

## Company Profile

Guangdong Kelon Electrical Holdings Company Ltd. (the “Company”), established in 1984 (the Company and its subsidiaries are referred collectively as “Kelon” or the “Group”) is now one of the largest manufacturers of household electrical appliances in the People’s Republic of China (the “PRC” or “China”), and plays an important role in the refrigerator and air-conditioner markets both at home and abroad.

The production and sales volume of Kelon’s refrigerators and air-conditioners has been among the highest in the nation consecutively for many years, in particular, Kelon’s refrigerators have embraced the biggest market share for one decade. The “Kelon” and “Ronshen” brand names are appraised as one of “The Most Famous Brand names in China”. The Group adheres to its corporate philosophy of “relying on technology and the talents of its people to build up the Group”, and using technology as the motivation to drive the Group’s development. In order to lay a solid foundation for maintaining the leading role in the domestic household electrical appliances sector, the Group fully utilises its technical talents, and has established enterprise technology centers and postdoctoral scientific & research stations at national level. Using refrigeration technology which is far superior than its competitors, the high technology of Kelon’s products has won good reputation in the industry and has earned the Group many honors for technology and products at a national level. For example, Kelon obtained the “National Scientific and Technological Advance Award” in 1996 for its CFC-free technology, which was rare in this industry; Kelon obtained the same honour in 2000 due to the refrigeration system it developed using hydrocarbon substances which replaced CFC; it’s proprietary “Independent Multi Cycling Refrigeration” technology, which was used to manufacture the world’s first refrigerators with independent temperature controls for both the cooling and freezing compartments in 2002; the “Kelon 209S” refrigerator won the bid for “United Nations Energy Saving Grand Prix” title in 2003; and the double-efficiency technique of Kelon’s air-conditioners broke the world record of air-conditioner energy-efficiency by achieving a ratio of 7.0 in 2004. The Group has reinforced its quality control based on its strength in technology, and Kelon’s products are highly praised by both consumers and authorities for its reliable and notable advantages in quality. In December 2005, the Company was pleased to be acknowledged as one of the “Top 500 Quality Companies in China” which is one of the most relied upon labels by consumers. The “Kelon” brand air-conditioners and the “Ronshen” brand refrigerators had the honor to win one of the “Top 10 Quality Air-Conditioner Brands in China” and one as the “Top 10 Quality Refrigerator Brands in China” respectively, and Kelon air-conditioners and Ronshen refrigerators were ranked first and second respectively in the household electrical appliances sector.

In 2006, Qingdao Hisense Air-Conditioner Company Limited (“Hisense Air-Conditioner”) will become the largest shareholder of the Company and the Group. The Group will leverage on Hisense’s Air-Conditioner’s strength in management and experience to carry out a complete reform to achieve a healthy and stable development for the Group in the best interest of its shareholders. In solving the Group’s internal problems, the Company will begin with strengthening the operational management (“Operational Management”) and will propose and implement the operational guidelines of “optimising internal systems, improving cash flow, continuing high-end innovation and maintaining operational efficiency”.

The Company will strictly perform the foregoing operational guideline, continuously promote operational quality, promote brand name creditability and reputation, and endeavour to make the Company a first-class international manufacturer of household electrical appliances.

Meanwhile, the Group is also looking forward to the completion of the procedures for the equity transfer transaction of the Group as soon as possible, so as to clear all obstacles to allow for high speed growth by the Company.