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Hisense 海信科龙

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)

NOTICE OF 2012 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2012 annual general meeting (the “AGM”) of Hisense Kelon Electrical Holdings Company Limited (the “Company”) will be held at the conference room of the Company’s head office, Shunde District, Foshan City, Guangdong Province, the People’s Republic of China (the “PRC”) on 26 June 2013 at 9:30 a.m. to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company for the year 2012;
2. To consider and approve the report of the supervisory committee of the Company for the year 2012;
3. To consider and approve the 2012 annual report of the Company and its summary;
4. To consider and approve the audited 2012 financial statements of the Company;
5. To consider and approve the profit distribution proposal of the Company for the year 2012⁽⁷⁾;
6. To consider and approve the resolution on the reappointment of Crowe Horwath China Certified Public Accountants (LLP) as the auditor of the Company for the year of 2013 and the authorization to the board of directors to fix its remuneration⁽⁸⁾;
7. To consider and approve the special report on the carrying out of foreign exchange capital transaction business in 2013 of the Company;
8. To consider and approve the resolution to purchase liability insurance for directors and senior management members of the Company and to authorize the board of directors to proceed with the relevant matters⁽⁹⁾; and

9. To consider and approve the resolution in relation to the amendments to the relevant provisions of the Rules of Procedures of Shareholders' General Meeting. Details of the amendments are as follows:

1. The existing Rule 1 shall be amended as follows:

Existing provision:

These Rules are formulated to protect the legitimate rights and interests of the shareholders of Hisense Kelon Electrical Holdings Company Limited (hereafter abbreviated as the "Company"), improve the efficiency of the general meetings of the shareholders of the Company, promote the standardized operation of the Company, according to the relevant laws and regulations such as "The Company Law of the People's Republic of China" (hereafter abbreviated as the "Company Law") and "Articles of Association of Guangdong Kelon Electrical Holdings Company Limited" (hereinafter abbreviated as the "Articles of Association").

It is to be amended as:

These Rules are formulated to protect the legitimate rights and interests of the shareholders of Hisense Kelon Electrical Holdings Company Limited (hereafter abbreviated as the "Company"), improve the efficiency of the general meetings of the shareholders of the Company, promote the standardized operation of the Company, according to the relevant laws and regulations such as "The Company Law of the People's Republic of China" (hereafter abbreviated as the "Company Law") and "Articles of Association of Hisense Kelon Electrical Holdings Company Limited" (hereinafter abbreviated as the "Articles of Association").

2. The existing Rule 2 shall be amended as follows:

Existing provision:

The shareholders' general meeting is the organ of highest authority of the Company and shall exercise its functions and powers within the scope provided in the Company Law and the Articles of Association of the Company.

The listed company shall hold shareholders' general meetings strictly in accordance with laws, administrative regulations, these Rules and the relevant provisions of the Articles of Association to ensure that the shareholders can exercise their rights in accordance with law.

The board of directors of the listed company shall earnestly perform their duties to organize shareholders' general meetings in a serious and timely manner. All directors of the listed company shall act diligently and responsibly to ensure that the shareholders' general meetings are properly held and their functions and powers are exercised according to law.

It is to be amended as:

The shareholders' general meeting is the organ of highest authority of the Company and shall exercise its functions and powers in accordance with law.

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

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of directors and supervisors;
- (3) to elect and replace supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the supervisory committee;
- (6) to examine and approve the Company's annual financial budgets and final accounts;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend the Articles of Association;
- (13) to consider motions proposed by shareholder(s) who represent(s) 3% or more of the shares of the Company carrying voting right;

(14) to examine and approve external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which meet one of the following standards:

- (a) the total assets which are the subject of the transaction account for 50% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and assessed value for the assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;
- (b) the revenue from principal business of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the operating income in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 50 million yuan;
- (c) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 5 million yuan;
- (d) the consideration of the transaction (including the assumption of liability to debts and expenses) accounts for 50% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds 50 million yuan;
- (e) the profit generated by the transaction accounts for 50% or more of the net profit in the audited consolidated statements of the listed company in the latest accounting year, and the absolute amount exceeds 5 million yuan;
- (f) if the data involved in the above indicative calculations is a negative figure, its absolute value shall be used for the purpose of calculation;
- (g) other external investment and asset disposal activities which are required by the laws and regulations to be resolved by shareholders' general meeting, or are considered by the shareholders' general meeting as necessary to be resolved by the same.

