

BALANCE SHEETS

As of 31 December 2001

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

Assets	Note	The Group		The Company	
		31 December 2001	31 December 2000 (Restated, Note 3)	31 December 2001	31 December 2000 (Restated, Note 3)
1. Current assets					
Cash and bank deposits	6(1)	778,191,077	838,710,032	492,198,063	461,842,796
Short-term investments		—	—	—	—
Notes receivable	6(2)	351,188,636	280,255,647	346,601,619	4,123,740
Dividend receivable		—	—	—	—
Interest receivable		—	—	—	—
Accounts receivable	6(3)	220,899,049	297,542,830	127,250,589	6,424,447
Other receivables	6(4)	920,145,160	426,048,067	1,944,443,323	2,279,594,405
Prepayments	6(5)	68,102,966	67,149,203	16,158,696	21,216,776
Subsidies receivable		—	—	—	—
Inventories	6(6)	1,225,838,916	1,736,641,111	801,622,736	21,186,421
Deferred expenditures		4,302,593	7,448,872	1,075,281	5,081,115
Investments in debt securities, current portion		—	—	—	—
Other current assets		592,731	—	592,731	—
Total current assets		3,569,261,128	3,653,795,762	3,729,943,038	2,799,469,700
2. Long-term investments					
Long-term equity investments	6(7)	259,892,540	338,261,758	1,165,046,643	1,382,562,809
Investments in debt securities, non-current portion		—	—	—	—
Total long-term investments		259,892,540	338,261,758	1,165,046,643	1,382,562,809
3. Fixed assets					
Fixed assets, cost	6(8)	3,383,892,823	3,367,402,922	1,410,203,800	1,340,207,640
Less: Accumulated depreciation	6(8)	(1,278,861,600)	(1,063,555,842)	(409,811,665)	(300,895,062)
Net book value	6(8)	2,105,031,223	2,303,847,080	1,000,392,135	1,039,312,578
Less: Provision for fixed assets impairment loss	6(8)	(47,236,170)	—	—	—
Net book amount		2,057,795,053	2,303,847,080	1,000,392,135	1,039,312,578
Project materials		—	—	—	—
Construction-in-progress	6(9)	31,187,206	26,171,005	16,597,973	19,626,516
Disposal of fixed assets		—	—	—	—
Total fixed assets		2,088,982,259	2,330,018,085	1,016,990,108	1,058,939,094
4. Intangible assets and other assets					
Intangible assets	6(10)	305,783,805	313,969,738	209,127,331	213,998,964
Long-term deferred expenditures	6(11)	210,904,281	223,060,602	108,379,846	39,217,469
Long-term receivables	7(2)	92,139,947	34,000,000	58,139,947	—
Other long-term assets		—	—	—	—
Total intangible assets and other assets		608,828,033	571,030,340	375,647,124	253,216,433
5. Deferred tax					
Deferred tax assets		—	—	—	—
Total Assets		6,526,963,960	6,893,105,945	6,287,626,913	5,494,188,036

BALANCE SHEETS (Cont'd)

As of 31 December 2001

Presented by: Guangdong Kelon Electrical Holdings Company Limited and its subsidiaries

(Expressed in RMB)

Liabilities and Shareholders' Equity	Note	The Group		The Company	
		31 December 2001	31 December 2000 (Restated, Note 3)	31 December 2001	31 December 2000 (Restated, Note 3)
1. Current liabilities					
Short-term borrowings	6(12)	1,323,309,386	437,700,000	965,700,000	355,700,000
Notes payable	6(13)	678,710,489	216,354,679	824,359,379	151,203,183
Accounts payable	6(14)	578,148,753	506,449,676	9,318,641	3,812,526
Trade deposits from customers	6(15)	440,396,170	553,272,123	432,266,240	—
Salary payable		55,442,703	64,363,358	35,287,596	29,124,040
Welfare payable		2,392,998	3,511,001	798,006	40,282
Dividend payable		3,187	—	—	—
Tax payable	6(16)	(157,832,050)	(186,842,451)	(168,419,901)	(16,379,242)
Payable to others		4,287,088	1,990,693	2,443,887	1,847,785
Other payables	6(17)	73,887,114	163,179,096	439,111,897	287,625,316
Accruals	6(18)	389,735,410	373,291,354	377,674,560	14,423,878
Provision	6(19)	157,356,546	164,616,546	157,356,546	—
Long-term borrowings, current portion	6(20)	204,958,929	19,777,334	200,000,000	—
Other current liabilities		965,158	—	—	—
Total Current liabilities		3,751,761,881	2,317,663,409	3,275,896,851	827,397,768
2. Non-current liabilities					
Long-term borrowings	6(20)	29,961,937	237,306,327	—	200,000,000
Debentures		—	—	—	—
Long-term payable	6(21)	116,492,478	117,147,785	113,263,739	113,621,705
Payable for special purposes		—	—	—	—
Accrued liabilities of investee enterprise	6(7)	—	—	495,849,789	395,289,441
Other non-current liabilities		—	—	—	—
Total non-current liabilities		146,454,415	354,454,112	609,113,528	708,911,146
3. Deferred tax					
Deferred tax liabilities		—	—	—	—
Total liabilities		3,898,216,296	2,672,117,521	3,885,010,379	1,536,308,914
4. Minority interests	6(22)	226,131,130	263,109,302	—	—

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As of 31 December 2001

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

Liabilities and Shareholders' Equity	Note	The Group		The Company	
		31 December 2001	31 December 2000 (Restated, Note 3)	31 December 2001	31 December 2000 (Restated, Note 3)
5. Shareholders' equity					
Share capital	6(23)	992,006,563	992,006,563	992,006,563	992,006,563
Capital reserve	6(24)	2,451,222,837	2,451,222,837	2,451,222,837	2,451,222,837
Revenue reserve	6(25)	343,742,703	343,742,703	343,742,703	343,742,703
Including: Statutory common welfare fund		114,580,901	114,580,901	114,580,901	114,580,901
(Accumulated losses)					
Retained earnings	6(26)	(1,380,906,800)	174,666,289	(1,380,906,800)	174,666,289
Exchange difference		(3,448,769)	(3,759,270)	(3,448,769)	(3,759,270)
Total shareholders' equity		2,402,616,534	3,957,879,122	2,402,616,534	3,957,879,122
Total liabilities and shareholders' equity		6,526,963,960	6,893,105,945	6,287,626,913	5,494,188,036

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

Legal Representative
Gu Chu Jun

Financial Controller
Li Zhi Cheng

Prepared by
Liang Li Ling