

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 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 2018 at 3:00 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 2017;
2. To consider and approve the report of the supervisory committee of the Company for the year 2017;
3. To consider and approve the annual report of the Company for the year 2017 and its summary;
4. To consider and approve the audited financial statements of the Company for the year 2017;
5. To consider and approve the profit distribution proposal of the Company for the year 2017⁽⁸⁾;
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⁽¹⁰⁾;
7. To consider and approve the resolution on the reappointment of Ruihua Certified Public Accountants as the auditor of the Company for the year 2018 and the authorization to the board of directors to fix its remuneration⁽¹¹⁾; and
8. To approve the supplemental agreement (《業務框架協議之補充協議》) to the financial services agreement dated 8 May 2018 entered into between the Company and 青島海信日立空調系統有限公司 (Qingdao Hisense Hitachi Air-conditioning Systems Co., Ltd. *), the continuing connected transactions contemplated thereunder and the relevant revised annual caps.

The English translations of the Chinese name(s) in this notice, where indicated with “”, are provided for information only, and should not be regarded as the official English name(s) of such Chinese names.*

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

Foshan City, Guangdong, the PRC, 8 May 2018

As at the date of this notice, 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. Liu Xiao Feng.

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, 6 June 2018.
- (2) 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 25 May 2018 (Friday) (including holders of H shares of the Company who have submitted verified transfer forms on or before 25 May 2018) 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 27 May 2018 (Sunday) to 26 June 2018 (Tuesday) (both days inclusive). 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, 25 May 2018 for registration.
- (3) 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.
- (4) In order to determine the list of holders of shares of the Company who are entitled to receive the dividend, the register of members of the H shares of the Company will be closed from 6 July 2018 (Friday) to 11 July 2018 (Wednesday) (both days inclusive). Holders of H shares of the Company whose names appear on the register of members of the H shares of the Company on 11 July 2018 (Wednesday) are entitled to receive the dividend. Holders of H shares of the Company who wish to receive the dividend have to submit transfer forms, together with the relevant share certificate(s) to 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, Wan Chai, Hong Kong before 4:30 p.m. on 5 July 2018 (Thursday).

- (5) 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the AGM.
- (6) In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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 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.
- (7) Please refer to the annual report of the Company for the year 2017 for information relating to the reports as referred to in the ordinary resolutions numbered 1, 2, 3 and 4 in the notice of AGM.
- (8) The profit distribution proposal of the Company for the year 2017 referred to in the ordinary resolution numbered 5 in the notice of AGM is as follows:

As audited by Ruihua Certified Public Accountants, the Company's net profits attributable to the shareholders of the parent company for the year 2017 is RMB 1,466,501,221.64. Pursuant to the relevant requirements of the Articles of Association of the Company, RMB146,650,122.16 is allocated to the statutory common reserve fund; undistributed profits at the beginning of the year 2017 of, RMB 993,982,243.54 is added; and the distributed profits of RMB 408,817,611.00 is deducted. The actual distributable profits is RMB 1,905,015,732.02.

The profit distribution proposal of the Company for the year 2017 is as follows:

The payment of a cash dividend of RMB4.4 (tax inclusive) per 10 shares held by all shareholders on the basis of the total share capital of 1,362,725,370 shares of the Company as at 31 December 2017, without bonus issue and not to issue shares by way of conversion of capital reserve. The total amount of cash dividend to be distributed will be RMB599,599,162.80. The remaining undistributed profit will be retained for distribution in the following year.

If, during the period after the board of the Company has approved the profit distribution plan until the implementation of the profit distribution plan, the Company's total share capital is changed, the distribution proportion will be re-ascertained based on the latest total share capital in accordance with the principle of "the total amount of cash dividend to be

distributed remaining the same”.

(9) Withholding and payment of dividend income tax

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 notice 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.

- (10) In relation to the ordinary resolution numbered 6 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.
- (11) In relation to the ordinary resolution numbered 7 in the notice of AGM, the Company intends to reappoint Ruihua Certified Public Accountants as the auditor of the Company for the year 2018 to audit the financial report and internal control of the Company in 2018.
- (12) Information relating to the supplemental agreement (《業務框架協議之補充協議》) as referred to in the ordinary resolutions numbered 8 in the notice of AGM is contained in the announcement of the Company dated 8 May 2018.
- (13) 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 2148

Fax: (86) 757 2836 1055

Contact person: Miss Fangyuan Wei

- (14) 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.