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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)*  
**(Stock Code: 921)**

### **ANNOUNCEMENT**

#### **CHANGE OF SENIOR MANAGEMENT AND CONNECTED TRANSACTION**

##### **Change of senior management**

The Company is pleased to announce the change of senior management effective from 16 September 2005.

Mr. Liu Cong Meng has resigned as President of the Company but remains as an executive director of the Company. Mr. Yan You Song was removed as the Vice President of the Company but remains as an executive director of the Company.

In place of Mr. Liu Cong Meng and Mr. Yan You Song, Mr. Tang Ye Guo and Mr. Shi Yong Chang were appointed as President and Vice President of the Company respectively. In addition to the appointment of Mr. Tang Ye Guo and Mr. Shi Yong Chang, Mr. Xiao Jian Lin, Mr. Su Yu Tao and Mr. Luo Jun were appointed as Vice Presidents of the Company. None of Mr. Tang, Mr. Xiao, Mr. Su, Mr. Shi and Mr. Luo has been appointed as directors of the Company.

##### **Connected transaction**

It was resolved in the Board Meeting that a sales agency agreement between Hisense Agent and the Company was approved. As disclosed in the Company's announcement dated 14 September 2005, Hisense Air-Conditioner has entered into the Equity Transfer Agreement with Guangdong Greencool, the single largest shareholder of the Company under which Guangdong Greencool intends to transfer 262,212,194 domestic legal person shares in the Company to Hisense Air-Conditioner representing 26.43% of the Company's total issued share capital. Both Hisense Air-Conditioner and Hisense Agent are subsidiaries controlled by Hisense Group which indirectly holds 93% and 70% equity interest in Hisense Air-Conditioner and Hisense Agent respectively. As a result, the transactions contemplated under the sales agency agreement will be deemed to be a connected transaction (or continuing connected transaction) under the Listing Rules. The details of such will be the subject of separate announcement after the Company has received regulatory approval for the contents of such announcement.

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 shares of the Company will remain suspended until further notice. Trading in A Shares of the Company will also remain suspended until further notice.

## **CHANGE OF SENIOR MANAGEMENT**

### **Resignation of Mr. Liu Cong Meng as President of the Company**

Guangdong Kelon Electrical Holdings Company Limited (the “Company”) announces that the board of directors accepted the resignation of Mr. Liu Cong Meng (“Mr. Liu”) from his position as the President of the Company in the board meeting of 16 September 2005 (the “Board Meeting”), with effect from 16 September 2005.

After his resignation as the President of the Company, Mr. Liu remains as an executive director of the Company. The board expressed its gratitude for the contributions made by Mr. Liu during his term of office as the President of the Company.

### **Removal of Mr. Yan You Song as Vice President of the Company**

In the Board Meeting, it was unanimously resolved that Mr. Yan You Song (“Mr. Yan”) be removed as the Vice President of the Company with effect from 16 September 2005. Mr. Yan was responsible for domestic sales and marketing of the Company prior to the removal.

Mr. Yan remains as an executive director of the Company after his removal as Vice President of the Company.

### **Appointment of senior management**

In place of Mr. Liu and Mr. Yan, Mr. Tang Ye Guo (“Mr. Tang”) and Mr. Shi Yong Chang (“Mr. Shi”) were appointed as President and Vice President of the Company respectively in the Board Meeting. In addition to the appointment of Mr. Tang and Mr. Shi, Mr. Xiao Jian Lin, Mr. Su Yu Tao and Mr. Luo Jun were appointed as Vice Presidents of the Company by the board of directors in the Board Meeting.

The particulars of the new senior management are as follow:

#### *Tang Ye Guo*

Mr. Tang was appointed as the President of the Company, effective from 16 September 2005.

Mr. Tang, aged 42, graduated from the Finance and Economics Institute of Tianjin with a master degree in accounting. Mr. Tang has been a teacher of the Economics and Management Institution of Shandong University, and has worked successively as General Accountant, Deputy General Manager and General Manager of 青島海信電器股份有限公司 (Qingdao Hisense Electric Co., Ltd.); Assistant to the President and later Vice President of 海信集團有限公司 (“Hisense Group”) and General Manager of 青島海信空調有限公司 (Qingdao Hisense Air-Conditioner Company Limited) (“Hisense Air-Conditioner”). He is currently Vice Chairman of the board of directors of Hisense Air-Conditioner and a director of 青島海信電器股份有限公司.

#### *Xiao Jian Lin*

Mr. Xiao Jian Lin (“Mr. Xiao”) was appointed as the Vice President of the Company, effective from 16 September 2005. Mr. Xiao will be in charge of financial affairs of the Company.

Mr. Xiao, aged 37, graduated from Xiamen University with a master degree in accounting. Mr. Xiao has been a teacher of the accounting department of 貴州會計學院 (Guizhou Accounting Institution), and has worked successively as Deputy Director of the Operation Center of 青島海信集團公司; Director of the finance centre, head of the accounting and finance department, Assistant to the President and later Vice President of Hisense Group. He is currently a director of 海信集團有限公司 and a director of Hisense Air-Conditioner.

#### *Shi Yong Chang*

Mr. Shi was appointed as the Vice President of the Company, effective from 16 September 2005. Mr. Shi will be in charge of domestic marketing of the Company.

