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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 External Guarantees

This announcement is made by Hisense Kelon Electrical Holdings Company Limited (the "Company") pursuant to Part XIVA of the Securities and Futures Ordinance (CAP.571) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. Summary of guarantees

Based on the capital requirements for production and trading as well as the needs for business development of the Company and its subsidiaries, the Company proposes to provide guarantees amounting to RMB1.83 billion for its subsidiaries for the years of 2014-2015; and the subsidiaries of the Company propose to provide guarantees amounting to RMB300 million for the Company for the years of 2014-2015. The particulars are set forth as follows:

(I) Guarantees proposed to be provided by the Company for its subsidiaries

No.	Name of party for which guarantee will be provided	Percentage of shareholding	Amount of guarantee (RMB'0000)	Percentage of amount of guarantee to the latest audited net assets of the Company
1	Hisense (Shandong) Refrigerator Co., Ltd.	100%	20,000	13.23%
2	Hisense Ronshen (Guangdong) Refrigerator Co., Ltd.	100%	60,000	39.68%
3	Hisense (Shandong) Air-Conditioner Co., Ltd.	100%	15,000	9.92%
4	Guangdong Kelon Air-Conditioner Co., Ltd.	60%	30,000	19.84%
5	Guangdong Kelon Fittings Co., Ltd.	100%	5,000	3.31%
6	Hisense Ronshen (Guangdong) Freezer Co., Ltd.	100%	5,000	3.31%

7	Hisense Ronshen (Yangzhou) Refrigerator Co., Ltd.	100%	10,000	6.61%
8	Guangdong Kelon Mould Co., Ltd.	70.11%	2,000	1.32%
9	Foshan Shunde Rongsheng Plastic Products Co., Ltd.	70.05%	6,000	3.97%
10	Kelon International Incorporation	100%	30,000	19.84%
Total			183,000	121.03%

The amounts of guarantees set out in the table above can be used on a revolving basis during the years of 2014-2015 (i.e., from 1 January 2014 to 31 December 2015). The resolutions in relation to the proposed provision of guarantees for the relevant subsidiaries of the Company were passed at the fifth 2013 extraordinary meeting of the Company's eighth session of the board of directors. 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 of the People's Republic of China and the articles of association of the Company. The resolutions were passed with 9 affirmative votes, 0 against vote and 0 abstention vote after consideration. Such guarantees are still subject to the consideration and approval by the shareholders at the general meeting.

As all the parties for which guarantees will be provided are subsidiaries of the Company under the scope of its consolidated financial statements, there are no counter-guarantees in respect of the guarantees proposed to be provided by the Company for its subsidiaries.

(II) Guarantee to be provided by the subsidiary of the Company for the Company

No.	Name of guarantor	Amount of guarantee (RMB'0000)
1	Hisense Ronshen (Guangdong) Refrigerator Co., Ltd.	30,000
Total		30,000

The amount of guarantee set out in the table above can be used on a revolving basis during the years of 2014-2015 (i.e., from 1 January 2014 to 31 December 2015). The resolutions in relation to the guarantee to be provided by the subsidiary for the Company have been considered and approved by its board of directors.

II. Particulars of parties for which guarantee will be provided

(1) Hisense (Shandong) Refrigerator Co., Ltd. ("Shandong Refrigerator") is a wholly-owned subsidiary of the Company. It was established on 15 September 2012, and its registered address is 8 Haixin Road, Nan Cun Town Zhu Di, Pingdu City, Qingdao. Its legal representative is Gan Yong He. Its registered capital is RMB275 million. Its scope of businesses include: production of energy-saving and environmental-friendly refrigerators,

freezers and other energy-saving refrigeration electrical appliance products and related components and parts, small commercial freezers, coolers; sale of self-manufactured products of the company, and provision of after-sale repair and maintenance services; design and development of energy-saving and environmental-friendly refrigerators, freezers and new energy-saving refrigeration electrical appliance products; import and export of goods and technologies (operation related to items prohibited by the laws and regulations of the State not allowed, operation related to items restricted by laws and regulations only upon approval).

