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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: 921)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT**

The Board is pleased to announce that on 1 September 2016, Guangdong Hisense Refrigerator Marketing Co., Ltd. (廣東海信冰箱營銷股份有限公司), a subsidiary of the Company has executed an agreement in respect of wealth management products, risks and rights of the customers to subscribe for the Wealth Management Product issued by the Agricultural Bank of China in the subscription amount of RMB500,000,000 (equivalent to approximately HK\$579,710,145). The Group utilised its idle funds for the payment of the Subscription.

Since the relevant applicable percentage ratio(s) (as defined under Chapter 14 of the Listing Rules) in respect of the Subscription is higher than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under the Listing Rules, and is subject to the relevant reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE SUBSCRIPTION

- (1) **Subscription date:** 1 September 2016
- (2) **Name of the Wealth Management Product:** An Xin • Ling Dong • 45 days” RMB wealth management product of the Agricultural Bank of China (中國農業銀行“安心•靈動•45天”人民幣理財產品).
- (3) **Parties:**
- (i) The Agricultural Bank of China as issuer; and
 - (ii) Guangdong Hisense Refrigerator Marketing Co., Ltd. (廣東海信冰箱營銷股份有限公司) as subscriber.
- To the best knowledge, information and belief of the Directors, the Agricultural Bank of China and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and its connected persons.
- (4) **Type of Wealth Management Product:** Non-principal-guaranteed with floating return.
- (5) **Risk rating of product:** Low-to-Medium.
- (6) **Principal amount of the Subscription:** RMB500,000,000 (equivalent to approximately HK\$579,710,145). The Board considers that the consideration for the Subscription was determined on the basis of arm’s length commercial terms.
- (7) **Currency of the Subscription:** Renminbi.
- (8) **Holding period for the Wealth Management Product:** 45 days.
- (9) **Expected return on annualised basis:** 3.55% after payment of the fees
- (10) **Investment scope of the Wealth Management Product:** The Wealth Management Product mainly invests in domestic and foreign money market instruments with fixed risks and income, including state treasury bonds, financial bonds, central bank bills, money market instruments, credit bonds

with higher credit rating, debt financing instruments under private placement, inter-bank funding business with low risks and swap transaction, as well as investment instruments with fixed income issued by commercial banks or other qualified institutions, non-standard debts, trust plans and other types of investment products that comply with regulatory requirements.

Approximately 20 to 40% of the funds will be invested in treasury bonds in inter-bank bonds market, central bank bills, financial bonds, repurchases, credit bonds with high credit rating, debt financing instruments under private placement, cash and deposits and approximately 60 to 80% of the funds will be invested in money market instruments, investment trust scheme, non-standard debts and other investment instruments with fixed income. Such investment proportions may vary in the range of -10% to 10%, as the Agricultural Bank of China may adjust the investment portfolio in accordance with the trend and dynamic of the related investment markets.

**(11) Payment of return on
principal upon maturity:**

If the principal and return are to be redeemed before 15:00 on the redemption date, the principal and return will be redeemed on the redemption date; if the principal and return are to be redeemed after 15:00, the principal and return will be redeemed 1 day after the redemption day.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Subscription is made from the idle self-owned funds of the Group and such 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.

The Board considers that the Subscription of this Wealth Management Product is on normal commercial terms, fair and reasonable, and in the interests of the Company and Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

Since the relevant applicable percentage ratio(s) (as defined under Chapter 14 of the Listing Rules) in respect of the Subscription is higher than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under the Listing Rules, and is subject to the relevant reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INFORMATION OF THE COMPANY AND THE AGRICULTURAL BANK OF CHINA

The Company

The Company is principally engaged in the manufacture and sales of refrigerators and air-conditioners.

The Agricultural Bank of China

The Agricultural Bank of China is a licensed bank incorporated under the laws of the PRC. The principal businesses of the Agricultural Bank of China include various corporate and retail banking products and services for a broad range of customers, and carrying out treasury operations for our own accounts or on behalf of customers. Its business scope includes, among others, investment banking, fund management, financial leasing and life insurance.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Agricultural Bank of China”	the Agricultural Bank of China Limited;
“Board”	the board of directors of the Company;
“Company”	Hisense Kelon Electrical Holdings Company Limited, a company incorporated in the PRC with limited liabilities, whose shares are listed on the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange;
“Subscription”	subscription of the Wealth Management Product issued by the Agricultural Bank of China in the subscription amount of RMB500,000,000 (equivalent to approximately HK\$579,710,145) by Guangdong Hisense Refrigerator Marketing Co., Ltd. (廣東海信冰箱營銷股份有限公司);
“Wealth Management Product”	“An Xin • Ling Dong • 45 days” RMB wealth management product of the Agricultural Bank of China (中國農業銀行“安心•靈動• 45 天”人民幣理財產品, a wealth management product issued by the Agricultural Bank of China, the major terms of which are summarised in this announcement;

“Working Day”

the statutory working days in the PRC on which the Agricultural Bank of China is open for business; and

“%”

per cent.

Unless the context requires otherwise, amounts denominated in RMB have been converted into HK\$ at an exchange rate of RMB1 to HK\$1.1594 for the purpose of illustration only. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the relevant dates at the above rate or at any other rates or at all.

By order of the Board of
Hisense Kelon Electrical Holdings Company Limited
Tang Ye Guo
Chairman

Foshan City, Guangdong, the PRC, 1 September 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.