STATEMENTS OF IMPAIRMENT PROVISION FOR ASSETS

For the year ended 31 December 2001

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

(Expressed in RMB)

			2001		The	The Group		2000 (Restated, Note 3)		
	Description	Beginning balance	Addition	Reversal	End balance	Beginning balance	Addition	Reversal	End balance	
1	Provision for doubtful accounts Including: Accounts receivable Other receivables	159,056,119 9 159,056,119 —	235,223,026 62,813,993 172,409,033	(31,046,354) (31,046,354) —	363,232,791 190,823,758 172,409,033	99,435,892 99,435,892 —	59,620,227 59,620,227 —	_ _ _	159,056,119 159,056,119 —	
2	Provision for impairment loss of short-term investments Including: Investments in	-	-	-	-	_	_	_	_	
	stock securities Investments in debt securities	-	-	-	-	_	_	_	_	
3	Provision for inventory obsolescence	198,538,611	281,652,428	(156,212,234)	323,978,805	76,216,020	163,067,000	(40,744,409)	198,538,611	
	Including: Raw materials Work-in-progress Commodites	32,264,408 1,968,783 164,305,420	16,235,897 — 265,416,531	(322,186) (155,890,048)	48,500,305 1,646,597 273,831,903	39,651,892 3,793,708 32,770,420	31,532,000 — 131,535,000	(38,919,484) (1,824,925) —	32,264,408 1,968,783 164,305,420	
4	Provison of impairment loss of long-term investments	74,129,000	71,200,641	_	145,329,641	74,129,000	_	_	74,129,000	
	Including: Long-term equity investments Long-term investments	74,129,000	71,200,641	-	145,329,641	74,129,000	_	_	74,129,000	
	in debt securities	-	-	-	-	_	_	_	_	
5	Provision for impairment loss of fixed assets Including: Buildings Machinary and	<u>-</u>	47,236,170 47,236,170	- -	47,236,170 47,236,170	_	_	_	_	
	equipment	-	-	-	-	_	_	_	_	
6	Provision for impairment loss of intangible assets Including: Technology	-	-	-	-	_	_	_		
	know-how Trademark	_	-	-	-	_ _	_ _	_ _	_ _	
7	Provision for impairment loss of construction-in-progress	_	-	-	_	_	_	_	_	
8	Provision for impairment loss of entrusted loans	_	_	-	_	_	_	_	_	

STATEMENTS OF IMPAIRMENT PROVISION FOR ASSETS

(Cont'd)

For the year ended 31 December 2001

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

(Expressed in RMB)

			Transferred	2001		The Company		2000 (Restate	ed, Note 3) Transferred	
	Description	Beginning balance	from subsidiaries	Addition	Reversal	End balance	Beginning balance	Addition	to subsidiaries	End balance
1	Provision for doubtful accounts Including: Accounts	-	120,156,488	235,223,026	-	355,379,514	81,255,717	_	(81,255,717)	_
	receivable Other receivables	_	120,156,488 —	62,813,993 172,409,033		182,970,481 172,409,033	81,255,717 —	_ _	(81,255,717) —	_ _
2	Provision for impairment loss of short-term investments Including: Investments in	_	-	-	-	-	_	_	_	_
	stock securities Investments in	-	-	-	-	-	_	_	_	_
	debt securities	_	_	_	_	_	_	_	_	_
3	Provision for inventory obsolescence Including: Raw materials Work-in-progress Commodites	- - -	198,538,611 32,264,408 1,968,783 164,305,420	12,360,191 —	(156,212,234) — (322,186) (155,890,048)	44,624,599 1,646,597	22,216,000 10,005,121 1,103,350 11,107,529	- - - -	(22,216,000) (10,005,121) (1,103,350) (11,107,529)	- - -
4	Provison for impairment loss of long-term investments Including: Long-term equity	74,129,000	-	59,381,641	-	133,510,641	74,129,000	_	_	74,129,000
		74,129,000	-	59,381,641	-	133,510,641	74,129,000	_	_	74,129,000
	debt securities	-	_	-	-	_	_	_	_	_
5	Provision for impairment of fixed assets	_	_	-	-	_	_	_	_	_
	Including: Buildings Machinary and equipment	_	_	-	-	-	_	_	_	_
6	Provision for impairment loss of intangible assets Including: Techonology	-	-	-	-	-	_	_	_	_
	know-how Trademark	-	- -	_	- -	- -	_ _	_ _	_ _	_ _
7	Provision for impairment loss of construction-in-progress		_	_	_	_	_	_	_	_
8	Provision for impairment loss of entrusted loans	_	_	-	-	-	_	_	_	_

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

Legal Representative **Gu Chu Jun**

Financial Controller

Prepared by

Li Zhi Cheng

Liang Li Ling