

## A reply to the claims about our factory in Yantai

Firstly, I would like to thank you for the opportunity to once again reply to the many claims made concerning the conditions at our factory in Yantai.

For the last few months, we have listened to the criticism and done our best to reply in a respectful manner and to this end, I recently went to great lengths to refute the claims made by Zhang Yun concerning our facility in Yantai. Therefore, it is with some regret and a great deal of surprise that I re-read these claims as well as some new, and rather severe, allegations made not only against us, but also against several others in the two articles. I must stress that in spite of all my good intentions, I dislike participating in a debate where one can so blatantly make unfounded accusations as is now the case.

As stated in my last response, we do recognize that mistakes have been made at our factory in Yantai. We specifically recognize that when six employees were laid off in October 2006, the factory management did not follow the correct procedures. However, we have taken several steps to ensure that these mistakes will not be repeated. Among other things, we have instated a new factory management, changed workers' routines, sought a solution with the six former employees, and issued a standing invitation to any customer or government agency who would like to inspect our facilities. Our factories live up to all standards whether it is formal standards such as our ISO 14000 certification or our customers' codes of conduct. We have had several such independent audits and not one of these have led to even a single piece of criticism of the conditions at our factory.

I must stress that we regard the mistakes that were made as a matter between the parties involved, and we find public negotiation to be improper. However, we also realize that, in spite of our differences, all parties have a need to resolve the issue and to move ahead.

In the interest of reaching a fair and impartial solution to the problem at hand, I have taken the following steps:

- The six former employees will once again be able to collect their compensation for being dismissed in a wrongful manner at the factory
- The factory management at Yantai will publish a notice in the local paper to inform them about this
- If the six workers have not picked up their compensation in due time, the money will be transferred to the National Chinese Justice Department, where it can still be collected by the workers
- If the money remain unclaimed, it will ultimately be transferred to the China National Fund

As a logical consequence of this, I regard the case as closed. I would, however, like to underscore that I do welcome dialogue and open discussion on matters regarding our company and our facilities around the globe provided that the debate is kept on a sober level and that it can be free from unfounded accusations.

Sincerely,

Ole Wolff

CEO

Ole Wolff Electronics