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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)

ANNOUNCEMENT ON

DEVELOPMENT OF SIGNIFICANT LITIGATION

AND RESUMPTION OF TRADING OF THE H SHARES

This announcement is made pursuant to Rule 13.09(1) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

I. Brief Introduction of the Basic Particulars of the Development of the Material Litigation or Arbitration

On 21 December 2012, Hisense Kelon Electrical Holdings Company Limited (the "Company") received the notices of resumption of execution of (2008) Fo Zhong Fa Zhi Zi No. 853, (2009) Fo Zhong Fa Zhi Zi No. 113, 114, 115, 116, 118, 157, 234, 235, 236, 237, 238, 259, 502, 852, 995, 996 and (2010) Fo Zhong Fa Zhi Zi No. 32 from the Intermediate People's Court of Foshan City, Guangdong Province (the "Foshan Intermediate Court"). Regarding the application by the Company and the relevant subsidiaries in which it holds a controlling equity interest for the execution of the cases regarding the damage to their corporate interests by Guangdong Greencool Enterprises Development Company Limited and its associated companies (the "Greencool Companies") and Gu Chu Jun, the Foshan Intermediate Court has decided to resume the execution of the relevant cases based on the spirit in the notice issued by the Supreme People's Court on the resumption of execution procedures against the Greencool Companies in accordance with the law.

II. Basic Particulars of the Cases

The civil judgments (2006) Fo Zhong Fa Min Er Chu Zi No. 11, 186, 181, 182, 175, 56, 153, 185, 14, 154, 184, 180, 13, 93, 94, 10 and 12 of the Foshan Intermediate Court, and the civil rulings (2008) Yue Gao Fa Li Min Zhong Zi No. 206, 318, 319, 396, 465, 466, 439, 471, 441, 440, 190 and 191 of the Higher People's Court of Guangdong Province (the "Guangdong Higher Court"), and the civil rulings (2009)

Yue Gao Fa Li Min Zhong Zi No. 238, 172, 116, 171 of the Guangdong Higher Court have all ruled in favour of the Company and the relevant subsidiaries in which it holds a controlling equity interest. The amount subject to the litigation in the relevant cases amounted to RMB725 million. For details of the cases, please refer to the announcements of the Company published on 13 September 2007, 3 April 2008, 3 June 2008, 24 June 2008, 23 October 2008, 10 January 2009 and 4 July 2008, 19 August 2008, 22 January 2009, 9 July 2009 and 18 September 2009 on China Securities Journal (《中國證券報》), Securities Times (《證券時報》) and Ju Chao Information Web (巨潮資訊網站) at www.cninfo.com.cn.

III. Summary of Other Undisclosed Litigations and Arbitrations

As at the date of this announcement, the Company and the subsidiaries in which it holds a controlling equity interest are not involved in any other litigations or arbitrations which are discloseable but have not been disclosed.

IV. Possible Effects of the Litigation and Arbitration Disclosed in this Announcement on the Profits of the Company for the Current or Subsequent Periods

The execution of the series of cases filed by the Company against the Greencool Companies and the specific third parties has been suspended since 2009. Based on the spirit in the notices of resumption of execution of the Foshan Intermediate Court, the execution of the relevant cases will be resumed.

As at 31 December 2011, the balance of the accounts receivable of the Company from the Greencool Companies and the specific third party companies amounted to approximately RMB651 million. The Company has made a bad debt provision of RMB365 million on such accounts receivable in accordance with the PRC GAAP. The Company is of the opinion that, under the current circumstances, and before the completion of execution of the series of cases filed by the Company against the Greencool Companies and the specific third parties, there is no substantial difference in the Company's judgement on the recoverability of the accounts receivable from the Greencool Companies and the specific third parties compared with the past.

The time for completion of the execution of the above cases cannot be confirmed at the moment. After completion of the execution of the above cases, the Company will, according to the confirmed proportion which is recovered, adjust retrospectively the balance sheet and income statement for the year 2005, as well as the relevant items in the balance sheet as at 31 December 2006, 31 December 2007, 31 December 2008, 31 December 2009, 31 December 2010 and 31 December 2011. Investors should exercise caution in making any investment and should remain cautious about the risks relating to investment.

V. Documents Available for Inspection

The notices of resumption of execution of (2008) Fo Zhong Fa Zhi Zi No. 853, (2009)

Fo Zhong Fa Zhi Zi No. 113, 114, 115, 116, 118, 157, 234, 235, 236, 237, 238, 259, 502, 852, 995, 996 and (2010) Fo Zhong Fa Zhi Zi No. 32 of the Intermediate People's Court of Foshan City, Guangdong Province.

VI. Resumption of trading of the H shares

At the request of the Company, trading of its H shares on the Stock Exchange was suspended with effect from 1:00 p.m. on 21 December 2012 pending the release of this announcement. An application has been made to the Stock Exchange to resume trading of its H shares with effect from 9:00 a.m. on 24 December 2012.

By order of the Board of

Hisense Kelon Electrical Holdings Company Limited

Tang Ye Guo

Chairman

Foshan City, Guangdong, the PRC, 21 December 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. Xu Xiang Yi, Mr. Wang Xin Yu and Mr. Wang Ai Guo.