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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

This announcement relates to the establishment of an audit committee by the Board of the Company.

The board of directors (the "Board") of Guangdong Kelon Electrical Holdings Company Limited (the "Company") wishes to announce that a meeting of the Board was held on 16 August 2002 by means of written resolutions. The written resolutions were signed by seven out of the nine directors, and the requirements of the Company Law of the People's Republic of China (the "PRC") and the Articles of Association of the Company have been complied with. The following resolutions were passed at the meeting:

1. That the audit committee of the Company (the "Audit Committee") be established and the document, "Terms of Reference for the Audit Committee" be approved. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting process and internal controls; and
2. That Mr. Chan Pei Cheong, Andy and Mr. Chen Wen Hui (who are independent non-executive directors of the Company) be appointed as members of the Audit Committee for a period of 2 years commencing from the date on which these resolutions were passed.

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

Shunde, Guangdong, the PRC, 16 August 2002

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