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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**

#### **RESOLUTIONS PASSED AT THE 2016 ANNUAL GENERAL MEETING**

The 2016 annual general meeting (the “AGM”) of Hisense Kelon Electrical Holdings Company Limited (the “Company”) was 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 28 June 2017 at 3:00 p.m. A poll was demanded by Mr. Jia Shao Qian, the chairman of the AGM, for voting on all the proposed resolutions as set out in the notice of the AGM dated 10 May 2017 and the further notice of the AGM dated 8 June 2017 (together, the “Notices of AGM”). The convening of the AGM was in accordance with the Company Law of the PRC and the articles of association of the Company (the “Articles of Association”). All resolutions were approved by the shareholders of the Company (the “Shareholders”) by way of poll.

As at the date of verifying the shareholders’ entitlement to attend the AGM, the issued share capital of the Company comprised 1,362,725,370 shares, of which 903,135,562 were A shares and 459,589,808 were H shares. 134 Shareholders or their proxies holding 726,006,419 shares (including 646,383,666 A shares and 79,622,753 H shares), representing approximately 53.28% of the entire issued share capital of the Company, attended the AGM (in person or through the online voting system of Shenzhen Securities Information Co., Ltd.). Among these, 8 Shareholders or their proxies attended the AGM in person, representing 603,548,883 shares or approximately 44.29% of the entire issued share capital, while 126 holders of A shares attended the AGM through the online voting system of Shenzhen Securities Information Co., Ltd., representing a total of 122,457,536 A shares or approximately 8.99% of the entire issued share capital.

As at the date of verifying the shareholders’ entitlement to attend the AGM, the Company’s total number of issued shares was 1,362,725,370. 青島海信空調有限公司 (Qingdao Hisense Air-conditioning Company Limited\*), which held 516,758,670 A shares as at the date of verifying the

shareholders' entitlement to attend the AGM, representing approximately 37.92% of the Company's total number of issued shares, was required to and has abstained from voting at the ordinary resolutions numbered 8 and 9 at the AGM. Hisense (Hong Kong) Company Limited, which held 97,202,000 H shares as at the date of verifying the shareholders' entitlement to attend the AGM, representing approximately 7.13% of the Company's total number of issued shares, was required to and has abstained from voting at the ordinary resolutions numbered 8 [and 9] at the AGM. Save as disclosed above, so far as the Company is aware, none of 海信集團財務有限公司 (Hisense Finance Co., Ltd.\*), 青島海信商業保理有限公司 (Hisense Commercial Factoring Co., Ltd.\* ) and their respective associates held any shares as at the date of verifying the shareholders' entitlement to attend the AGM.

Accordingly, the total number of shares entitling the holders to attend and vote for or against the ordinary resolutions numbered 1 to 7 at the AGM was 1,362,725,370 shares (representing the Company's total number of issued shares) and the total number of shares entitling the holders to attend and vote for or against the ordinary resolutions numbered 8 to 9 was 748,764,700 shares (representing approximately 54.95% of the Company's total number of issued shares). There were no shares entitling the holders to attend and abstain from voting in favour as set out in Rule 13.40 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save as already disclosed, there was no restriction on the Shareholders to cast votes on the resolutions at the AGM and there were no shares entitling the holders to attend and vote only against the resolutions at the AGM.

Ruihua Certified Public Accountants was appointed as the scrutineer at the AGM for the purpose of vote-taking.

Terms used herein, unless otherwise defined, shall have the same meanings as provided in the Notices of AGM. Please refer to the Notices of AGM for the full wording of the resolutions set out below. The poll results in respect of the resolutions passed at the AGM were as follows:

Ordinary Resolutions	For		Against		Abstain	
	Number of votes (shares)	The percentage of shares carrying voting rights (%)	Number of votes (shares)	The percentage of shares carrying voting rights (%)	Number of votes (shares)	The percentage of shares carrying voting rights (%)
1. To consider and approve the report of the board of directors of the Company for the year 2016.						
Total	725,458,219	99.93%	168,200	0.02%	380,000	0.05%

	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,699,549	99.74%	168,200	0.08%	380,000	0.18%
	A shares	646,215,466	99.97%	168,200	0.03%	0	0.00%
	H shares	79,242,753	99.52%	0	0.00%	380,000	0.48%

The resolution was duly passed as an ordinary resolution.

