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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 TRANSACTIONS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

At the ninth extraordinary meeting for the year 2017 held by the ninth session of the Directors on 28 November 2017 and the 2018 first extraordinary general meeting held on 18 January 2018, a resolution on entrusted wealth management of idle self-owned funds of the Company was considered and approved. Subject to the investment risk control by the Company and the principles of improving efficiency of the use of capital and increasing return on cash assets, the entrustment of idle self-owned funds of not more than RMB6,000,000,000 to financial institutions such as commercial banks, trustee companies, securities companies and fund houses to conduct short-term and low-risk investment for wealth management was approved. The progress is now announced as follows:

Reference is made to the announcement of the Company dated 17 October 2017 in respect of the First Wealth Management Agreement, the Second Wealth Management Agreement and the Third Wealth Management Agreement pursuant to which the Company subscribed for wealth management products in the aggregate subscription amount of RMB800,000,000 (equivalent to approximately HK\$939,120,000^{Note 1}) from the Industrial Bank.

The Board is pleased to announce that apart from the First Wealth Management Agreement, the Second Wealth Management Agreement and the Third Wealth Management Agreement, on 8 March 2018, the Company entered into the 2018 Industrial Bank First Wealth Management Agreement with the Industrial Bank to subscribe for the Golden Snowball Premium Wealth Management Product in the subscription amount of RMB400,000,000 (equivalent to approximately HK\$496,000,000^{Note 2}).

The 2018 Industrial Bank First Wealth Management Agreement by itself does not constitute discloseable transaction of the Company under Rule 14.06 of the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the relevant subscription amounts under the Wealth Management Agreements will be aggregated. The relevant applicable percentage ratios (defined under the Listing Rules) of the transactions under the Wealth Management Agreements, on an aggregate basis, exceed 5% but are lower than 25%. Therefore, the transactions under the Wealth Management Agreements, on an aggregate basis, constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

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The 2018 Industrial Bank First Wealth Management Agreement

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|---|---|
| (1) Subscription date: | 8 March 2018 |
| (2) Name of wealth management product: | “Industrial Bank Co., Ltd. ‘Golden Snowball Premium’ 2018 No. 1 non-principal guaranteed with floating return and |

closed-end wealth management product”(興業銀行 “金雪球-優選” 2018 年第 1 期非保本浮動收益型封閉式理財產品)

(3) Parties:

- (i) The Industrial Bank as issuer; and
- (ii) The Company as subscriber.

To the best knowledge, information and belief of the Directors, the Industrial Bank 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.

(6) Principal amount of subscription:

RMB400,000,000 (equivalent to approximately HK\$496,000,000^{Note 2}).

(7) Currency of subscription:

Renminbi.

(8) Holding period of the wealth management product:

90 days.

(9) Expected return on annualised basis:

5.25%

(10) Investment scope of the wealth management product:

The Golden Snowball Premium Wealth Management Product mainly invests in:-

Category 1:	monetary market instruments including bank deposit, bond repurchase and monetary funds, and other interbank financing tools;
Category 2:	bonds and debt financing instruments from banks and stock exchange markets,

	including treasury bonds, policy financial bonds, central bank bills, short-term financing bills, medium-term notes, enterprise bonds, corporate bonds, convertible bonds, subordinated bonds and hybrid capital bonds etc., as well as other fixed income short-term investment instruments;
Category 3:	other financial assets and their portfolios, such as trust schemes, asset management schemes of securities brokers, insurance debt investment plans, special funds and beneficial interests of the abovementioned assets that are in compliance with the requirements of regulatory authorities, priority beneficial interests of securities investment structured trust products, equity income right products which are based on investment in shares of companies listed on Shanghai and Shenzhen stock exchanges, asset management plans of special funds which invest in the equity of limited partnership enterprise, and other transactional financing products with controllable risks as approved by a competent department of the Industrial Bank and in compliance with the requirements of the Industrial Bank etc.

(11) Payment of return on principal upon maturity:

The return shall be paid to the subscriber in one lump sum upon the date of maturity or early termination.

(12) Right of early termination:

The subscriber shall have no right of early termination. However, upon the occurrence of specific events, the Industrial Bank is entitled to early termination of the Golden Snowball Premium Wealth Management Product.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The approval procedures of this subscription of wealth management product by the Company are in compliance with the relevant requirements of “Management Measures for Conducting Entrusted Wealth Management Transactions”. The subscription of the Golden Snowball Premium Wealth Management Product 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 the Golden Snowball Premium 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

The 2018 Industrial Bank First Wealth Management Agreement by itself does not constitute discloseable transaction of the Company under Rule 14.06 of the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the relevant subscription amounts under the Wealth Management Agreements will be aggregated. The relevant applicable percentage ratios (defined under the Listing Rules) of the transactions under the Wealth Management Agreements, on an aggregate basis, exceed 5% but are lower than 25%. Therefore, the transactions under the Wealth Management Agreements, on an aggregate basis, constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

INFORMATION OF THE COMPANY AND THE INDUSTRIAL BANK

The Company

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

The Industrial Bank

The Industrial Bank is a commercial bank and is joint stock company incorporated in the PRC with limited liability. Its main business includes taking deposits, granting short, middle and long-term loan, handling domestic and overseas settlement, issuing financial bonds, issuing, cashing and selling government bonds as agent, trading government bonds and financial bonds, issuing

securities other than stocks as agent, trading securities other than stocks by itself or as agent, assets custody, inter-banking borrowing or lending, trading foreign exchange by itself or as agent, engaging in banking card business, providing letters of credit service and guarantee, providing safe deposit box service, providing financial consultancy service, and engaging in other business as approved by the Chinese banking regulators.

DEFINITIONS

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

“2018 Industrial Bank First Wealth Management Agreement”	the wealth management agreement entered into between the Company and the Industrial Bank on 8 March 2018 in relation to the subscription of the Golden Snowball Premium Wealth Management Product;
“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;
“First Wealth Management Agreement”	the wealth management agreement entered into between the Company and the Industrial Bank on 17 October 2017 in relation to the subscription of the wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“Golden Snowball Premium Wealth Management Product”	“Industrial Bank Co., Ltd. ‘Golden Snowball Premium’ 2018 No. 1 non-principal guaranteed with floating return and closed-end wealth management product” (興業銀行 “金雪球-優選” 2018 年第 1 期非保本浮動收益型封閉式理財產品);
“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;
“Industrial Bank”	Industrial Bank Co., Ltd.;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“PRC”	the People’s Republic of China;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Second Wealth Management Agreement”	the wealth management agreement entered into between the Company and the Industrial Bank on 17 October 2017 in relation to the subscription of the wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“Shareholder(s)”	the shareholder(s) of the Company;
“Third Wealth Management Agreement”	the wealth management agreement entered into between the Company and the Industrial Bank on 17 October 2017 in relation to the subscription of the wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“Wealth Management Agreements”	collectively, the First Wealth Management Agreement, the Second Wealth Management Agreement, the Third Wealth Management Agreement and the 2018 Industrial Bank First Wealth Management Agreement;
“%”	per cent.

Notes:

1. *This amount is an aggregation of the HK\$ amounts converted from RMB at the exchange rate that was used in the announcement of the Company dated 17 October 2017. The conversions were 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.*
2. *This amount has been converted from RMB into HK\$ at the exchange rate of RMB1 to HK\$1.24 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, 8 March 2018

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. Ma Jin Quan, Mr. Xu Xiang Yi and Mr. Liu Xiao Feng.