

Company Profile

Guangdong Kelon Electrical Holdings Company Ltd. (the “Company”) and its subsidiaries (collectively referred as “Kelon” or the “Group”) are currently one of the largest manufacturers of household electrical appliances in the People’s Republic of China (the “PRC” or “China”), and play an important role in the domestic and overseas refrigerator and air-conditioner markets.

Headquartered in Shunde District, Foshan City, Guangdong Province, Kelon, as one of the first manufacturers of refrigerators, commenced its production of refrigerators in 1984. The sales volume of Kelon’s refrigerators and air-conditioners has been among the highest in China over years. In particular, Kelon’s refrigerators have embraced the biggest market share for a decade. The “Kelon” and “Ronshen” brand names are appraised as “The 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 considers “technology” as the basic motivation to drive the Group’s development. Leveraging on the superior refrigeration technology and application of high technology on its products in the industry, Kelon’s refrigerators and air-conditioners have won good reputation in the industry and have 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 and only a few enterprises in the industry have ever won such award; Kelon obtained the same honour in 2000 for its refrigeration system by using hydrocarbon substances instead of CFC; its 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; 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 were awarded the “Top 10 Quality Air-Conditioner Brands in China” and the “Top 10 Quality Refrigerator Brands in China”, respectively, and Kelon air-conditioners and Ronshen refrigerators were also ranked first and second, respectively, in the household electrical appliances sector.

At the “Appliance World Expo Beijing 2006” held in Beijing, Kelon’s KFR-35GW/S3F and KFR-27GW/S3F air-conditioners and Kelon’s BCD-209S/E and BCD-215YMB refrigerators won the “Super Energy-saving Award”, as well as Ronshen’s BCD-568WYM refrigerator won the “Industrial Design Excellence Award”. Ronshen’s “Energy Saving Grand Prix” series of refrigerators have been honored with the “United Nations Energy Saving Grand Prix” at a grand award ceremony jointly organized by the United Nations Development Programme, the Global Environmental Protection and the China Household Electrical Appliances Association.

Hisense has become the single largest shareholder of the Company. The Group will leverage on Hisense’s Air-Conditioner’s strength in management and experience to implement a comprehensive reform to facilitate the healthy and stable development of the Group in the best interest of its shareholders. In solving the Group’s problems, the Company will begin with strengthening the operational management and will propose and implement the operational objectives of “creating competitive advantages for its products, improving cash flow, enhancing managerial efficiency, providing more trainings to its staff and making use of the synergy effect”. The Company will strictly carry out the operational objectives above, continuously promote operational quality, enhance its brandnames’ recognition and awareness, and endeavour to make the Company an excellent international manufacturer of household electrical appliances.