2.	To consider and approve the report of the supervisory committee of the Company for the year 2016.						
	Total	725,458,219	99.93%	168,200	0.02%	380,000	0.05%
	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,699,549	99.74%	168,200	0.08%	380,000	0.18%
	A shares	646,215,466	99.97%	168,200	0.03%	0	0.00%
	H shares	79,242,753	99.52%	0	0.00%	380,000	0.48%

The resolution was duly passed as an ordinary resolution.

3.	To consider and approve the annual report of the Company for the year 2016 and its summary.						
	Total	725,458,219	99.93%	168,200	0.02%	380,000	0.05%
	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,699,549	99.74%	168,200	0.08%	380,000	0.18%
	A shares	646,215,466	99.97%	168,200	0.03%	0	0.00%
	H shares	79,242,753	99.52%	0	0.00%	380,000	0.48%

The resolution was duly passed as an ordinary resolution.

4.	To consider and approve the audited financial statements of the Company for the year 2016.					
	Total	725,458,219	99.93%	168,200	0.02%	380,000
	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,699,549	99.74%	168,200	0.08%	380,000
	A shares	646,215,466	99.97%	168,200	0.03%	0
	H shares	79,242,753	99.52%	0	0.00%	380,000

The resolution was duly passed as an ordinary resolution.

5.	To consider and approve the profit distribution proposal of the Company for the year 2016.					
	Total	725,838,219	99.98%	168,200	0.02%	0
	Among which, Shareholders attending the meeting whose shareholding is below 5%	209,079,549	99.92%	168,200	0.08%	0
	A shares	646,215,466	99.97%	168,200	0.03%	0
	H shares	79,622,753	100.00%	0	0.00%	0

The resolution was duly passed as an ordinary resolution.

6.	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 handle the relevant matters.					
	Total	725,458,219	99.93%	168,200	0.02%	380,000

	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,699,549	99.74%	168,200	0.08%	380,000	0.18%
	A shares	646,215,466	99.97%	168,200	0.03%	0	0.00%
	H shares	79,242,753	99.52%	0	0.00%	380,000	0.48%

The resolution was duly passed as an ordinary resolution.

7.	To consider and approve the resolution on the reappointment of Ruihua Certified Public Accountants as the auditor of the Company for the year 2017 and the authorization to the board of directors to fix its remuneration.						
	Total	725,255,219	99.90%	751,200	0.10%	0	0.00%
	Among which, Shareholders attending the meeting whose shareholding is below 5%	208,496,549	99.64%	751,200	0.36%	0	0.00%
	A shares	646,215,466	99.97%	168,200	0.03%	0	0.00%
	H shares	79,039,753	99.27%	583,000	0.73%	0	0.00%

The resolution was duly passed as an ordinary resolution.

8.	To consider and approve the supplemental agreement (《金融服務協議之補充協議（一）》) to the financial services agreement dated 10 May 2017 entered into between the Company and 海信集團財務有限公司 (Hisense Finance Co., Ltd.*), the major transaction and the continuing connected transactions contemplated thereunder and the relevant revised annual caps.						
	Total	148,897,644	71.16%	60,350,105	28.84%	0	0.00%

Among which, Shareholders attending the meeting whose shareholding is below 5%	148,897,644	71.16%	60,350,105	28.84%	0	0.00%
A shares	129,191,572	99.67%	433,424	0.33%	0	0.00%
H shares	19,706,072	24.75%	59,916,681	75.25%	0	0.00%

The resolution was duly passed as an ordinary resolution.

9.	To consider and approve the factoring services agreement (《保理服務協議》) dated 10 May 2017 entered into between the Company and 青島海信商業保理有限公司 (Hisense Commercial Factoring Co., Ltd.*), the continuing connected transactions contemplated thereunder and the relevant annual caps.						
	Total	209,079,549	99.92%	168,200	0.08%	0	0.00%
	Among which, Shareholders attending the meeting whose shareholding is below 5%	209,079,549	99.92%	168,200	0.08%	0	0.00%
	A shares	129,456,796	99.87%	168,200	0.13%	0	0.00%
	H shares	79,622,753	100.00%	0	0.00%	0	0.00%

The resolution was duly passed as an ordinary resolution.

