

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HISENSE KELON ELECTRICAL HOLDINGS COMPANY LIMITED

海 信 科 龍 電 器 股 份 有 限 公 司

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

(Stock Code: 00921)

Announcement on entrusted wealth management of idle self-owned funds

This announcement is made by Hisense Kelon Electrical Holdings Company Limited (the "Company", together with its subsidiaries the "Group") pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09 and 13.10B of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

At the fifth extraordinary meeting for the year 2016 held by the ninth session of the board of directors (the "Board") of the Company on 3 August 2016, a resolution on entrusted wealth management of idle self-owned funds of the Group was considered and approved. Subject to the investment risk control by the Group and the principles of improving efficiency of the use of capital and increasing return on cash assets, the proposed entrustment of idle self-owned funds of not more than RMB 1 billion to financial institutions such as commercial banks, trustee companies, securities companies, fund house, insurance companies and asset management companies to conduct low-risk investment for wealth management was approved. Details of such arrangement are as follow:

I. Summary of entrusted wealth management

1. The purpose of entrusted wealth management

On the condition that the normal operation will not be disrupted and the risk is under control, the Group will use its idle self-owned funds for conducting entrusted wealth management to improve the efficiency of the use of capital of the Group and generate more revenue for the Company and its shareholders.

2. Investment amount

The idle self-owned funds in aggregate of RMB 1 billion may be used for conducting entrusted wealth management. The said fund limit is of revolving basis.

3. Investment method

The idle self-owned fund to be used for entrusted wealth management will be entrusted to financial institutions such as commercial banks, trustee companies, asset management companies, securities companies, fund house and insurance companies to conduct short term low-risk investment for wealth management, including low-risks fixed income financial products, wealth management products, trust plans, asset management plans provided by financial institutions such as commercial banks, trustee companies, asset management companies, securities companies, fund house and insurance companies.

4. Investment term

The authorisation for using approved aggregated amount of funds for the Group's entrusted wealth management is valid for a period of 12 months from the date of the passing of the resolution by the Board of the Company (i.e. till 2 August 2017).

II. Source of funds for entrusted wealth management

The funds to be utilised for entrusted wealth management will be idle self-owned funds of the Group. The source of funds is in compliance with the laws and regulations.

III. Approval procedures

According to the relevant requirements of the Guidelines of the Shenzhen Stock Exchange for the Standardised Operation of Companies Listed on the Main Board and the Articles of Association of the Company, upon being considered and approved at the fifth extraordinary meeting for the year 2016 held by the ninth session of the Board of the Company, the entrusted wealth management is not required to be considered and approved at the general meeting of the Company.

IV. Impact of the entrusted wealth management on the Group

The Group has carried out a comprehensive prediction and calculation on risk and revenue of the entrusted wealth management products and future capital needs. The use of the relevant funds will not affect the daily operation and the principal business development of the Group and is beneficial for improving of the efficiency of the use of the idle funds of the Group .

Agreements regarding entrusted wealth management will be entered into in the future. Should the entrusted wealth management contemplated under such agreements constitutes discloseable transaction of the Company according to the Listing Rules, the Company will comply with all applicable requirements of the Listing Rules as and when appropriate.

V. Risk control

The Board of the Company has formulated “Management Measures for Conducting Entrusted Wealth Management Transactions”, which stipulated the requirements of approval authority, execution procedures, accounting management and risk control in respect of entrusted wealth

management, to effectively prevent investment risks and ensure capital safety.

For further details of “Management Measures for Conducting Entrusted Wealth Management Transactions”, please refer to the overseas regulatory announcement published on the website of the Stock Exchange on 3 August 2016.

VI. The independent advice on the Group’s entrusted wealth management from independent directors

The independent directors of the Company considered that the necessary approval procedures and the voting procedures for the entrusted wealth management of the Group have been completed and are in compliance with the laws and regulations. The Company has formulated “Management Measures for Conducting Entrusted Wealth Management Transactions” which stipulates the detailed requirements of approval authority, execution procedures, accounting management and risk control of entrusted wealth management, to effectively prevent investment risks and ensure capital safety. The funds to be used by the Group for entrusted wealth management will be used for purchasing products with controllable risks such as wealth management products from banks with lower risk and stable revenue, and will not be invested in shares and its derivative products, security investment funds and entrusted wealth management products with the purpose of security investment. The Group’s utilisation of idle self-owned funds for entrusted wealth management is beneficial for enhancing efficiency of use of idle self-owned funds of the Group and would not affect the daily operation and the principal business development of the Group and will not adversely affect the interests of medium and small investors of the Company.

By order of the Board of

Hisense Kelon Electrical Holdings Company Limited

Tang Ye Guo

Chairman

Foshan City, Guangdong, the PRC, 3 August 2016

As at the date of this announcement, the Company’s directors are Mr. Tang Ye Guo, Mr. Liu Hong Xin, Mr. Lin Lan, Mr. Dai Hui Zhong, Mr. Jia Shao Qian and Mr. Wang Yun Li; and the Company’s independent non-executive directors are Mr. Xu Xiang Yi, Mr. Wang Xin Yu and Mr. Wang Ai Guo.