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

- (a) investments in derivatives used for hedging purpose 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 50 million yuan;
- (b) investments in derivatives used for purposes other than hedging.

- (16) to examine and approve connected transaction which meets one of the following standards:
- (a) connected transaction between the Company and connected person (excluding the receipt of cash assets and provision of guarantee by the Company) in amount of 30 million yuan or more and representing 5% or more of the absolute amount of the latest audited net assets of the Company;
 - (b) provision of guarantee by the Company for connected person.
- (17) to authorize the Board to amend relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities. The amendments shall follow the principles below:
- (a) They shall be in compliance with laws and regulations and the stipulations contained in the Articles of Association;
 - (b) They shall not weaken or cancel the exercise of relevant rights by the shareholders' general meeting; and
 - (c) They shall not infringe the lawful rights of the Company and all of its shareholders, especially the small to medium shareholders;
- (18) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations and the Articles of Association.

Investments in derivatives that do not meet the criteria as provided in item (15) of this Rule shall be determined by the Board. Article 10.16 of these Articles of Association shall still be applicable to the disposal of fixed assets.

The authorization from the shareholders' general meeting to the Board shall follow the principles below:

- (a) It shall be in accordance with laws and regulations and the relevant stipulations contained in the Articles of Association;
- (b) It shall be made after giving prime consideration for the operation and development of the Company and by following the principles of flexibility and practicality. To the extent that the relevant national laws and regulations and the Articles of Association are not violated, the authorization shall also avoid excessive complicated procedures and provide scientific decision-making and quick response to ensure the smooth and highly-efficient implementation of the Company's operating policies; and

- (c) It shall not infringe the lawful rights of the Company and all of its shareholders, especially small to medium shareholders.

The Company shall hold shareholders' general meeting strictly in accordance with laws, administrative regulations, these Rules and the relevant provisions of the Articles of Association to ensure that the shareholders can exercise their rights in accordance with law.

The board of directors of the Company shall earnestly perform their duties to organize shareholders' general meetings in a serious and timely manner. All directors of the Company shall act diligently and responsibly to ensure that the shareholders' general meetings are properly held and their functions and powers are exercised according to law.

3. The existing Rule 16 shall be amended as follows:

Existing provision:

In respect of additional motions proposed for consideration at the annual general meeting of shareholders referred to in the preceding rule, the Board shall review such motions according to the following principles:

It is to be amended as:

In respect of additional motions proposed for consideration at the shareholders' general meeting referred to in the preceding rule, the Board shall review such motions according to the following principles:

4. The existing Rule 34 shall be amended as follows:

Existing provision:

Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the Board and the supervisory committee should reply or explain in response to the queries and suggestions from shareholders.

It is to be amended as:

All the Directors, supervisors and the Board Secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting. The Company shall arrange means such as video, telephone or online conference to facilitate the participation of the Directors, supervisors and senior officers in the shareholders' general meeting. Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the Directors, supervisors and

senior officers should reply or explain in response to the queries and suggestions from shareholders. The accountants responsible for annual audit of the Company shall attend the shareholders' annual general meeting, and give explanation on the Company's annual report and audit-related issues on which investors have concerns and doubts.

5. The existing Rule 40 shall be amended as follows:

Existing provision:

Resolutions of shareholders' general meetings shall be passed by way of registered voting. Shareholders shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.

Save and except for voting by attending the shareholders' general meeting, the Board may decide whether to provide an online voting platform to the shareholders.

Relevant requirements issued by China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.

Where online voting is adopted for the shareholders' general meeting, all shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. In the event that the voting right of the same share is repeatedly exercised by means of on-the-spot voting and online voting, on-the-spot voting shall prevail.

It is to be amended as:

Resolutions of shareholders' general meetings shall be passed by way of registered voting. Shareholders shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.

Save and except for voting by attending the shareholders' general meeting, the Board may decide whether to provide an online voting platform to the shareholders.

Relevant requirements issued by China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.

The Company shall arrange for online voting for shareholders when examining the following matters:

- (1) amendment of the Articles of Association;
- (2) cash dividend proposal which is lower than the level as provided in established policy and return plan;
- (3) other matters for which the provision of online voting is required by the China Securities Regulatory Commission and the Stock Exchange.

Where online voting is adopted for the shareholders' general meeting, all shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. In the event that the voting right of the same share is repeatedly exercised by means of on-the-spot voting and online voting, on-the-spot voting shall prevail.

