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**HISENSE HOME APPLIANCES GROUP CO., LTD.**

**海信家電集團股份有限公司**

*(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**

Reference is made to the announcement of Hisense Home Appliances Group Co., Ltd. (the “**Company**”, together with its subsidiaries the “**Group**”) dated 26 November 2018 in relation to the announcement on entrusted wealth management of idle self-owned funds (the “**Announcement**”). As disclosed in the Announcement, at the fourth extraordinary meeting for the year 2018 held by the tenth session of the board of directors (the “**Board**”) of the Company on 26 November 2018, a resolution on entrusted wealth management of idle self-owned funds of the Company was considered and approved whereupon the entrustment of idle self-owned funds of not more than RMB5,000,000,000 to commercial banks to conduct short-term and low-risk investment for wealth management was approved. The relevant resolution was approved by the shareholders of the Company at the first extraordinary general meetings of the Company held on 23 January 2019.

At the fifth extraordinary meeting for the year 2019 held by the tenth session of the Board of the Company on 21 June 2019, a resolution on entrusted wealth management of idle self-owned funds of the Company was considered and approved, pursuant to which the revised investment amount of not more than RMB9,000,000,000 may be entrusted to commercial banks to conduct short-term and low-risk investment for wealth management 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.

Details of such arrangement are as follows:

#### **I. Summary of entrusted wealth management**

##### **1. The purpose of entrusted wealth management**

After including Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (青島海信日立空調系統有限公司) (“**Hisense Hitachi**”) in the scope of the consolidated statements, the Group’s cash at bank and on hand will further increase. On the condition that the normal operation will not be disrupted and the risk is under control, the use of the idle self-owned funds for conducting entrusted

wealth management may improve the efficiency of the use of capital of the Group and generate more revenue for the Group and its shareholders.

#### 2. Investment amount

The idle self-owned funds in aggregate of RMB9,000,000,000 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 commercial banks to conduct short term low-risk investment for wealth management.

#### 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 authorising the use of idle funds for entrusted wealth management at the general meeting of the Company.

### **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 by the Board, the matter on entrusted wealth management has to be submitted to the 2019 second extraordinary general meeting of the Company for consideration and approval by shareholders.

### **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 notifiable 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 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.

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

The independent non-executive directors of the Company considered that the necessary approval procedures for the entrusted wealth management of the Group have been completed and the voting procedures 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. 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.

## **VII. Reasons for the revision of the investment amount**

As disclosed in the announcement of the Company dated 5 March 2019, the Company (as transferee) and Unitecs Corporation\*(株式會社聯合貿易) has entered into an agreement relating to the sale and purchase of equity interest (“**Transfer of Equity Interest**”) of Hisense Hitachi, and will amend to the articles of association of Hisense Hitachi, and an extraordinary general meeting of the Company will be held on 9 August 2019 to approve the aforesaid matter. Following completion of the Transfer of Equity Interest and the amendment of the articles of association of Hisense Hitachi (the “**Completion**”), Hisense Hitachi will be included in the scope of the consolidated financial statements of the Company. In order to regulate the management of the Company’s entrusted wealth management business after the inclusion of Hisense Hitachi in the Company’s consolidated financial statements, a resolution on entrusted wealth management of idle self-owned funds of the Company was considered and approved at the fifth extraordinary meeting for the year 2019 held by the tenth session of the Board of the Company on 21 June 2019, pursuant to which the investment amount of not more than RMB9,000,000,000 may be entrusted to commercial banks to conduct short-term and low-risk investment for wealth management 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. It is therefore expected that the investment amount used by the Group for the entrustment of idle self-owned funds will increase following Completion.

By order of the Board of  
**Hisense Home Appliances Group Co., Ltd.**  
**Tang Ye Guo**  
Chairman

Foshan City, Guangdong, the PRC, 21 June 2019

*As at the date of this announcement, the Company's executive directors are Mr. Tang Ye Guo, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui Zhong and Mr. Wang Yun Li; and the Company's independent non-executive directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.*