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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)

**PROPOSED CHANGES IN AUDITORS AND
ADOPTION OF CHINA ACCOUNTING STANDARDS ONLY FOR
FULFILMENT OF STATUTORY OBLIGATION AND PERIODIC FINANCIAL
REPORTING REQUIREMENTS UNDER THE LISTING RULES**

The Board of Directors of the Company announces that the Company intends to prepare only one set of financial statements for any financial period commencing on or after 1 January 2011 under China Accounting Standards for fulfillment of the Company's statutory obligation and periodic financial reporting requirements under the Amended Listing Rules. The Board of Directors of the Company further proposes to remove LI XIN DA HUA and BDO Limited respectively as the domestic auditors and overseas auditors of the Company and appoint CHCC as the auditors of the Company for the year 2011.

The Board of Directors of Hisense Kelon Electrical Holdings Company Limited (the "Company") announces that the Company intends to prepare only one set of financial statements for any financial period commencing on or after 1 January 2011 under China Accounting Standards for Business Enterprises ("China Accounting Standards") and proposes to remove BDO CHINA LI XIN DA HUA Certified Public Accountants CO., LTD. ("LI XIN DA HUA") and BDO Limited respectively as the domestic auditors and overseas auditors of the Company and appoint Crowe Horwath China Certified Public Accountants (LLP) ("CHCC") as the auditors of the Company for the year 2011, in light of the acceptance by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of matters in relation to the adoption of Mainland accounting and auditing standards and the appointment of Mainland audit firms.

According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by the Stock Exchange in December 2010 and the related amendments to the Rules Governing the Listing of Securities on the Stock Exchange ("the Amended Listing Rules"), Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with China Accounting Standards, and Mainland audit firms approved by the Ministry of Finance of

China (中國財政部, “MOF”) and the Securities Regulatory Commission of China (中國證監會, “CSRC”) are allowed to audit these financial statements in accordance with China Accounting Standards on Auditing (中國注冊會計師審計準則, “China Auditing Standards”).

With the implementation of the Amended Listing Rules in December 2010, which shall be effective for financial years ending on or after 15 December 2010, and the amendments to the articles of association which enable the Company to prepare its financial statements and financial reports in accordance with China Accounting Standards as considered and approved at the 2010 annual general meeting of the Company held on 27 June 2011, the Company will only be required to prepare one set of financial statements under China Accounting Standards and engage a Mainland China audit firm approved by MOF and CSRC to audit the financial statements in accordance with China Auditing Standards under the Amended Listing Rules and the amended articles of association of the Company for the purpose of fulfilling its statutory obligation and the periodic financial reporting requirements of the Amended Listing Rules. The Company intends to prepare only one set of financial statements under China Accounting Standards for any financial period commencing on or after 1 January 2011 and in view of such arrangement and in order to improve efficiency and to reduce the cost of disclosure, the Board of Directors of the Company proposes to remove BDO Limited as the overseas auditors of the Company. At the same time, in order to further reduce the audit expenses, the Board of Directors of the Company also proposes to remove LI XIN DA HUA as the domestic auditors of the Company and appoint CHCC as the auditors of the Company for the year 2011 for auditing the financial statements prepared by the Company under China Accounting Standards in accordance with China Auditing Standards and undertaking the role of international auditors in compliance with the Amended Listing Rules (including but not limited to the preliminary announcement on annual results and annual review of continuing connected transactions). Such proposals are subject to the approval by the shareholders of the Company at the second extraordinary general meeting in 2011 to be held on 1 August 2011 at 2:00 p.m. (“EGM”). CHCC is a firm of practicing accountants which has been approved by the MOF and the CSRC as eligible to provide auditing services by using China Accounting Standards to Mainland incorporated issuers for the financial years ended on or after 15 December 2010.

LI XIN DA HUA and BDO Limited will respectively be removed as domestic auditors and overseas auditors of the Company at the EGM. LI XIN DA HUA and BDO Limited respectively have confirmed that there were no matters regarding the proposed removal that need to be brought to the attention of the shareholders of the Company. The Board is not aware of any matter regarding the proposed removal that needs to be brought to the attention of the shareholders of the Company. The Board and the audit committee of the Company confirmed that there were no disagreement among the Company, LI XIN DA HUA and BDO Limited regarding the proposed removal.

The Company is not aware of any financial impact which will be brought by the adoption of China Accounting Standards only for fulfillment of its statutory obligation and the periodic financial reporting requirements of the Amended Listing Rules save and except the equity attributable to equity holders of the Company prepared under the previously adopted international financial reporting standards (dilution loss on share reform of an associate, amortisation of trademark and acquisition of Hisense Hitachi under acquisition accounting) have differences.

The EGM will be held for the shareholders of the Company to consider and, if thought fit, approve, among other matters, the proposed changes in auditors. A supplemental notice of the EGM, the supplemental proxy form and a circular containing, among other things, details of the proposed changes in auditors of the Company will be dispatched to the shareholders of the Company on 13 July 2011.

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

Foshan City, Guangdong, the PRC, 13 July 2011

As at the date of this announcement, the Company's directors are Mr. Tang Ye Guo, 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.