SPECIAL RESOLUTION

1. To consider and approve the amendments to the relevant provisions of the Articles of Association of the Company and to authorize the board of directors to deal with the filing, change, registration and other related matters required for the amendments to the Articles of Association for and on behalf of the Company. Details of the amendments are as follows:

- 1. The existing Article 8.2 shall be amended as follows (including the amendment to item (14) of the existing Article 8.2, the addition of two items and the renumbering of the subsequent items accordingly):**

Existing provision:

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

.....

- (14) to examine and approve external investment and asset disposal which meet the following standards:

.....

- (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.

It is to be amended as:

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

.....

- (14) to examine and approve external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which meet one of the following standards:

.....

- (16) to examine and approve connected transaction which meets one of the following standards:

(a) connected transaction between the Company and connected person (excluding the receipt of cash assets and provision of guarantee by the Company) in amount of 30 million yuan or more and representing 5% or more of the absolute amount of the latest audited net assets of the Company;

(b) provision of guarantee by the Company for connected person.

- (17) to authorize the Board to amend relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities. The amendments shall follow the principles below:

(a) They shall be in compliance with laws and regulations and the stipulations contained in the Articles of Association;

(b) They shall not weaken or cancel the exercise of relevant rights by the shareholders' general meeting; and

(c) They shall not infringe the lawful rights of the Company and all of its shareholders, especially the small to medium shareholders;

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

Investments in derivatives that do not meet the criteria as provided in item (15) of this Article shall be determined by the Board. Article 10.16 of the Articles of Association shall still be applicable to the disposal of fixed assets.

2. The existing Article 8.25 shall be amended as follows:

Existing provision:

Save and except for voting by attending the shareholders' general meeting, the Board may decide whether to provide an online voting platform to the shareholders. Relevant requirements issued by China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.

Where online voting is adopted for the shareholders' general meeting, all shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. In the event that the voting right of the same share is repeatedly exercised by means of on-the-spot voting and online voting, on-the-spot voting shall prevail.

.....

It is to be amended as:

Save and except for voting by attending the shareholders' general meeting, the Board may decide whether to provide an online voting platform to the shareholders. Relevant requirements issued by China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.

The Company shall arrange for online voting for shareholders when examining the following matters:

- (1) amendment of the Articles of Association;
- (2) cash dividend proposal which is lower than the level as provided in established policy and return plan;

- (3) other matters for which the provision of online voting is required by the China Securities Regulatory Commission and the Stock Exchange.

Where online voting is adopted for the shareholders' general meeting, all shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. In the event that the voting right of the same share is repeatedly exercised by means of on-the-spot voting and online voting, on-the-spot voting shall prevail.

.....

3. The existing Article 8.41 shall be amended as follows:

Existing provision:

Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the Board and the supervisory committee should reply or explain in response to the queries and suggestions from shareholders.

It is to be amended as:

All the Directors, supervisors and the Board Secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting. The Company shall arrange means such as video, telephone or online conference to facilitate the participation of the Directors, supervisors and senior officers in the shareholders' general meeting. Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the Directors, supervisors and senior officers should reply or explain in response to the queries and suggestions from shareholders. The accountants responsible for annual audit of the Company shall attend the shareholders' annual general meeting, and give explanation on the Company's annual report and audit-related issues on which investors have concerns and doubts.

4. The following shall be added as Article 8.42 and the existing Article 8.42 and the subsequent Articles shall be renumbered accordingly:

The Company shall formulate the "Rules of Procedures of Shareholders' General Meeting" to specify in details the convening and voting procedures of shareholders' general meetings, including meeting notice, registration, examination of proposals, casting of votes, vote counting, announcement of voting results, passing of resolutions and the signing thereof, minutes of the meeting and the signing thereof, content of announcement

in relation to resolutions of the meeting, as well as the principles of authorization by the shareholders' general meeting to the Board, and the scope of such authorization shall be clear and specific.

5. The existing Article 10.4 shall be amended as follows:

Existing provision:

.....

The candidate for directorship shall, before the convening of the shareholders' general meeting, give a notice in writing indicating his consent to the nomination, his undertaking as to the truthfulness and completeness of his information publicly disclosed and his assurance in due performance of director's duties after being elected.

New directors shall sign the "Director's Declaration and Undertaking" within one month after his appointment by the shareholders' general meeting and shall submit to the Board and the stock exchange on which the Company's shares are listed for record.

It is to be amended as:

.....