Mr. Shi, aged 45, holds a bachelor degree. Mr. Shi has worked successively as deputy head of 青島電視機廠塑料製品廠, Manager of 青島海信電器銷售公司, General Manager of 貴陽海信銷售公司, Deputy General Manger of 海信(北京)電器有限公司 and Deputy General Manger of 青島海信營銷公司 (Hisense Agent Co. Ltd.) (“Hisense Agent”).

#### *Su Yu Tao*

Mr. Su Yu Tao (“Mr. Su”) was appointed as the Vice President of the Company, effective from 16 September 2005. Mr. Su will be in charge of production and technologies of the Company.

Mr. Su, aged 39, graduated from the Beijing Institute of Technology with a bachelor degree. Mr. Su has worked successively as Deputy Director of the material management department and the supply department of 青島海信電器公司; Deputy Director, Director, Assistant to General Manager, Deputy General Manger and General Manager of the production planning department and the material sourcing department of Hisense Air-Conditioner; and later General Manager of 海信(北京)電器有限公司. He is currently a director of Hisense Air-Conditioner.

#### *Luo Jun*

Mr. Luo Jun (“Mr. Luo”) was appointed as the Vice President of the Company, effective from 16 September 2005. Mr. Luo will be in charge of the refrigerators of business of the Company.

Mr. Luo, aged 40, graduated from the Xian Jiaotong University with a bachelor degree. Mr. Luo has worked successively as General Manager of 廣東三洋科龍冷櫃有限公司 and Standing Deputy General Manager of 廣東科龍冰箱(冷櫃)有限公司. He is currently General Manager of 廣東科龍冰箱(冷櫃)有限公司.

The Board warmly welcomes the election of Mr. Tang, Mr. Xiao, Mr. Su, Mr. Shi and Mr. Luo as members of senior management of the Company. For avoidance of doubt, none of Mr. Tang, Mr. Xiao, Mr. Su, Mr. Shi and Mr. Luo has been appointed as directors of the Company.

#### **Opinion of independent non-executive directors**

The independent non-executive directors Mr. Chan Pei Cheong, Andy, Mr. Li Kung Man and Mr. Xu Xiao Lu (the “Independent Non-Executive Directors”) considered that the appointment, resignation and removal of the above senior management are in accordance with the relevant provisions of the Company Law of the People’s Republic of China and the Articles of Association of the Company, and the voting procedures of the board in the Board Meeting is consistent with the relevant laws and regulations.

## The impact of the change of senior management

Currently the board of directors remains unchanged. It is expected that by the appointment of additional persons as senior management of the Company, this will strengthen the operational team. In addition, considering their links to the Hisense Group, it is hoped that the Company can realize some synergy from such relationships as part of its efforts to achieve normalization of production and operations.

## CONNECTED TRANSACTION

It was resolved in the Board Meeting that a sales agency agreement between Hisense Agent and the Company was approved. As disclosed in the Company's announcement dated 14 September 2005 Hisense Air-Conditioner has entered into the Equity Transfer Agreement with Guangdong Greencool Enterprise Development Company Limited ("Guangdong Greencool"), the single largest shareholder of the Company under which Guangdong Greencool intends to transfer 262,212,194 domestic legal person shares in the Company to Hisense Air-Conditioner representing 26.43% of the Company's total issued share capital. Both Hisense Air-Conditioner and Hisense Agent are subsidiaries controlled by Hisense Group which indirectly holds 93% and 70% equity interest in Hisense Air-Conditioner and Hisense Agent respectively. As a result, the transactions contemplated under the sales agency agreement will be deemed to be a connected transaction (or continuing connected transaction) under the Listing Rules. The details of such will be the subject of separate announcement after the Company has received regulatory approval for the contents of such announcement.

## Results of Board Meeting

Besides Mr. Chan Pei Cheong, Andy, Mr. Li Kung Man and Mr. Xu Xiao Lu, the executive directors Mr. Liu Cong Meng, Mr. Li Zhen Hua and Mr. Fang Zhi Guo were present at the Board Meeting. A summary of the board resolutions of the Board Meeting in relation to the appointment, resignation and removal of the above senior management is as follows:-

|    | Summary of resolutions passed in the Board Meeting                      | No. of votes |         |         |
|----|-------------------------------------------------------------------------|--------------|---------|---------|
|    |                                                                         | For          | Against | Abstain |
| 1. | To approve the resignation of Mr. Liu as President of the Company       | 6            | 0       | 0       |
| 2. | To approve the removal of Mr. Yan as Vice President of the Company      | 6            | 0       | 0       |
| 3. | To approve the appointment of Mr. Tang as President of the Company      | 6            | 0       | 0       |
| 4. | To approve the appointment of Mr. Xiao as Vice President of the Company | 6            | 0       | 0       |
| 5. | To approve the appointment of Mr. Su as Vice President of the Company   | 6            | 0       | 0       |
| 6. | To approve the appointment of Mr. Shi as Vice President of the Company  | 6            | 0       | 0       |
| 7. | To approve the appointment of Mr. Luo as Vice President of the Company  | 6            | 0       | 0       |

## **Suspension of trading of H Shares**

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 shares of the Company will remain suspended until further notice. Trading in A Shares of the Company will also 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. Chan Pei Cheong, Andy, Mr. Li Kung Man and Mr. Xu Xiao Lu.*

As disclosed above, Mr. Gu, Mr. Yan and Mr. Zhang 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, 21 September 2005

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