(2) Hisense Ronshen (Guangdong) Refrigerator Co., Ltd. (“Guangdong Refrigerator”) is a wholly-owned subsidiary of the Company. It was established on 25 December 1995, and its registered address is 8 Ronggang Road, Ronggui, Shunde, Foshan. Its legal representative is Xiao Jian Lin. Its registered capital is US\$26.8 million. Its scope of businesses include: production of and business operation in refrigerators and related components and parts, washing machines and small household electrical appliances and related components and parts; engagement in ordinary road freight transportation.

(3) Hisense (Shandong) Air-Conditioner Co., Ltd. (“Shandong Air-Conditioner”) is a wholly-owned subsidiary of the Company. It was established on 8 November 2007, and its registered address is 1 Haixin Road, Nan Cun Town Zhu Di, Pingdu, Qingdao. Its legal representative is Tian Ye. Its registered capital is RMB500 million. Its scope of businesses include: research and development, manufacture and sale of air-conditioner products, plastic injection molds, after-sale product repair services; technology research and development and technical services for energy-saving products.

(4) Guangdong Kelon Air-Conditioner Co., Ltd. (“Guangdong Air-Conditioner”) is a 60%-owned subsidiary of the Company. It was established on 25 February 1998, and its registered address is 2 Qiaodong Road, Ronggui, Shunde, Foshan. Its legal representative is Tang Ye Guo. Its registered capital is US\$36.15 million. Its scope of businesses include: production of and business operation in air-conditioners and household electrical appliances, and provision of after-sale services.

(5) Guangdong Kelon Fittings Co., Ltd. (“Kelon Fittings”) is a wholly-owned subsidiary of the Company. It was established on 24 November 1999, and its registered address is 1 North Section, Desheng Road West, Daliang Subdistrict, Shunde, Foshan. Its legal representative is

Ren Li Ren. Its registered capital is US\$5.62 million. Its scope of businesses include: production of and business operation in metal products (excluding gold and silver products), plastic products (excluding plastic wastes), moulds, electric heaters, exhaust fans, dehumidifiers, disinfecting cabinets and drinking fountains.

(6) Hisense Ronshen (Guangdong) Freezer Co., Ltd. (“Guangdong Freezer”) is a wholly-owned subsidiary of the Company. It was established on 25 December 1995, and its registered address is 46 Wenfeng North Road, Rongli, Ronggui, Shunde, Foshan. Its legal representative is Gan Yong He. Its registered capital is RMB237 million. Its scope of businesses include: production of and business operation in small commercial freezers, coolers and related components and parts, type 2 medical cold treatment, low-temperature refrigerating equipment and instruments, and provision of after-sale repair and maintenance services.

(7) Hisense Ronshen (Yangzhou) Refrigerator Co., Ltd. (“Yangzhou Refrigerator”) is a wholly-owned subsidiary of the Company. It was established on 3 July 2003, and its registered address is 9 & 19 Hongyang Road, Yangzhou City. Its legal representative is Gan Yong He. Its registered capital is US\$44.4479 million. Its scope of businesses include: production of energy-saving and environmental-friendly refrigerators and other energy-saving refrigeration electrical appliance products, sale of self-manufactured products of the company; design and development of energy-saving and environmental-friendly refrigerators and new energy-saving refrigeration electrical appliance products; development, application and promotion of new technologies, new materials, new techniques and new methods.

(8) Guangdong Kelon Mould Co., Ltd. (“Kelon Mould”) is a 70.11%-owned subsidiary of the Company. It was established on 20 July 1994, and its registered address is 7 Ronggang Road, Ronggui, Shunde, Foshan. Its legal representative is Ren Li Ren. Its registered capital is US\$15.0561 million. Its scope of businesses include: production of and business operation in moulds, hardware and plastic parts (excluding plastic wastes).

(9) Foshan Shunde Rongsheng Plastic Products Co. Ltd. (“Rongsheng Plastic”) is a 70.05%-owned subsidiary of the Company. It was established on 18 October 1991, and its registered address is 6 Rongqi Road East, Ronggui, Shunde, Foshan. Its legal representative is Ren Li Ren. Its registered capital is US\$15.8274 million. Its scope of businesses include:

production of and business operation in plastic products and plastic materials (excluding plastic wastes), wholesale, retail, import and export business of moulds (no retail stores have been set up; and the relevant PRC requirements shall be observed if the products are subject to the quota licensing management and special regulatory control).

