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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 2010 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2010 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 27 June 2011 at 2:00 p.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 2010;
- (2) To consider and approve the report of the supervisory committee of the Company for the year 2010;
- (3) To consider and approve the 2010 annual report of the Company and its summary;
- (4) To consider and approve the 2010 financial statements of the Company audited by the domestic and overseas auditors;
- (5) To consider and approve the profit distribution proposal of the Company for the year 2010;
- (6) To consider and approve the resolution on the reappointment of BDO CHINA LI XIN DA HUA Certified Public Accountants CO., LTD. as the domestic auditors of the Company for the financial year of 2011 and to authorize the board of directors to fix their remuneration;
- (7) To consider and approve the resolution on the reappointment of BDO Limited as the overseas auditors of the Company for the financial year of 2011 and to authorize the board of directors to fix their remuneration;
- (8) To consider and approve the resolution on the guarantees proposed to be provided by the Company and its subsidiary;

- (9) To consider and approve the resolution on the guarantees amounting to RMB42 million proposed to be provided by the Company for certain distributors for 2011;
- (10) To consider and approve the purchase financing agency framework agreement entered into between the Company and Hisense (Hong Kong) Company Limited on 16 March 2011, and the continuing connected transactions contemplated thereunder.

### **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 8.23 be amended:**

**Existing provision:**

When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.

**It is to be amended as:**

Unless otherwise provided in the Articles of Association, when shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.

**2. The existing Article 10.3 be amended:**

**Existing provision:**

The Board of Directors and Supervisory Committee of the Company are entitled to put forward proposals at the general meeting to nominate candidates for directorship or change directors of the Company.

In addition, shareholders individually or in aggregate holding more than three percent of the total issued voting shares of the Company are entitled to put forward proposals at the general meeting to change directors of the Company. However, in nominating candidates for directorship, the maximum number of candidates to be nominated shall be determined at a ratio of one candidate for directorship for every three percent of the total issued voting shares held, disregarding any balance less than three percent.

A written notice stating the intention to nominate a candidate for directorship and the candidate's consent to be nominated shall be delivered to the Board of Directors of the Company not earlier than the day following the despatch of the notice of general meeting for the election of directors and not later than seven days before the general meeting is held. The provisions of the Articles of Association apply to proposals on the nomination of candidates for directorship and change of directors.

**It is to be amended as:**

The Board of Directors and Supervisory Committee of the Company are entitled to put forward proposals at the general meeting to nominate candidates for directorship or change directors of the Company.

In addition, shareholders individually or in aggregate holding more than three percent of the total issued voting shares of the Company are entitled to put forward proposals at the general meeting to change directors of the Company. However, in nominating candidates for directorship, the maximum number of candidates to be nominated shall be determined at a ratio of one candidate for directorship for every three percent of the total issued voting shares held, disregarding any balance less than three percent.

A written notice stating the intention to nominate a candidate for directorship and the candidate's consent to be nominated shall be delivered to the Board of Directors of the Company not earlier than the day following the despatch of the notice of general meeting for the election of directors, and not later than seven days before the general meeting is held. The provisions of the Articles of Association apply to proposals on the nomination of candidates for directorship and change of directors.

The cumulative voting system shall be adopted for the election of directors (including independent directors) of the Company. That is, for the election of directors at the general meeting of the Company, each voting share held by the shareholders carries votes equivalent to the total number of directors to be elected at the general meeting, and the number of votes which a shareholder is entitled to cast is equal to the number of shares held multiplied by the total number of directors to be elected. The votes of a shareholder may be cast on one candidate for directorship or may be cast on different candidates for directorship, provided that the number of votes cast by each shareholder for the election of directors shall not exceed the highest number of cumulative votes.

The election of executive directors and independent directors of the Company shall be voted separately.

In the election of executive directors, the number of votes which each shareholder is entitled to cast is equal to the number of voting shares held multiplied by the number of executive directors to be elected. These votes may only be cast on candidates for executive directorship.

In the election of independent directors, the number of votes which each shareholder is entitled to cast is equal to the number of voting shares held multiplied by the number of independent directors to be elected. These votes may only be cast on candidates for independent directorship.

Whether a candidate for directorship (including independent directorship) is elected depends on the number of votes received, but the number of votes received by each elected director must exceed half of the valid voting shares (based on the number of shares on a non-cumulative basis) held by shareholders present at the general meeting.

