

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNOUNCEMENT ON RESOLUTIONS PASSED
AT THE SIXTH EXTRAORDINARY MEETING OF 2012
OF THE SEVENTH SESSION OF THE BOARD OF DIRECTORS**

This announcement is made by Hisense Kelon Electrical Holdings Company Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.51(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The seventh session of the board of directors of the Company issued the notice convening the sixth extraordinary meeting of 2012 of the seventh session of the board of directors to all directors by hand or by facsimile on 4 June 2012, and the meeting was held on 15 June 2012 by way of written resolutions. Out of the nine directors who should attend the meeting, nine directors attended. The convening of and the voting at the meeting were in compliance with the relevant requirements of the Company Law and the Articles of Association. The following resolutions were adopted after due consideration by the attending directors:

I. To consider and pass the Resolution in relation to Amendments of Relevant Provisions of the Articles of Association (See Annex);

Voting results: 9 affirmative votes, 0 dissenting vote and 0 abstention vote.

II. To consider and pass the Terms of Reference for Secretary to the Board of Directors (Amended version) of the Company (the details of this resolution has been published at CNINFO (www.cninfo.com.cn) on the same day).

Voting results: 9 affirmative votes, 0 dissenting vote and 0 abstention vote.

The first resolution above shall be submitted to the general meeting of the Company for consideration and passing. The time for holding the general meeting will be notified later.

Annex:

Resolution on Amendments to Relevant Articles of the Articles of Association

Pursuant to the requirements of the relevant laws and regulations and normative documents of the State, the Company proposes to make certain amendments to its present Articles of Association based on its actual situation. The major areas of amendments are as follows:

1. It is proposed that the existing Article 1.5 be amended:

Existing provision:

The Company is a joint stock limited company which is an independent legal person under the jurisdiction and protection of the laws, regulations and other relevant rules of the PRC. The Company, after the approval by the Ministry of Foreign Trade and Economic Co-operation of the PRC, became a company limited by shares with foreign investment. After the registration of the change by the Company in accordance with law, its business licence number is: Qi Gu Yue Zong Zi No. 003092.

It is to be amended as:

The Company is a joint stock limited company which is an independent legal person under the jurisdiction and protection of the laws, regulations and other relevant rules of the PRC. The Company, after the approval by the Ministry of Foreign Trade and Economic Co-operation of the PRC, became a company limited by shares with foreign investment. After the registration of the change by the Company in accordance with law, its business licence number is: 440000400014751.

2. It is proposed that the existing Article 8.2 be amended:

Existing provision:

The shareholders' general meeting shall have the following functions and powers:

.....

(15) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations and these Articles of Association.

External investments and asset disposal which do not meet the requirements stipulated in item (14) of this Article shall be determined by the Board. However, Article 10.16 of these Articles of Association shall still be applicable to the disposal of fixed assets.

It is to be amended as:

The shareholders' general meeting shall have the following functions and powers:

.....

(15) to examine and approve the following investments in derivatives:

- (a) investments in derivatives used for hedging purposes in amount representing 50% or more of the net assets as shown in the latest audited consolidated statements of the Company, and in absolute amount of more than RMB50 million;
- (b) investments in derivatives used for purposes other than hedging;

- (16) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations and these Articles of Association.

External investments and asset disposal which do not meet the criteria stipulated in item (14) of this Article shall be determined by the Board. However, Article 10.16 of these Articles of Association shall still be applicable to the disposal of fixed assets.

Investments in derivatives that do not meet the criteria as provided in item (15) of this Article shall be determined by the Board.

3. It is proposed that the existing Article 15.19 be amended:

Existing provision:

The profit distribution policies of the Company are :

- (1) the profit distribution of the Company shall focus on giving reasonable return to the investors, and the profit distribution policies of the Company shall maintain continuity and stability;
- (2) the Company may distribute dividends in cash or shares, and may distribute interim cash dividends. The aggregate amount of profit distributed by the Company in cash over the most recent three (3) years shall not be less than thirty (30) percent of the average annual distributable profits realized in the most recent three (3) years;
- (3) if the Board has not made any proposal for profit distribution in cash, the reason(s) for not distributing any dividends and the use of the undistributed funds retained by the Company shall be disclosed in its periodic reports, and the independent Directors shall provide an independent opinion thereon.

It is to be amended as:

The profit distribution policies and decision-making process for profit distribution proposal of the Company :

The profit distribution policies of the Company :

- (1) The profit distribution of the Company shall focus on giving reasonable investment return to its investors. The profit distribution policies shall maintain continuity and stability, and shall not be adjusted at will to lower the level of return to shareholders once such policies have been confirmed.
- (2) Form, condition and proportion of profit distribution of the Company:
 - (a) The Company may distribute dividends in cash, in shares or in a combination of both cash and shares.

