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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

This announcement is made by Hisense Kelon Electrical Holdings Company Limited (the "Company") pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. Brief introduction of the basic particulars of the status of the material litigation or arbitration

On 28 March 2013, the Company received a notice of execution (2008) Fo Zhong Fa Zhi Zi No. 852 from the Intermediate People's Court of Foshan City, Guangdong Province (the "Foshan Intermediate Court"). Pursuant to the spirit of "execution in accordance with law, step-by-step management, fair distribution and starting with the easy ones and followed by those which are difficult" 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", the Foshan Intermediate Court gave the following notification in relation to the relevant matters concerning the resumption of execution of the cases involving the Greencool Companies:-

1. The Foshan Intermediate Court will start the execution procedures of such cases according to law and the notice of the Supreme People's Court.

2. As verified by the Foshan Intermediate Court, the liabilities under the cases involving the Greencool Companies amount to approximately RMB1.41 billion in total. At present, the distributable assets which are in the actual control of the Foshan Intermediate Court amount to approximately RMB737 million in total.

3. According to the opinion of the Supreme People's Court regarding the resumption of execution, the Foshan Intermediate Court will distribute the assets on a pro rata basis.

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 and 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. According to 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 Foshan Intermediate Court, the execution of the relevant cases has resumed. 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, 18 September 2009 and 22 December 2012 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 or arbitration disclosed in this announcement on the profits of the Company for the current or subsequent periods

As at 31 December 2012, 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. According to the notice of execution issued by the Foshan Intermediate Court, it is the Company's assessment that the distribution proportion for the cases involving the Greencool Companies will be approximately 52.27%. The total amount of the debts which the Company has applied for execution at the Foshan Intermediate Court and which meet the execution criteria is approximately RMB638 million. If the distribution is finally made according to the above proportion, the Company estimates that the amount which can be recovered from the relevant cases will be approximately RMB333 million. Up to the present, according to the assessment of the Company, over-provision for bad debts in an amount of RMB47 million has been made.

The time for completion of the execution and the amounts of the above cases cannot be confirmed at the moment. In addition, according to the notice issued by the Supreme People's Court on the resumption of execution, there are some debts which have to be executed in other courts in accordance with law, and the time for execution and the amounts are yet to be confirmed. After completion of the execution of all the cases, the Company will, according to the amount which is finally 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, 31 December 2011 and 31 December 2012. There is no effect on the profits of the Company for the current or subsequent periods. Investors should exercise caution in making any investment and should remain cautious about the risks relating to investment.

V. Documents for inspection

Notice of execution (2008) Fo Zhong Fa Zhi Zi No. 852 from the Intermediate People's Court of Foshan City, Guangdong Province

Trading of the A shares of the Company resumes when the market opens on 1 April 2013.

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

Foshan City, Guangdong, the PRC, 1 April 2013

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.