

COMPANY PROFILE

Guangdong Kelon Electrical Holdings Company Limited (“Kelon” or the “Group”) is one of the largest cooling domestic appliances manufacturers in China, mainly engaging in the development and manufacture, as well as domestic and overseas sales of refrigerators and air-conditioners. The refrigerators are sold under the “Kelon” and “Rongsheng” brand names, while the air-conditioners are sold under the “Kelon” and “Huabao” brand names. Kelon dominates the refrigerator and air-conditioner markets in China, with its market share for refrigerators leading for nine consecutive years.

Headquartered in Shunde City, Guangdong Province, China, Kelon commenced its production of refrigerators in 1984. In view of China’s booming economy and acceleration in social reform, Kelon has become one of the most successfully reformed modern enterprises in China, with almost 8,000 employees. Kelon listed its H Shares in Hong Kong in 1996 and its A Shares in Shenzhen in 1999. The Group was elected as one of the Top 100 Emerging Market Companies by the World Economic Forum in 1999. In 2001, the Group was awarded by *Fortune* magazine as one of the Top 100 China Listed Companies.

Kelon’s research and development capabilities first received recognition in 1996, when it won the State Technological Advancement Award Grade II, one of the few manufacturers in the industry to have received this award, for its CFC-free refrigerator technology. In 2000, the Group won the same award for its system of producing hydrocarbon substances to replace CFC. In 2001, the Group held ten cutting-edge refrigeration technologies that lead the domestic PRC market, five of which also lead world standards.

In March 2002, Kelon launched a new refrigerator with proprietary “Independent Multi Cycling Refrigeration” (IMCR) technology in the first International Household Appliances Exhibition in Berlin, Germany. It is the first success in achieving independent temperature controls in the cooling and freezing compartments. Subsequently, Kelon also launched its highly efficient and energy-saving cooling and heating air-conditioners adopting “Greencool Refrigerants”, “Shuang Xiao Wang”. Its cooling and heating efficiencies reach 3.8 and 4.2 respectively, both significantly surpassing existing air-conditioner energy-saving standards in China.

At the end of 2001, Kelon brought in privately-owned enterprise Shunde Greencool Enterprise Development Limited, a hi-tech international company, as its single largest shareholder through a transfer of legal person shares. This helped realize changes in property rights and institutional reforms, reinstating Kelon’s development direction as technology-driven and its commitment to making profits as the first priority. Kelon will focus on its research and development, as well as the sales of highly efficient and energy-saving “Rongsheng (Kelon)” refrigerators and “Kelon (Huabao)” air-conditioners. The Group will also escalate its international marketing efforts, aiming to lead Kelon towards new heights and to establish its leadership as an international domestic appliances enterprise.