(b) In distributing dividends in cash, the Company shall also meet the following conditions:

- (I) the distributable profits of the Company for the year (i.e. the profits after tax of the Company after making up for losses and making allocations to the statutory common reserve fund and the statutory welfare reserve fund) shall be a positive figure;
- (II) the auditing firm shall issue a standard unqualified audit report on the financial report of the Company for the year;
- (III) the cash flows of the Company shall meet the normal operation and long-term development of the Company.

(c) In principle, the dividends distributed by the Company in cash in the year shall not be less than 10% of the distributable profits realized in the year, and the accumulated profits distributed by the Company in cash in the last three years shall not be less than thirty percent of the average annual distributable profits realized in the last three years. The remaining distributable profits shall be used to support the sustainable development of the Company.

(d) Conditions for distributing dividends in shares: Under the prerequisite of ensuring reasonable share capital size and shareholding structure, the Company may distribute dividends in shares when the valuation of its shares is within a reasonable range, in order to provide return to its shareholders and share its corporate value.

(e) The profits distributed by the Company shall not exceed the accumulated distributable profits.

(3) In the event that the Company realizes distributable profits, the Company may distribute interim cash dividends or distribute dividends in shares based on its profitability and capital requirements.

(4) Adjustment process of profit distribution policies:

(a) If the Company needs to adjust its profit distribution policies due to significant changes in external operating environment or its own operation, it shall consider from the perspective of the protection of shareholders' interests, discuss in details and explain the reasons therefor. The board of directors of the Company shall put forward a proposal for adjusting the profit distribution policies, and the independent Directors and the supervisory committee shall issue examination opinions in this regard. The proposal shall be submitted to the shareholders' general meeting for the passing by the shareholders (including proxies) with

voting rights representing two-thirds or more of the voting rights present at the meeting.

- (b) The opinions of the independent Directors and general public shareholders shall be given due consideration in the course of discussion, formulation and amendment to the profit distribution policies of the Company. The Company shall hear the opinions of shareholders on its profit distribution policies through investor telephone consultation, on-site survey and investor interactive platform, etc.

Decision-making process for profit distribution proposal:

- (1) In the event that the Company realizes distributable profits, the board of directors of the Company shall propose a reasonable dividend distribution recommendation and plan based on the profitability, capital requirements and shareholders' return plan of the Company. In determining and formulating profit distribution proposal, the Board shall record in details the suggestions of the management, the key points raised by the attending Directors, the opinions of the independent Directors and the votes cast by the Board. The resulting written record shall be properly kept as the record of the Company.
- (2) The profit distribution proposal proposed by the Board shall be passed by majority votes of the Board. The independent Directors shall examine the profit distribution proposal and issue independent opinions thereon. The supervisory committee shall examine and supervise the profit distribution proposal proposed by the Board and the decision-making process and issue examination opinions thereon. Upon the consideration and approval by the Board, the profit distribution proposal shall be submitted to the shareholders' general meeting for consideration and approval. When announcing the resolutions of the Board, the examination opinions of the independent Directors and the supervisory committee shall also be disclosed.
- (3) If the board of directors of the Company does not propose any proposal for profit distribution in cash, or if the proportion of cash dividends in the proposed cash dividend proposal is lower than the proportion as provided in these Articles of Association, the Company shall disclose in its periodic report the reasons for failing to distribute dividends or the reasons why the proportion of cash dividends in the proposed cash dividend proposal is lower than the proportion as provided in these Articles of Association, and the use of the undistributed funds retained by the Company. The independent Directors shall issue independent opinions in this regard, and the supervisory committee shall issue examination opinions in this regard.

(4) The shareholders' general meeting shall vote on the profit distribution proposal proposed by the Board. The Company shall effectively protect the rights of its general public shareholders to participate in shareholders' general meeting. The Board, the independent Directors and shareholders who meet certain conditions may solicit from the Company's shareholders votes which may be cast by them at the shareholders' general meeting. When the profit distribution proposal is considered at the shareholders' general meeting, different channels should be used to communicate and interact with shareholders, in particular, the medium and small shareholders, and their opinions and requests should be fully heard, and their concern should be addressed in a timely manner. In the event that the Company realizes distributable profits, but the Board fails to propose any cash dividend proposal, the Company shall provide an online voting platform to its shareholders, apart from the on-site meeting, when convening shareholders' general meeting.

(5) Upon occurrence of any illegal appropriation of the Company's funds by shareholders, the Company shall deduct the cash dividends to be paid to such shareholders to make up for the funds appropriated by such shareholders.

The English version of the proposed amendments to the Articles of Association is for reference only and if there is any conflict between the English and the Chinese versions, the Chinese version shall prevail.

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

Foshan City, Guangdong, the PRC, 15 June 2012

As at the date of this announcement, the Company's directors are Mr. Tang Ye Guo, Mr. Ren Li Ren, Ms. Yu Shu Min, Mr. Lin Lan, Mr. Xiao Jian Lin and Mr. Gan Yong He; and the Company's independent non-executive directors are Mr. Zhang Sheng Ping, Mr. Wang Xin Yu and Mr. Wang Ai Guo.