

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2000

Presented by: Guangdong Kelon Electrical Holdings Company Limited and its subsidiaries
(Expressed in Renminbi Yuan)

	Note	2000		1999	
		The Company	The Group	The Company	The Group
1. Cash flows from operating activities:					
Cash received					
from sale of goods					
or rendering of services		761,730,188	5,311,941,041	4,053,959,452	6,561,675,377
Rent received		—	—	—	—
Refund of taxes and levies		10,846,636	10,846,636	189,299,218	195,320,726
Cash received from other operating activities		7,135,191	18,145,810	56,020,730	56,473,261
Sub-total of cash inflows from operating activities		779,712,015	5,340,933,487	4,299,279,400	6,813,469,364
Cash paid for purchasing of goods and services		(136,540,087)	(3,368,415,325)	(4,800,965,138)	(6,749,682,813)
Cash paid for operating leases		—	(3,817,356)	—	(4,627,773)
Cash paid to and on behalf of employees		(47,077,670)	(382,063,695)	(113,714,950)	(197,096,954)
Taxes paid		(66,424,833)	(197,961,400)	(344,396,494)	(491,382,415)
Cash paid for other operating activities		(271,151,232)	(298,440,661)	(19,046,162)	(30,217,350)
Sub-total of cash outflows from operating activities		(521,193,822)	(4,250,698,437)	(5,278,122,744)	(7,473,007,305)
Net cash flows from operating activities		258,518,193	1,090,235,050	(978,843,344)	(659,537,941)
2. Cash flows from investing activities:					
Cash received from investments		—	639,000	—	—
Cash received from share of dividends or profits		—	—	—	—
Interest received from debentures		—	—	—	—
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		—	6,118,913	120,852,051	5,479,000
Cash received from other investing activities		9,198,266	12,577,944	19,698,392	24,592,476
Sub-total of cash inflows from investing activities		9,198,266	19,335,857	140,550,443	30,071,476

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2. Cash flows from investing activities:					
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(65,047,346)	(285,385,965)	(772,240,523)	(851,324,159)
Cash paid for acquisition of equity investments		(34,634,554)	(14,948,244)	(2,533,398)	(1,623,855)
Cash paid for acquisition of debt securities		—	—	—	—
Cash paid for other investing activities		(242,548)	—	—	—
Sub-total of cash outflows from investing activities		(99,924,448)	(300,334,209)	(774,773,921)	(852,948,014)
Net cash flows from investing activities		(90,726,182)	(280,998,352)	(634,223,478)	(822,876,538)
3. Cash flows from financing activities:					
Proceeds from issue of shares Including: Capital contribution from minority shareholders of subsidiaries		—	—	1,043,863,500	1,043,863,500
Cash received from issuance of debentures		—	—	—	—
Proceeds from borrowings		—	51,410,000	200,200,000	66,102,099
Cash received from other financing activities		—	—	18,905,306	21,142,551
Sub-total of cash inflows from financing activities		—	51,410,000	1,262,968,806	1,131,108,150
Repayment of borrowings		(20,000,000)	(474,888,878)	—	—
Financing charges paid		—	—	—	—
Cash paid for distribution of dividends or profits Including: Dividends paid by subsidiaries to minority shareholders		(212,289,404)	(212,289,404)	(188,749,404)	(188,355,803)
Interest paid		(36,495,450)	(85,608,698)	(39,166,820)	(92,851,475)

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3. Cash flows from financing activities:					
Repayment of finance lease obligations		—	—	—	—
Cash paid for reduction of registered capital		—	—	—	—
Including: Capital repaid to minority shareholders by subsidiaries		—	—	—	—
Cash paid for other financing activities		—	—	(3,634,659)	(6,794,483)
Sub-total of cash outflows from financing activities		(268,784,854)	(772,786,980)	(231,550,883)	(288,001,761)
Net cash flows from financing activities		(268,784,854)	(721,376,980)	1,031,417,923	843,106,389
4. Effect of changes in foreign exchange rate		(3,415,304)	(2,290,170)	—	920,639
5. Net (decrease) increase in cash and cash equivalents		(104,408,147)	85,569,548	(581,648,899)	(638,387,451)
Supplementary information					
1. Non-cash investing and financing activities:					
Repayment of debts by the transfer of fixed assets		—	—	—	—
Repayment of debts by the transfer of investments		—	—	—	—
Investments by the transfer of fixed assets		—	—	—	—
Repayment of debts by the transfer of inventories		—	—	—	—
Fixed assets purchased under finance leases		—	—	—	—
Investments by the transfer of accounts receivable		—	—	—	—

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Supplementary information					
2. Reconciliation of net (loss) profit to net cash flows from operating activities:					
Net (loss) profit		(678,418,823)	(678,418,823)	643,584,316	643,584,316
Add: Minority interests		—	(334,226,656)	—	41,220,578
Provision for doubtful accounts or bad debts written off		—	59,620,227	10,000,000	14,285,700
Provision for inventory obsolescence		—	163,067,000	—	36,000,000
Depreciation of fixed assets		82,417,494	277,274,774	61,764,834	199,482,069
Amortisation of intangible assets		53,529,501	142,348,815	11,623,390	27,482,749
Loss on disposals of fixed assets, intangible assets and other long-term assets		1,653,069	5,544,048	1,091,933	6,531,448
Loss on write-off of fixed assets		—	—	—	—
Finance costs		27,297,184	73,030,754	23,103,087	72,260,414
Loss (Profit) from investments		612,884,656	1,829,000	(542,056,603)	6,191,194
Deferred tax liabilities (assets)		—	—	—	—
Decrease (Increase) in inventories		308,929,566	(415,569,606)	82,086,670	(288,733,425)
Decrease (Increase) in receivables		55,284,405	715,086,446	(889,444,393)	(575,873,135)
(Decrease) Increase in payables		(205,058,859)	1,080,649,071	(380,596,578)	(841,969,849)
Others		—	—	—	—
Net cash flows from operating activities		258,518,193	1,090,235,050	(978,843,344)	(659,537,941)
3. Net (decrease) increase in cash and cash equivalents:					
Cash and bank deposits, end of year		461,842,796	838,710,032	566,250,943	753,140,484
Less: Cash and bank deposits, beginning of year		(566,250,943)	(753,140,484)	(1,147,899,842)	(1,391,527,935)
Add: Cash equivalents, end of year		—	—	—	—
Add: Cash equivalents, beginning of year		—	—	—	—
Net (decrease) increase in cash and cash equivalents		(104,408,147)	85,569,548	(581,648,899)	(638,387,451)

The accompanying notes form an integral part of the financial statements.