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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: 00921)

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 announcements of the Company dated 6 July 2017, 24 August 2017, 23 October 2017, 31 October 2017 and 7 November 2017 in respect of The 2017 SPD Bank Third Wealth Management Agreement, The 2017 SPD Bank Fourth Wealth Management Agreement, The 2017 SPD Bank Fifth Wealth Management Agreement, The 2017 SPD Bank Sixth Wealth Management Agreement and The 2017 SPD Bank Seventh Wealth Management Agreement, pursuant to which the subsidiaries of the Company, Air-conditioner Marketing Company and Hisense (Beijing) Electric (as subscribers), subscribed for wealth management products in the aggregate subscription amount of RMB460,000,000 (equivalent to approximately HK\$537,025,380^{Note 1}) from the SPD Bank (as issuer).

The Board is pleased to announce that apart from The 2017 SPD Bank Third Wealth Management Agreement, The 2017 SPD Bank Fourth Wealth Management Agreement, The 2017 SPD Bank Fifth Wealth Management Agreement, The 2017 SPD Bank Sixth Wealth Management

Agreement and The 2017 SPD Bank Seventh Wealth Management Agreement, on 7 May 2018, Hisense (Beijing) Electric, a non-wholly owned subsidiary of the Company, entered into The 2018 SPD Bank First Wealth Management Agreement to subscribe for The 2018 SPD Bank First Wealth Management Product in the subscription amount of RMB80,000,000 (equivalent to approximately HK\$98,626,624.26^{Note 2}). The Group utilised its idle funds for the payment of the subscription amount under each of the Wealth Management Agreements.

The 2018 SPD 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 SPD Bank First Wealth Management Agreement

(1) Subscription date: 7 May 2018

(2) Name of product: “More Wealth More Accumulation 176 days” (利多多聚財 176 天).

(3) Parties:

- (i) The SPD Bank as issuer; and
- (ii) Hisense (Beijing) Electric as subscriber.

To the best knowledge, information and belief of the Directors, the SPD 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 product: Non-principal-guaranteed with floating return.

(5) Risk rating of product: Relatively low.

(6) Principal amount of subscription: RMB80,000,000 (equivalent to approximately HK\$98,626,624.26^{Note 2}).

(7) Currency of subscription: Renminbi.

(8) Term of investment: 176 days.

(9) Expected return on annualised basis: 5.40%.

(10) Investment scope of the product: The 2018 SPD Bank First Wealth Management Product invests in cash, treasury bonds, local treasury bonds, central

bank bills, policy financial bonds, credit bonds such as short-term financing bonds, medium-term notes, subordinated debt, enterprise bonds, corporate bonds, private placement of debt financing instruments, ABS, ABN and ABS subordinated bonds which are rated “AA” or above (rated “A-” (inclusive) or above in respect of credit bonds for which the SPD Bank is the lead underwriter), non-standardized debt assets which fulfill regulatory requirements such as repurchases, interbank lending, income receipts of securities dealers, preference shares, interbank deposits, currencies funds and credit assets, placement scheme and trust scheme of securities dealers/funds/insurance companies, etc.

(11) Payment of return on principal upon maturity:

The principal and return will be deposited to Hisense (Beijing) Electric’s designated account on the maturity date if it is a Working Day, or on the following Working Day if the maturity date falls on a non-Working Day, in which case the term of investment will be extended accordingly.

(12) Right of early termination:

The SPD Bank is entitled to early termination of The 2018 SPD Bank First Wealth Management Product.

REASONS AND BENEFITS FOR THE SUBSCRIPTIONS

The approval procedures of the subscriptions of wealth management products by the Company are in compliance with the relevant requirements of “Management Measures for Conducting Entrusted Wealth Management Transactions”. The subscriptions of the wealth management products are 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 subscriptions of the wealth management products are 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 SPD 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 SPD BANK

The Company

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

The SPD Bank

The SPD Bank is a licensed bank incorporated under the laws of the PRC. The principal businesses of the SPD Bank include the provision of corporate and retail services, capital operation, investment banking, assets management, trust and financial leasing as well as other financial services.

DEFINITIONS

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

“Air-conditioner Marketing Company”	Qingdao Hisense Air-conditioner Marketing Co., Ltd.* (青島海信空調營銷股份有限公司), a subsidiary of the Company;
“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;
“Hisense (Beijing) Electric”	Hisense (Beijing) Electric Co., Ltd.* (海信（北京）電器有限公司), a non-wholly owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“SPD Bank”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行), a bank incorporated under the laws of the PRC;
“The 2017 SPD Bank Fourth Wealth Management Agreement”	the wealth management agreement entered into between Hisense (Beijing) Electric and the SPD Bank on 24 August 2017 in relation to the subscription of wealth management product, the particulars of which are disclosed in the announcement of the Company dated 24 August 2017;
“The 2017 SPD Bank Fifth Wealth Management Agreement”	the wealth management agreement entered into between Air-conditioner Marketing Company and the SPD Bank on 23 October 2017 in relation to the subscription of wealth management product, the particulars of which are disclosed in the announcement of the Company dated 23 October 2017;
“The 2017 SPD Bank Seventh Wealth Management Agreement”	the wealth management agreement entered into between Hisense (Beijing) Electric and the SPD Bank on 7 November 2017 in relation to the subscription of wealth management product, the particulars of which are disclosed in the

announcement of the Company dated 7 November 2017;

**“The 2017 SPD Bank Sixth
Wealth Management
Agreement”**

the wealth management agreement entered into between Air-conditioner Marketing Company and the SPD Bank on 31 October 2017 in relation to the subscription of wealth management product, the particulars of which are disclosed in the announcement of the Company dated 31 October 2017;

**“The 2017 SPD Bank Third
Wealth Management
Agreement”**

the wealth management agreement entered into between Air-conditioner Marketing Company and the SPD Bank on 6 July 2017 in relation to the subscription of wealth management product, the particulars of which are disclosed in the announcement of the Company dated 6 July 2017;

**“The 2018 SPD Bank First
Wealth Management
Agreement”**

the wealth management agreement entered into between the Company and the SPD Bank on 7 May 2018 in relation to the subscription of The 2018 SPD Bank First Wealth Management Product;

**“The 2018 SPD Bank First
Wealth Management
Product”**

“More Wealth More Accumulation 176 days” (利多多聚財 176 天), a wealth management product issued by the SPD Bank, the major terms of which are summarised in this announcement;

**“Wealth Management
Agreements”**

collectively, The 2017 SPD Bank Third Wealth Management Agreement, The 2017 SPD Bank Fourth Wealth Management Agreement, The 2017 SPD Bank Fifth Wealth Management Agreement, The 2017 SPD Bank Sixth Wealth Management Agreement, The 2017 SPD Bank Seventh Wealth Management Agreement and The 2018 SPD Bank First Wealth Management Agreement;

**“Wealth Management
Products”**

the wealth management products subscribed under the Wealth Management Agreements;

“Working Day”

the day on which the SPD Bank is generally open for business, other than Saturday, Sunday (except for days on which it is open for business due to adjustment of Chinese holidays) or any other statutory holidays in the PRC;

“%”

per cent; and

“*”

for identification purpose only.

Notes:

1. *This amount is an aggregation of the HK\$ amounts converted from RMB at the exchange rates that were used in the announcements of the Company dated 6 July 2017, 24 August 2017, 23 October 2017, 31 October 2017 and 7 November 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 an exchange rate of RMB0.81114 to HK\$1 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, 7 May 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.