The candidate for directorship shall, before the convening of the shareholders' general meeting, give a notice in writing indicating his consent to the nomination, his undertaking as to the truthfulness and completeness of his information publicly disclosed and his assurance in due performance of director's duties after being elected. The candidate for directorship shall introduce his own background, work experience and work plan after assuming office at the shareholders' general meeting.

New directors shall sign the "Director's Declaration and Undertaking" within one month after his appointment by the shareholders' general meeting and shall submit to the Board and the stock exchange on which the Company's shares are listed for record.

6. The existing Article 10.14 shall be amended as follows:

Existing provision:

The Company shall have a board of directors which is accountable to and shall report on its work to the shareholders' general meeting. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, six (6) of whom are Executive Directors who are responsible for the daily operation of the Company and three (3) of whom are Independent Non-executive Directors who will not engage in the daily operation of the Company. The Board shall have a chairman.

The Chairman shall be a Director of the Company and shall be elected or removed by more than one-half of all the Directors. The tenure of the Chairman is three (3) years, which is renewable upon re-election.

It is to be amended as:

The Company shall have a board of directors which is accountable to and shall report on its work to the shareholders' general meeting. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, six (6) of whom are Executive Directors who are responsible for the daily operation of the Company and three (3) of whom are Independent Non-executive Directors who will not engage in the daily operation of the Company. The Board shall have a chairman.

The Chairman shall be a Director of the Company and shall be elected or removed by more than one-half of all the Directors. The tenure of the Chairman is three (3) years, which is renewable upon re-election. The Chairman shall not assume the role of general manager at the same time.

The Chairman shall take primary responsibility for the operation of the Board. He shall ensure the establishment of a good governance mechanism, the timely incorporation of topics proposed by the Directors or senior officers into the Board meeting agenda, the timely provision of sufficient and complete relevant background information on the Company's operation and topics to be discussed at the Board meeting to the Directors, and the operation of the Board in the best interest of the Company.

The Chairman shall promote the culture of open and democratic discussion, ensure sufficient time for discussion on every Board meeting agenda item, encourage dissenting Directors to adequately express their opinions, ensure effective communication between Executive Directors and Independent Non-executive Directors, and ensure scientific and democratic decision-making of the Board.

The Chairman shall take steps to maintain effective communication and contact with shareholders to ensure that the views of shareholders, especially those of institutional investors and small to medium investors, are sufficiently communicated to the Board and the right of the institutional investors and small to medium investors to propose motions and receive information are safeguarded.

7. **The existing Article 10.15 shall be amended as follows (including the amendment to item (11) of the existing Article 10.15, the addition of three items and the renumbering of the subsequent items accordingly):**

Existing provision:

The Board is accountable to the shareholders' general meeting and shall exercise the following functions and powers:

.....

(11) to formulate the Company's basic management system;

.....

(19) to exercise other functions which are authorized by the shareholders' general meeting and these Articles of Association.

.....

It is to be amended as:

The Board is accountable to the shareholders' general meeting and shall exercise the following functions and powers:

.....

(11) to formulate the Company's basic management system, and to the extent authorized by the shareholders' general meeting, amend the relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities;

.....

(19) to examine and approve external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which meet one of the following standards, provided that the same shall be examined and approved at a shareholders' general meeting if it meets the condition set out in item (14) of Article 8.2 or Article 10.16 of the Articles of Association:

- (a) the total assets which are the subject of the transaction account for 10% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and assessed value for the total assets

which are the subject of the transaction, the higher figure shall be used as the basis of calculation;

- (b) the revenue from principal business of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the revenue from principal business in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 10 million yuan;
 - (c) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 1 million yuan;
 - (d) the consideration of the transaction (including the assumption of liability to debts and expenses) accounts for 10% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds 10 million yuan;
 - (e) the profit generated by the transaction accounts for 10% or more of the net profit in the audited consolidated statements of the listed company in the latest accounting year, and the absolute amount exceeds 1 million yuan;
 - (f) if the data involved in the above indicative calculations is a negative figure, its absolute value shall be used for the purpose of calculation;
 - (g) other external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which are required by the laws and regulations to be examined by the Board, or are considered by the Board as necessary to be examined by the same.
- (20) to examine and approve connected transaction which meets one of the following standards, provided that the same shall be examined and approved at a shareholders' general meeting if it meets the condition set out in item (16) of Article 8.2 of the Articles of Association:
- (a) connected transaction between the Company and connected person (excluding the receipt of cash assets and provision of guarantee by the Company) in amount of 3 million yuan or more and representing 0.5% or more of the absolute amount of the latest audited net assets of the Company; or
 - (b) other connected transaction which is considered by the Board as necessary to be examined by the same;

- (21) to examine and approve investment in derivatives used for hedging purpose which does not meet the condition set out in item (15) of Article 8.2 of the Articles of Association;
- (22) to exercise other functions and powers which are authorized by the shareholders' general meeting and these Articles of Association.

