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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**

### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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According to the relevant regulations of the Company Law of the People's Republic of China, in order to solidly implement the Notice regarding the Promotion of the Requirements of Incorporation of Party Building Work into the Articles of Associations of State-owned Enterprises (《關於紮實推動國有企業黨建工作要求寫入公司章程的通知》) issued by the Organization Department of the Central Committee of the Communist Party of China (中共中央組織部) and the Party Committee of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), and pursuant to the latest regulatory requirements and in light of the actual situation of the Company, the Board proposes to amend certain provisions of the existing Articles of Association.

#### **GENERAL**

The Company will convene the EGM to seek the Shareholders' approval for the proposed amendments to the Articles of Association. A circular containing, among others, details of the aforementioned resolutions and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

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No.	Existing provision	Amended as
1	<p><b>Article 10.14</b></p> <p>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.</p> <p>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. <u><i>The Chairman shall not assume the role of general manager at the same time.</i></u></p> <p>.....</p>	<p><b>Article 10.14</b></p> <p>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.</p> <p>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.</p> <p>.....</p>
2	<p><b>Article 10.20</b></p> <p>An extraordinary meeting of the Board shall be convened within ten (10) days by the Chairman upon his receipt of</p>	<p><b>Article 10.20</b></p> <p>An extraordinary meeting of the Board shall be convened within ten (10) days by the Chairman upon his receipt of such request in</p>

	<p>such request in any of the following circumstances:</p> <p>(1) when one-third or more of the Directors so request;</p> <p>(2) when the supervisory committee so requests;</p> <p>(3) when the general manager so requests;</p> <p>(4) when shareholders carrying voting rights of 10% or more so requests.</p> <p>All Directors should be notified <u>in writing ten (10) days</u> before an extraordinary meeting of the Board is held.</p> <p>.....</p>	<p>any of the following circumstances:</p> <p>(1) when one-third or more of the Directors so request;</p> <p>(2) when the supervisory committee so requests;</p> <p>(3) when the general manager so requests;</p> <p>(4) when shareholders carrying voting rights of 10% or more so requests.</p> <p>All Directors should be notified <u>three (3) days</u> before an extraordinary meeting of the Board is held <u>by means of delivery in person, telephone, e-mail, facsimile, express courier service, etc.</u></p> <p>.....</p>
3	<p><b>Article 10.22</b></p> <p>Board meeting shall only be held if more than one half of the Directors attend.</p> <p>Each Director has one (1) vote. A resolution of the Board must be passed by more than one-half of all the Directors.</p> <p>In case of an equality of votes cast for and against a resolution, the Chairman shall have a casting vote.</p>	<p><b>Article 10.22</b></p> <p>Board meeting shall only be held if more than one half of the Directors attend.</p> <p>Each Director has one (1) vote. A resolution of the Board must be passed by more than one-half of all the Directors.</p> <p><u>Where the matter meets the criteria set out in Article 10.15(6), (7), (8), (10), (12), (19), (20) hereof, upon being reviewed and discussed by the Party Committee(s) of the Company, the resolution shall become effective after being passed by such minimum number of Directors required for approval as stipulated in these Articles of Association.</u></p> <p>In case of an equality of votes cast for and against a resolution, the Chairman shall have a casting vote.</p>
4	<b>Article 10.26</b>	<b>Article 10.26</b>

	<p>The time and venue of the Board meeting may be determined by the Board in advance <u>and shall be recorded on the minutes. If such minutes have been delivered to all the Directors at least ten (10) days before the next Board meeting is held,</u> no additional notice of meeting has to be given.</p> <p><u>In case where the Board has not determined the time and venue of the Board meeting in advance, the Chairman or the Board Secretary shall notify all the Directors the time and venue of the Board meeting by telex, telegraph, facsimile, express delivery service, registered mail or messenger at least ten (10) days (but not more than 30 days) before the Board meeting.</u></p> <p>.....</p>	<p><u>If the time and venue of the Board meeting have been determined by the Board in advance, no additional notice of meeting has to be given.</u></p> <p><u>If the time and venue of the Board meeting have not been determined by the Board in advance, the Chairman shall instruct the Board Secretary to set out the same in the notice of the meeting.</u></p> <p>.....</p>
5	Nil	<p><u>Chapter 15 Party Organization</u></p> <p><u>Article 15.1</u></p> <p><u>In compliance with the Constitution of the Communist Party of China and pursuant to the relevant regulations of the Company Law, the Company shall establish primary organizations of the Party.</u></p> <p><u>(1) Establishment of organs of party organizations of the Company. Primary Party committees and committees of general Party branches or Party branches shall be set up as the work requires and according to the number of Party members, subject to approval by the higher Party organizations; commission for discipline inspection of the Party shall be set up; trade unions, league</u></p>

	<p><u>committees and other mass organizations shall be set up; working units of the Party shall be established and working staff for Party affairs shall be assigned.</u></p> <p><u>(2) Duties and powers of the Party Committees of the Company. The Party Committees shall play the role as the core of leadership and act as political nucleus and work for the operation of the Company. The Party Committees shall ensure and oversee the implementation of the principles and policies of the Party and the state in the Company; they shall comply with the Company Law, participate in making final decisions on major questions of the Company and review the major personnel appointments and dismissals; the secretary to the Party Committee shall chair the Party Committee meetings to review matters concerning the “Three Majors and One Large” (“三重一大”); it works to improve its own organization and provide leadership over the trade unions, the Communist Youth League of China and other mass organizations.</u></p> <p><u>(3) Funding guarantee: the funding for Party building work shall be included in the Company's budget and charged as the Company's management costs.</u></p>
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Notes:

1. The “.....” above originates from the existing articles. As they are not involved in the proposed amendments, they are omitted herein.
2. The above “Party Organization” will be added as the new Chapter 15 immediately before the original Chapter 15. The original Chapter 15 and all provisions thereafter will be re-numbered sequentially.

All proposed amendments to the Articles of Association will be put forward by way of special resolutions and they shall become effective upon the Shareholders' approval at the EGM.

## **GENERAL**

The Company will convene the EGM to seek the Shareholders' approval for the proposed amendments to the Articles of Association. A circular containing, among others, details of the aforementioned resolutions and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:-

<b>“Articles of Association”</b>	the Articles of Association of the Company;
<b>“Board”</b>	the board of directors of the Company;
<b>“Company”</b>	Hisense Kelon Electrical Holdings Company Limited, a company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Stock Exchange and the Shenzhen Stock Exchange;
<b>“EGM”</b>	the 2018 third extraordinary general meeting of the Company to be held at the conference room of the Company's head office, Shunde District, Foshan City, Guangdong Province, the PRC on 17 September 2018 at 3:00 p.m. for, among other things, approval of the proposed amendments to the Articles of Association;
<b>“H Shares”</b>	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and are listed on the Stock Exchange;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People's Republic of China;
<b>“PRC”</b>	the People's Republic of China;
<b>“Shareholder(s)”</b>	holder(s) of the share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares; and
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited.

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

*Foshan City, Guangdong, the PRC, 27 July 2018*

*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. Zhong Geng Shen and Mr. Liu Xiao Feng.*