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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 17 October 2017 and 8 March 2018 in respect of The 2017 Industrial Bank First Wealth Management Agreement, The 2017 Industrial Bank Second Wealth Management Agreement, The 2017 Industrial Bank Third Wealth Management Agreement and The 2018 Industrial Bank First Wealth Management Agreement, pursuant to the Company, subscribed for wealth management products in the aggregate subscription amount of RMB1,200,000,000 (equivalent to approximately HK\$1,435,120,000^{Note 1}) from the Industrial Bank (as issuer).

The Board is pleased to announce that apart from The 2017 Industrial Bank First Wealth Management Agreement, The 2017 Industrial Bank Second Wealth Management Agreement, The 2017 Industrial Bank Third Wealth Management Agreement and The 2018 Industrial Bank First Wealth Management Agreement, on 17 May 2018, Air-conditioner Marketing Company, a non-wholly owned subsidiary of the Company, entered into The 2018 Industrial Bank Second

Wealth Management Agreement to subscribe for The 2018 Industrial Bank Second Wealth Management Product in the subscription amount of RMB100,000,000 (equivalent to approximately HK\$123,283,280.32^{Note 2}). The Group utilised its idle funds for the payment of the subscription amount under each of the Wealth Management Agreements.

The 2018 Industrial Bank Second 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 Second Wealth Management Agreement

- (1) Subscription date:** 17 May 2018
- (2) Name of product:** “Industrial Bank Co., Ltd ‘Golden Snowball Superior’ non-principal guaranteed and open-end Renminbi wealth management product (1M)” (興業銀行 “金雪球-優悅” 非保本開放式人民幣理財產品(1M)).
- (3) Parties:**
- (i) The Industrial Bank as issuer; and
 - (ii) Air-conditioner Marketing 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 product:** Non-principal-guaranteed with floating return.
- (5) Risk rating of product:** Relatively low.
- (6) Principal amount of subscription:** RMB100,000,000
(equivalent to approximately HK\$123,283,280.32^{Note 2}).
- (7) Currency of subscription:** Renminbi.
- (8) Term of investment:** 30 days.
- (9) Expected return rate per annum:** 4.70%.
- (10) Investment scope of the product:** The 2018 Industrial Bank Second Wealth Management Product invests in
Category 1: monetary market instruments including bank deposit, reverse repurchase of bonds,

- monetary funds, and other interbank and stock exchange financing tools;
- Category 2: bonds and debt financing instruments from interbank and stock exchange markets, including treasury bonds, policy financial bonds, central bank bills, short-term financing bills, super short-term financing bills, medium-term notes, enterprise bonds, corporate bonds, private placement of debt financing instruments, asset-backed securities, convertible bonds and subordinated bonds etc., as well as other fixed income short-term investment instruments;
- Category 3: non-standardized debt assets;
- Category 4: other financial assets and their portfolios, including trust schemes that are in compliance with the requirements of the regulatory authorities, funds, securities and insurance asset management schemes and income/beneficial entitlements of the abovementioned assets, preference shares, structured priorities of securities investment, income (beneficial) entitlements in shares of listed companies, quantitative hedging and priorities, and asset management plans with assets based on investment in equity interest of limited partnership equity etc.

(11) Payment of return on principal upon maturity:

The principal and return will be deposited to Air-conditioner Marketing Company'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 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 2018 Industrial Bank Second 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 Industrial Bank Second 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:

“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Industrial Bank”	Industrial Bank Co., Ltd., a bank incorporated under the laws of the PRC;
“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;
“The 2017 Industrial Bank 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 wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“The 2017 Industrial Bank 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 wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“The 2017 Industrial Bank 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 wealth management product, the particulars of which are disclosed in the announcement of the Company dated 17 October 2017;
“The 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 wealth management product, the particulars of which are disclosed in the announcement of the Company dated 8 March 2018;
“The 2018 Industrial Bank Second Wealth Management Agreement”	the wealth management agreement entered into between Air-conditioner Marketing Company and the Industrial Bank on 17 May 2018 in relation to the subscription of The 2018 Industrial Bank Second Wealth Management Product;
“The 2018 Industrial Bank Second Wealth Management Product”	“‘Golden Snowball Superior’ non-principal guaranteed and open-end Renminbi wealth management product (1M)” (“金雪球-優悅”非保本開放式人民幣理財產品(1M)), a wealth management product issued by the Industrial Bank, the major terms of which are summarised in this announcement;

“Wealth Management Agreements”

collectively, The 2017 Industrial Bank First Wealth Management Agreement, The 2017 Industrial Bank Second Wealth Management Agreement, The 2017 Industrial Bank Third Wealth Management Agreement, The 2018 Industrial Bank First Wealth Management Agreement and The 2018 Industrial Bank Second Wealth Management Agreement;

“Wealth Management Products”

the wealth management products subscribed under the Wealth Management Agreements;

“Working Day”

the day on which the Industrial 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 17 October 2017 and 8 March 2018. 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, 17 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.