. *The EB-to-CB Proposal will become effective upon all the relevant conditions set out in the Consent Solicitation Memorandum having been obtained or completed. The Bondholders will be advised by an announcement published by the Issuer in relation to the Bonds on the website of the Stock Exchange (www.hkexnews.hk) in relation to the exact date upon which the EB-to-CB Proposal becomes effective.*
6. *Cheques for the Cash Payment will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses at their own risk.*

Bondholders are reminded that 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.

Bondholders are further reminded that the implementation of the EB-to-CB Proposal remains to be subject to obtaining or completing various other approvals or filings as disclosed in the Consent Solicitation Announcements and pages 115 to 116 of the Scheme Document. Bondholders should therefore exercise caution when dealing in the Bonds. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

Harvest International Company
Board of Directors

Hong Kong, 20 December 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, LIN Sui, CHIEN Da-Chun, DAI Deming and WONG Hak Kun.

As at the date of this announcement, the sole director of FLOURISHING REACH LIMITED is GONG Wei.

** For identification purposes only*