(10) Kelon International Incorporation (“KII”) is a wholly-owned subsidiary of the Company. It was established on 11 September 1998, and its registered address is Room 3101-3105, Singa Commercial Centre, 148 Connaught Road West, Hong Kong. Its registered capital is US\$50,000. Its scope of businesses include investment holding and sale of household electrical appliances.

Audited major financial information of parties for which guarantees will be provided for the preceding year (Unit: RMB’0000)

Name of company	Total assets	Total liabilities	Net assets	Revenue from operations	Gross profit	Net profit
Shandong Refrigerator	10,276	296	9,980	-	-20	-20
Guangdong Refrigerator	104,805	44,456	60,349	205,850	-4437	-4093
Shandong Air-Conditioner	95,242	38,517	56,725	273,151	5,246	5,246
Guangdong Air-Conditioner	89,945	123,753	-33,808	338,938	11,882	11,882
Kelon Fittings	30,824	27,637	3,188	82,999	261	261
Guangdong Freezer	35,171	23,539	11,633	92,119	439	439
Yangzhou Refrigerator	107,412	63,079	44,333	315,892	1,978	1,744
Kelon Mould	17,189	2,961	14,228	11,198	965	928
Rongsheng Plastic	30,154	3,202	26,952	32,168	-19	-7
KII	45,141	52,127	-6,986	265,616	246	246

III. The main contents of guarantee agreements

The above guarantee agreements have not been signed and their main contents are still subject to negotiation between the guarantor, being the Company or its subsidiaries, and the banks.

IV. Opinion of the board of directors

Given the production and operation situation of the Company and its subsidiaries, the proposed guarantees stated above are beneficial to the Company and its subsidiaries in obtaining the required working capital for the business development and their positive growth, and are in the interests of the Company and its subsidiaries as a whole. In terms of

the guarantees provided by the Company to its non-wholly-owned subsidiaries, the risks are under control and the guarantees are favorable to the non-wholly-owned subsidiaries in obtaining liquidity required for its business, which in turns facilitate the business development of the non-wholly-owned subsidiaries and are in the overall interest of the Company. Meanwhile, after assessing the profitability and solvency of the parties for which guarantees will be provided, it is considered that the operations of the parties for which guarantees will be provided are stable with a strong ability to perform contracts and agreements, and thus their ability of loan repayment is assured. The board of directors of the Company is of the view that the risks relating to the provision of the guarantees are under control.

Among the non-wholly owned subsidiaries which guarantees are provided, as the Company undertook to give financial support to Guangdong Air-Conditioner by being 100% responsible for its loss and deficit, therefore 100% of its operating results will be consolidated to the Company's financial statement for auditing long-term equity investments according to 100% shareholding proportionality. For Kelon Mould and Rongsheng Plastic, though its minority shareholder has not correspondingly provided guarantee proportional to its shareholding, the debt-to-asset ratio of the two aforesaid subsidiaries is low and they have strong solvency. The amount of guarantees to be provided to them by the Company only accounted for 14% and 22% of the Company's audited net assets for the financial year of 2012 respectively. The amount of guarantees is far below the levels of net assets of these companies. Moreover, the amount of guarantees provided to these companies is all for the purpose of bank credit guarantees and entirely for non-borrowing low risk financial business and the risks are under control.

V. Cumulative amounts of external guarantees and overdue guarantees

As at 31 October 2013, the aggregate amount of external guarantees of the Company and its subsidiaries was RMB9,532,800, representing 0.63% of the audited net assets of the Company as at 31 December 2012. There was no overdue guarantee or guarantee subject to litigation.

VI. Other explanation

(1) The term "revolving use" mentioned in this announcement means the above-listed guarantees can be provided for at any time during the guarantee period by the guarantors for the parties whose liabilities are to be guaranteed, provided that the guarantees to be provided

shall be not more than the maximum amount of the guarantees specified above.

(2) The Company will discharge the relevant disclosure obligations on a timely basis in the event of changes in the guarantees proposed to be provided by the Company for its subsidiaries.

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

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.

Foshan City, Guangdong, the PRC, 21 November 2013