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)

(Stock Code: 0921)

ANNOUNCEMENT

The Company announces that the Board resolved on 15 October 2005 to establish a remuneration and evaluation committee.

At the request of the Company, trading in H Shares of the Company was suspended with effect from 10:00 a.m. on 16 June 2005 pending the release of an announcement in relation to price sensitive information. Subject to the publication of a further announcement in relation to, amongst others, the financial, production and trading position of the Group, trading in H shares of the Company will remain suspended until further notice.

The board of directors ("Board") of Guangdong Kelon Electrical Holdings Company Limited (the "Company") held a board meeting on 15 October 2005 (the "Board Meeting") at the Company's headquarters, and notice of the Board Meeting was despatched to all directors of the Company ("Directors") by fax, by telephone and by mail on 5 October 2005. Out of the nine Directors, six Directors attended the Board Meeting in person, while independent non-executive Director Mr. Chan Pei Cheong, Andy attended the Board Meeting by telephone. The Board Meeting was convened in accordance with the Company Law of the People's Republic of China and the articles of association of the Company.

It was resolved at the Board Meeting that the Company established a remuneration and evaluation committee, appointing Mr. Liu Cong Meng, Mr. Li Zhen Hua, Mr. Xu Xiao Lu, Mr. Li Kung Man and Mr. Chan Pei Cheong, Andy as members of the Company's remuneration and evaluation committee, and Mr. Li Kung Man as the chairman of the Company's remuneration and evaluation committee.

There were six votes in favour of the above resolution with nil vote against or abstain.

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

As at the date of this announcement, the Company's executive directors are Mr. Gu Chu Jun, Mr. Liu Cong Meng, Mr. Li Zhen Hua, Mr. Yan You Song, Mr. Zhang Hong and Mr. Fang Zhi Guo; and the independent non-executive directors are Mr. Chan Pei Cheong, Andy, Mr. Li Kung Man and Mr. Xu Xiao Lu.

As disclosed in the Company's previous announcements, Mr. Gu, Mr. Yan and Mr. Zhang Hong had been formally arrested by the Foshan City Police. None of them can be contacted as at the date hereof. As such, Mr. Gu, Mr. Yan and Mr. Zhang Hong do not accept responsibility for the contents of this announcement.

Foshan City, Guangdong, the PRC, 17th October, 2005

"Please also refer to the published version of this announcement in China Daily"