The Company may formulate implementation rules of the cumulative voting system.

**3. The existing Article 13.3 be amended:**

**Existing provision:**

The Supervisory Committee shall be composed of two shareholders' representatives and one employees' representative of the Company. The shareholders' representatives shall be elected and removed at the 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 be composed of two shareholders' representatives and one employees' representative of the Company. The shareholders' representatives shall be elected and removed at the general meeting, and the employees' representative shall be democratically elected and removed by the employees of the Company.

The cumulative voting system shall be adopted for the election of shareholders' representative supervisors. The provision in relation to the election of directors under the cumulative voting system in Article 10.3 of the Articles of Association applies to the election of shareholders' representative supervisors.

**4. The existing Article 15.2 be amended:**

**Existing provision:**

The Company shall publish four financial reports in every accounting year, that is, an interim financial report shall be published within two months after the end of the first six months of every accounting year; an annual financial report shall be published within four months after the end of the accounting year; and quarterly financial accounting reports shall be submitted to CSRC regional offices and stock exchange within one month from the end of the first three months and first nine months of every accounting year.

**It is to be amended as:**

The Company shall publish four financial reports in every accounting year, that is, an interim financial report shall be published within two months after the end of the first six months of every accounting year; an annual financial report shall be published within four months after the end of the accounting year; and quarterly financial accounting reports shall be submitted to CSRC regional offices and stock exchange within one month from the end of the first three months and first nine months of every accounting year.

The above financial reports shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.

**5. The existing Article 15.6 be amended:**

**Existing provision:**

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with international accounting standards, or that of the place for overseas listing. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In the distribution of profit after tax for the relevant accounting year by the Company, the lower of the profit after tax as shown in the two financial statements shall be adopted.

**It is to be amended as:**

The financial statements of the Company shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.

**6. The existing Article 15.7 be amended:**

**Existing provision:**

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with international accounting standards, or that of the place for overseas listing.

**It is to be amended as:**

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.

7. **The existing Article 15.8 be deleted, and the remaining articles be renumbered in sequential order.**

**Existing Article 15.8:**

The Company shall publish four financial reports in every accounting year, that is, an interim financial report shall be published within two months after the end of the first six months of every accounting year; an annual financial report shall be published within four months after the end of the accounting year; and quarterly financial accounting reports shall be submitted to CSRC regional offices and stock exchange within one month from the end of the first three months and first nine months of every accounting year.

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

Foshan City, Guangdong, the PRC, 11 May 2011

*As at the date of this announcement, the Company's directors are Mr. Tang Ye Guo, Mr. Zhou Xiao Tian, Ms. Yu Shu Min, Mr. Lin Lan, Mr. Xiao Jian Lin and Ms. Liu Chun Xin; and the Company's independent non-executive directors are Mr. Zhang Sheng Ping, Mr. Cheung Yui Kai, Warren 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 Monday, 6 June 2011. 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, 27 May 2011 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 27 May 2011 (Friday) (including holders of H Shares of the Company who have submitted verified transfer forms on or before 27 May 2011) will be entitled to attend the AGM. The register of members of the Company will be closed from 28 May 2011 (Saturday) to 27 June 2011 (Monday) (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 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](http://www.kelon.com) and the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after conclusion of the AGM.

- (6) The profit distribution proposal of the Company for the year 2010 referred to in the ordinary resolution numbered 5 in the notice of AGM is:

As audited by BDO CHINA LI XIN DA HUA Certified Public Accountants CO., LTD. and BDO Limited, being the domestic and overseas auditors respectively, the net profit of the Company for the year 2010 according to PRC accounting standards and international accounting standards is RMB585,278,000 and RMB632,354,000 respectively. Such amount will be used to make up for the loss in the previous years, and there will not be profit distribution nor capitalization of capital reserve for the year.

- (7) Information relating to the guarantees as referred to in the ordinary resolutions numbered 8 and 9 in the notice of AGM is contained in the announcement published by the Company on 17 March 2011 and information relating to the purchase financing agency framework agreement as referred to in the ordinary resolution numbered 10 in the notice of AGM is contained in the announcement published by the Company on 17 March 2011.
- (8) The registered address of the Company is: No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province.

Postal code: 528303

Tel: (86) 757 2836 2570

Fax: (86) 757 2836 1055

Contact person: Li Lin

- (9) 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.

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.