

### REACHING NEW HEIGHTS THROUGH INNOVATION

Guangdong Kelon Electrical Holdings Company Limited (“Kelon” or the “Group”) is one of the largest domestic refrigeration appliances manufacturers in China, a market leader in the refrigeration and air-conditioning markets in China and overseas. Currently, Kelon has an annual production capacity of 8 million refrigerators and 6 million air-conditioners. Its market share for refrigerators remained the largest nationwide for many years.

Headquartered in Shunde District, Foshan City, Guangdong Province, Kelon, one of the pioneers in the industry, commenced the production of refrigerators in 1984. The Group was elected as one of the Top 100 Emerging Market Companies by the World Economic Forum in 1999. In 2001, the Group received *Fortune* magazine’s award as one of the Top 100 China Listed Companies. In early 2004, Kelon received the “2003 Best Small Cap Company – China” Award and the “2003 Most Improved in Corporate Governance – China” Award in the “Best Managed Companies” poll by the world-renowned financial magazine *AsiaMoney*.

Kelon places continuous emphasis on leading technology. In 1996, it won one of the few State Technological Advancement Awards in the industry for its CFC-free refrigeration technology. In 2000, the Group won the same award for its system which produce hydrocarbon substances to replace CFC, and became the only manufacturer in the industry to have received this award. At the end of 2002, Kelon held ten core refrigeration technologies which are leading technologies at the national level, while five of them lead in the world standards.

In March 2002, Kelon introduced its proprietary “Independent Multi Cycling Refrigeration” (IMCR) technology, manufacturing refrigerators that, for the first time in the world, successfully achieved independent temperature controls in the respective cooling and freezing compartments. Subsequently, Kelon also launched its highly efficient and energy-saving cooling and heating air-conditioners “Shuang Xiao Wang” which uses the “Greencool Refrigerants”. In less than two years, its cooling and heating efficiencies were enhanced from 3.8 and 4.2 respectively to 6.0, achieving the highest world standards.

With Greencool, which possesses high technologies and an international background, becoming a shareholder of the Company, Kelon has not only successfully improved its total operation efficiencies, but also strengthened its competitiveness and leading market position. Kelon is recognized as a model enterprise, with the success of its “Privatized Reorganization” in China. This success has taken the Group a step closer to its goal to become a leading international domestic appliances manufacturer.