.....

8. The existing Article 10.39 shall be amended as follows:

Existing provision:

The Company shall set up a working system for the independent Directors and the Board Secretary should actively co-operate with the independent Directors to enable smooth performance of their duties. The Company should ensure that the independent Directors shall enjoy the same right to information as other Directors. The Company shall timely provide the independent Directors with relevant materials and information, regularly notify them of the operation of the Company and organize on-site visit by the independent Directors if necessary.

It is to be amended as:

The Company shall set up a working system for the independent Directors to give full play to the supervisory function of the independent Directors. The independent Directors may explain to the Board of the Company and request co-operation from the senior officers or Board Secretary if they meet obstacles in the exercise of their functions and powers. The senior officers and the Board Secretary should actively co-operate with the independent Directors to exercise their functions and powers. If the independent Directors consider that the relevant content of matters to be examined by the Board is not specific or concrete or the relevant information is insufficient, they may request the Company to provide supplementary information or give further explanation. Where two or more than two independent Directors consider that information on matters to be examined in the meeting is not sufficient or the argument is not clear, they may propose jointly in writing to the Board to postpone the convening of the Board meeting, or postpone the examination of the relevant matters, and such proposal shall be adopted by the Board. The independent Directors are entitled to request the Company to disclose the proposal made by them which has not been adopted by the Company and the reasons therefor.

The Company should ensure that the independent Directors shall enjoy the same right to information as other Directors. The Company shall timely provide the independent Directors with relevant materials and information, regularly notify them of the operation of the Company and organize on-site visit by the independent Directors if necessary.

9. The existing Article 10.42 shall be amended as follows:

Existing provision:

In order to give full play to the role of the independent Directors, apart from the power and functions conferred by the Company Law and other relevant laws and rules to the independent Directors, the Company also confers the following special power and functions to the independent Directors:

.....

- (5) with the consent of all the independent Directors, to engage external auditing institutions or consultative institutions to provide audit and consultation for specific matters of the Company, the relevant expenses of which shall be borne by the Company.

It is to be amended as:

In order to give full play to the role of the independent Directors, apart from the power and functions conferred by the Company Law and other relevant laws and rules to the independent Directors, the Company also confers the following special power and functions to the independent Directors:

.....

- (5) with the consent of all the independent Directors, to engage external auditing institutions or consultative institutions to provide audit and consultation for specific matters of the Company, the relevant expenses of which shall be borne by the Company;
- (6) to propose the convening of a meeting to be attended by the independent Directors only if agreed by one-half or more of all the independent Directors;
- (7) to express independent opinions on the major matters of the Company.

10. The existing Article 10.45 shall be amended as follows:

Existing provision:

The major responsibilities of the audit committee are as follows:

- (1) to suggest the appointment or change of external auditing institutions;
- (2) to monitor and implement the internal audit system of the Company;

- (3) to be responsible for the communication between the internal and external audit functions;
- (4) to examine and approve the financial information of the Company and its disclosure;
- (5) to examine the internal control system of the Company.

It is to be amended as:

The major responsibilities of the audit committee are as follows:

- (1) to suggest the appointment or change of external auditing institutions;
- (2) to monitor and implement the internal audit system of the Company;
- (3) to be responsible for the communication between the internal and external audit functions;
- (4) to examine and approve the financial information of the Company and its disclosure;
- (5) to examine the internal control system of the Company;
- (6) to establish a whistle-blowing mechanism to follow and handle openly the questions and complaints made by the staff, customers, suppliers and investors of the Company and social media on the truthfulness, accuracy and completeness of financial information.

11. The existing Article 10.47 shall be amended as follows:

Existing provision:

The major responsibilities of the remuneration and appraisal committee are as follows:

- (1) to analyze the standard of appraisal of Directors and managers, to carry out the appraisal and to make recommendations;
- (2) to analyze and examine the remuneration policy and proposal for Directors and senior officers.

