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KELON 科龙

GUANGDONG KELON ELECTRICAL HOLDINGS COMPANY LIMITED

廣東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)*

ANNOUNCEMENT

The board of directors of Guangdong Kelon Electrical Holdings Company Limited (the "Company") wishes to announce that due to the alleged breaches by the Company in respect of certain historical connected transactions as disclosed in the announcement dated 13 March 2002, the Company is currently being investigated by the Investigation Bureau of the China Securities Regulatory Commission and such investigation commenced on 23 April 2002.

Reference is also made to the announcement dated 10 June 2002. The price of the A shares of the Company which are traded on the Shenzhen Stock Exchange increased for three consecutive trading days and the daily increase reached the share price increase limit set by the Shenzhen Stock Exchange. Saved as disclosed above, there is no material information which is discloseable by the Company under Rules 7.5.2 and 7.5.3 of the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange and which has not been disclosed. The Company will strictly comply with the relevant laws and regulations and make proper and timely disclosures. Trading in the A shares of the Company will resume on 12 June 2002. **The board of directors of the Company wishes to remind the investors to beware of relevant investment risks.**

By the Order of the Board
Guangdong Kelon Electrical Holdings Company Limited
Liu Cong Meng
Vice Chairman

Shunde, Guangdong, the PRC, 11 June 2002

"Please also refer to the published version of this announcement in The Standard"