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HARVEST INTERNATIONAL COMPANY

(incorporated in the Cayman Islands with limited liability)

HK\$8,000,000,000 Zero Coupon Guaranteed Convertible Bonds due 2022

(Stock Code: 5024; ISIN: XS1716796641)

(the "Bonds")

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)

convertible into the ordinary H shares of HAIER SMART HOME CO., LTD. (海爾智家股份有限公司) (Stock Code: 6690) (the "Shares")

ADJUSTMENT TO CONVERSION PRICE

Reference is made to the announcements dated 31 July 2020, 18 August 2020 and 28 August 2020 (together, the "**Consent Solicitation Announcements**") made by Harvest International Company (the "**Issuer**") relating to the notice of a meeting dated 31 July 2020 given by the Issuer, Haier Smart Home Co., Ltd. (the "**Guarantor**"), Haier Shareholdings (Hong Kong) Limited and FLOURISHING REACH LIMITED to holders (the "**Bondholders**") of the HK\$8,000,000,000 Zero Coupon Guaranteed Convertible Bonds due 2022 convertible into the ordinary H shares of Haier Smart Home Co., Ltd. (the "**Bonds**") (formerly referred to as HK\$8,000,000,000 Zero Coupon Guaranteed Exchangeable Bonds due 2022 exchangeable into the ordinary shares of Haier Electronics Group Co., Ltd. ("**Haier Electronics**")) 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 and the trust deed constituting the Bonds (the "**Consent Solicitation**") and the results of the Bondholders' meeting and the Consent Solicitation. Terms and expressions used but not defined herein have the respective meanings given to them in the Consent Solicitation Announcements. For further details of the Consent Solicitation and the EB-to-CB Proposal, please refer to the Consent Solicitation Announcements and the Consent Solicitation Memorandum.

Reference is also made to the announcement dated 23 December 2020 made by the Issuer relating to the effectiveness of the EB-to-CB Proposal and the announcement dated 25 December 2020 made by the Guarantor relating to, among other things, the payment of the Cash Payment by Haier Electronics on 24 December 2020.

Pursuant to Condition 6(a)(iii)(B) and Condition 6(d)(ix) of the terms and conditions of the Bonds (the "**Conditions**"), the Issuer and the Guarantor hereby notify the Bondholders that the Conversion Price per Share in effect on the Initial Adjustment Date (12 January 2021, being the 11th HKSE Trading Day after the Cash Payment Date) shall be approximately HK\$18.8369 and calculated as follows:

$$\text{Adjusted Initial Conversion Price} = \frac{\text{Prevailing Exchange Price}}{(Y + \frac{C}{R})}$$

where:

"**Cash Payment**" or "**C**" means HK\$1.95 per Scheme Share;

"**Cash Payment Date**" means the date on which the Cash Payment is paid (being 24 December 2020);

"**Exchangeable Bonds**" means HK\$8,000,000,000 Zero Coupon Guaranteed Exchangeable Bonds Due 2022 (ISIN: XS1716796641) of which HK\$7,993,000,000 in aggregate principal amount remains outstanding immediately before the EB-to-CB Amendment Date (being 23 December 2020) exchangeable into the ordinary shares of HEG Shares;

"**HEG Shares**" means ordinary shares in the issued share capital of Haier Electronics Group Co., Ltd.;

"**Prevailing Exchange Price**" means the exchange price immediately before the EB-to-CB Amendment Date under which the Exchangeable Bonds can be exchanged into one HEG Share (being the aggregated principal amount of the Bonds outstanding divided by 254,930,192, being the total number of HEG Shares comprised in the exchange property in respect of the Exchangeable Bonds);

"**R**" means the average of the Closing Prices of Shares for the 10 HKSE Trading Days

following (and excluding) the Cash Payment Date (being HK\$30.24);

"**Scheme**" means a scheme of arrangement under Section 99 of the Companies Act involving, among other matters, the cancellation of all of the Scheme Shares, which became effective on 21 December 2020;

"**Scheme Share(s)**" means all of the HEG Shares in issue prior to the record time for determining entitlements under the Scheme, other than those held by the Guarantor and those held by any of its wholly-owned subsidiaries; and

"**Y**" means 1.60, being the number of Shares issued for every Scheme Share cancelled under the Scheme.

Accordingly, the Conversion Price per Share will be adjusted from approximately HK\$19.5961 to approximately HK\$18.8369 (the "**Adjustment**") effective from 12 January 2021 (Hong Kong time). The Conversion Ratio (calculated by way of illustration based on each HK\$1,000,000 principal amount of Bonds) is 53,087.3586.

Apart from the Adjustment, all other terms and conditions of the Bonds will remain unchanged.

As at the date of this announcement, HK\$7,993,000,000 in aggregate principal amount of the Bonds remains outstanding.

As at the date of this announcement, the total number of the issued shares of the Guarantor is 6,308,552,654 A Shares, 271,013,973 D Shares and 2,448,279,814 Shares. Following the Adjustment and assuming full conversion of the Bonds, the Bonds will be convertible into 424,327,258 Shares, representing approximately 4.70% of the issued share capital of the Guarantor as at the date of this announcement and approximately 4.49% of the issued share capital of the Guarantor as enlarged by the issuance of such Shares (assuming that there is no other change to the issued share capital of the Guarantor).

Harvest International Company
Board of Directors

Hong Kong, 11 January 2021

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.