## PAYMENT OF THE FINAL DIVIDEND

Declaration and payment of a final dividend of RMB 3 per 10 shares (tax inclusive) was approved at the AGM. The dividend of H shares will be paid to the holders of H shares whose names appear on the register of members of the Company on Tuesday, 11 July 2017 (the "Record Date"). The register of members of the Company will be closed from 6 July 2017 (Thursday) to 11 July 2017 (Tuesday) (both days inclusive) during which period no transfer of shares of the Company will be registered.

According to the Articles of Association, dividend will be denominated and declared in Renminbi. Dividend on A shares will be paid in Renminbi and dividend on H shares will be paid in Hong Kong dollars. The amount of dividend payable in Hong Kong dollars is calculated based on the average

median exchange rate of Hong Kong dollars to Renminbi as announced by the People's Bank of China on the date which is five business days prior to 28 June 2017, being the date of dividend declaration (HK\$1.00 equivalent to RMB 0.8742).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to the Receiving Agent final dividend declared for payment to holders of H shares. Final dividend will be paid by the Receiving Agent and relevant cheques are expected to be despatched on or about 15 August 2017 to holders of H shares entitled to receive such dividend by ordinary post at their own risk.

With respect to the profit distribution, the Company wishes to emphasize that, pursuant to the provisions of the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Implementing Regulations of the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), with effect from 1 January 2008, any PRC domestic enterprise shall withhold the corporate income tax when distributing dividends payable to the shareholders being non-resident enterprises (i.e. legal persons) for accounting periods starting from 1 January 2008, and the payer of the dividends shall serve as the withholding agent. The Company will strictly abide by the law and identify all shareholders who are subject to the withholding and payment of corporate income tax based on the register of members of H shares of the Company as at the Record Date in respect of the distribution of dividends and shall distribute the relevant dividends after deducting corporate income tax of 10% to non-resident enterprise shareholders (as defined under the Enterprise Income Tax Law (《企業所得稅法》), including HKSCC (Nominees) Limited, other corporate nominees or trustees, or other organizations or entities) whose names appear on such register of members of H shares of the Company.

After receiving dividends, non-resident enterprise may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or through appointed agent or through a person who has obligation to withhold or pay dividend, and provide information to prove that it is an actual beneficiary conforming with the requirement(s) of taxation treaties (arrangement). After the relevant tax authorities have verified that there is no error, it shall refund tax with reference to the tax levied and the difference in the amount of tax payable calculated at the tax rate under the taxation treaties (arrangement).

Pursuant to the requirements of "Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994]020)" (財政部、國家稅務總局關於個人所得稅若干政策問題的通知 (財稅字[1994]020號)), foreign individuals are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, thus the

individual shareholders who hold the H shares of the Company and whose names appear in the register of members of the H shares are not required to pay the individual income tax of the PRC.

Shareholders and investors should read the contents of this announcement carefully. Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares of the Company. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will withhold and pay the enterprise income tax in strict compliance with the relevant laws or requirements of the relevant governmental authorities and based strictly on the H Share register of members on the Record Date. The Company shall owe no liability whatsoever in respect of and will not entertain any request arising from any delay in ascertaining the identity of the shareholders, or inaccurate determination of the identity of the shareholders, or any disputes over the mechanism of withholding and paying of the enterprise income tax.

Investors' attention should be drawn to the announcement regarding the detailed arrangement of the distribution of dividend for A shares of the Company to be published in due course.

#### **Legal opinion of PRC lawyer**

1. Name of law firm: GUANGDONG GUARDIAN LAW FIRM
2. Name of lawyer: Qingchun Hua, Minjie Li
3. Summarised legal opinion: The convening of the AGM, the procedures for holding the AGM, the eligibility of the convener, the eligibility of the persons attending the AGM, the proposed resolutions and the voting procedures at the AGM are in compliance with the requirements of the laws and regulations and the Articles of Association. The voting results of the AGM are lawful and valid.

#### **Documents available for inspection**

1. Resolutions passed at the AGM which have been signed and confirmed by the directors of the Company present at the meeting; and
2. Legal opinion in relation to the AGM.

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. Liu Hong Xin, Mr. Lin Lan, Mr. Dai Hui Zhong, Mr. Jia Shao Qian and Mr. Wang Yun Li; and the Company's independent non-executive directors are Mr. Ma Jin Quan, Mr. Xu Xiang Yi and Mr. Wang Xin Yu.*

Foshan City, Guangdong, the PRC, 28 June 2017

*\*For identification purpose only*