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)

RESIGNATION OF SUPERVISOR

The Company announces that, Mr. Bai, a supervisor of the Company, has tendered a letter to the Supervisory Committee in respect of his resignation as a supervisor of the Company for personal reasons.

The resignation of Mr. Bai will take effect upon the election of a new supervisor, as a representative of the shareholders of the Company on the Supervisory Committee, at a general meeting of the Company, the date of which will be decided by the Company as soon as practicable.

The Company also wishes to clarify certain statements in relation to the resignation of Ms. He Si as a supervisor of the Company in the Resignation Announcement.

The supervisory committee (the "Supervisory Committee") of Guangdong Kelon Electrical Holdings Company Limited (the "Company") received a letter from Mr. Bai Yun Feng ("Mr. Bai") on 29 May 2006, informing the Supervisory Committee of his resignation as a supervisor of the Company for personal reasons. The Supervisory Committee has accepted the resignation application of Mr. Bai as a supervisor of the Company and would like to express gratitude to Mr. Bai for his contribution to the Company during his term of office as a supervisor of the Company.

Mr. Bai has confirmed to the board of directors of the Company (the "Board") that, as at the date of this announcement, he has no disagreement with the Board and/or the Supervisory Committee in relation to resolutions which he has voted on at the meetings of the Supervisory Committee. Mr. Bai also wishes to draw the attention of the shareholders of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to the fact that his votes in relation to resolutions considered at the meetings of the Supervisory Committee, during his term of office as a supervisor of the Company, were based on the audited opinions provided by the auditors engaged by the Board. In addition, Mr. Bai did not obtain any knowledge of the economic crimes allegedly committed by certain individuals including the former chairman of the Board, Mr. Gu Chu Jun, within the scope of his work and during the term of his office in his department, neither did he vote in relation to any matters relating to such economic crimes allegedly committed by certain individuals including Mr. Gu Chu Jun.

As the Company is unable to contact the chairman of the Supervisory Committee, Mr. Zeng Jun Hong, and as Ms. He Si has already tendered her letter of resignation as a supervisor of the Company to the Supervisory Committee as disclosed in the announcement of the Company entitled "Resignation of Supervisor" dated 19 May 2006 (the "Resignation Announcement"), the resignation of Mr. Bai will result in the number of members of the Supervisory Committee falling below the minimum requirement pursuant to the relevant regulations of the Company Law of the People's Republic of China (the "PRC"). Accordingly, the resignation of Mr. Bai will take effect upon the election of a new supervisor (who will serve as a representative of the shareholders of the Company on the Supervisory Committee) at a general meeting of the Company, the date of which will be decided by the Company as soon as practicable.

Resignation of Ms. He Si as a supervisor of the Company

Reference is made to the Resignation Announcement, in which it was stated that (i) the resignation of Ms. He Si will take effect upon the election of a new supervisor at a general meeting of the Company; and (ii) the labour union of the Company will nominate as soon as practicable a candidate for supervisor of the Company, who will then be proposed at a general meeting of the Company for the consideration and approval of the shareholders of the Company.

The Company would like to clarify, after confirming with its PRC legal advisors, that pursuant to the articles of association of the Company, (i) the resignation of Ms. He Si will in fact be effective immediately upon the election through the staff and workers' congress of the Company of a new supervisor of the Company, who will serve as the representative of the staff and workers of the Company on the Supervisory Committee; (ii) the appointment of such person as a supervisor of the Company representing the staff and workers of the Company on the Supervisory Committee will also take effect immediately upon him/her being elected as a new supervisor of the Company through the staff and workers' congress of the Company; and (iii) it is not necessary for his/her appointment to be proposed at a general meeting of the Company for the consideration and approval of the shareholders of the Company.

Trading in the A Shares of the Company

As the Company is unable to despatch the annual report of the Company for the year ended 31 December 2005 (the "Annual Report") and the quarterly report of the Company for the three months ended 31 March 2006 (the "First Quarterly Report") on or before 30 April 2006 as required by the relevant law and regulations in the PRC, trading in the A shares of the Company on the Shenzhen Stock Exchange will be suspended from 8 May 2006 until the Annual Report and the First Quarterly Report have been despatched.

If the Company is unable to despatch the Annual Report and the First Quarterly Report by 30 June 2006, trading in the A shares of the Company will resume on 3 July 2006 and the procedures in relation to a warning of risk of delisting will be implemented in respect of the A shares of the Company.

Trading in the H Shares of the Company

At the request of the Company, trading in the 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 the annual results of the Company for the year ended 31 December 2005 and further announcements in relation to, amongst others, the financial, production and trading position of the Group, and the satisfaction by the Stock Exchange of the adequacy of the internal control measures of the Company, trading in the H shares of the Company will remain suspended until further notice.

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. Li Kung Man and Mr. Xu Xiao Lu.

As disclosed in the Company's previous announcements, Mr. Gu Chu Jun, Mr. Yan You Song 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 Chu Jun, Mr. Yan You Song and Mr. Zhang Hong do not accept responsibility for the contents of this announcement.

Foshan City, Guangdong, the PRC, 29 May 2006

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