It is to be amended as:

The major responsibilities of the remuneration and appraisal committee are as follows:

- (1) to analyze the standard of appraisal of Directors and managers, to carry out the appraisal and to make recommendations;
- (2) to analyze and examine the remuneration policy and proposal for Directors and senior officers;
- (3) to make recommendations in situations where Directors or senior officers accept responsibilities and resign or are proposed to be dismissed for their defaults and failure to perform their duties.

12. The existing Article 13.3 shall be amended as follows:

Existing provision:

The supervisory committee shall comprise two shareholders' representatives and one representative of the employees of the Company. The shareholders' representatives shall be elected and removed at the shareholders' general meeting, and the employees' representative shall be democratically elected and removed by the employees of the Company.

.....

It is to be amended as:

The supervisory committee shall comprise two shareholders' representatives and one representative of the employees of the Company. The shareholders' representatives shall be elected and removed at the shareholders' general meeting, and the employees' representative shall be democratically elected and removed by the employees of the Company. Members of the supervisory committee shall possess relevant expertise or work experience required for acting as supervisors.

.....

13. The existing Article 25.1 shall be amended as follows:

Existing provision:

The right to interpret these Articles of Association shall vest with the Board. Matters which are not resolved by these Articles of Association shall be proposed by the Board to the shareholders' general meetings for resolution.

It is to be amended as:

The right to interpret these Articles of Association shall vest with the Board. Matters which are not resolved by these Articles of Association shall be proposed by the Board to the shareholders' general meetings for resolution. Matters not provided in these Articles of Association or inconsistent with the requirements of laws and regulations such as the Company Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules for the General Meetings of Shareholders of Listed Companies shall be subject to the relevant requirements based on the principle of severity.

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

Foshan City, Guangdong, the PRC, 7 May 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.

Notes:

- (1) Holders of H shares intending to attend the AGM shall return the accompanying reply slip in writing to the registered office of the Company on or before Wednesday, 5 June 2013. To qualify for attendance at the AGM, all H shares transfer together with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 24 May 2013 for registration.
- (2) Shareholders who are entitled to attend and vote at the AGM are entitled to appoint one or more persons (whether or not a shareholder of the Company) as their proxy or proxies to attend and vote on their behalf.
- (3) Holders of A shares and H shares of the Company whose names appear on the register of members of the Company as at the close of business on 24 May 2013 (Friday) (including holders of H shares of the Company who have submitted verified transfer forms on or before 24 May 2013) will be entitled to attend the AGM. For determining the entitlement of shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 25 May 2013 (Saturday) to 26 June 2013 (Wednesday) (both days inclusive).
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 24 hours before the time appointed for holding the AGM.

- (5) In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting (except those which relate purely to a procedural or administrative matter) must be taken by poll. As such, the resolutions set out in the notice of AGM will be voted on by way of poll. Voting results will be uploaded to the website of the Company at www.kelon.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk after conclusion of the AGM.
- (6) Please refer to the 2012 annual report of the Company for information relating to the reports as referred to in the ordinary resolutions numbered 1,2,3 and 4 in the notice of AGM.
- (7) The profit distribution proposal of the Company for the year 2012 referred to in the ordinary resolution numbered 5 in the notice of AGM is:

As audited by Crowe Horwath China Certified Public Accountants (LLP), the Company realized net profit attributable to shareholders of the listing company of RMB717,764,680.40, which will be applied to set off losses of previous years. There will be no profit distribution nor capitalization of capital reserve for the year.

- (8) In relation to the ordinary resolution numbered 6 in the notice of AGM, the Company intends to reappoint Crowe Horwath China Certified Public Accountants (LLP) as the auditor of the Company for 2013 to audit the financial report and internal control of the Company in 2013.
- (9) In relation to the ordinary resolution numbered 8 in the notice of AGM, the Company intends to purchase “director and senior management liability insurance” for directors and senior management members of the Company, and it is agreed that the Company will enter into insurance contract of insurance premium not exceeding RMB100,000 for a term of one year.
- (10) The registered address of the Company is: No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province.

Postal code: 528303

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Contact person: Li Lin Hu Xiao Ming

- (11) The English version of the proposed resolutions as set out in this notice is for reference only and if there is any conflict between the English and the Chinese versions, the Chinese version shall prevail. The English version of the proposed amendments to the Articles of Association and the proposed amendments to the relevant provisions of the Rules of Procedures of Shareholders’ General Meeting is for reference only and if there is any conflict between the English and the Chinese versions, the Chinese version shall prevail.