

STATEMENTS OF INCOME AND PROFIT APPROPRIATION

For the year ended 31 December 2001

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

(Expressed in RMB)

Description	Note	The Group		The Company	
		2001	2000 (Restated, Note 3)	2001	2000 (Restated, Note 3)
1. Revenue from principal business		4,720,466,432	4,410,880,037	3,989,120,183	154,670,280
Less: Discounts and allowances		(338,850,064)	(541,377,420)	(290,801,124)	(11,858,737)
Revenue from principal business, net	6(27)	4,381,616,368	3,869,502,617	3,698,319,059	142,811,543
Less: Costs of sales	6(27)	(3,615,716,071)	(3,250,533,167)	(3,061,260,085)	(136,006,123)
Sur-taxes		(70,884)	—	(68,134)	—
2. Profit from principal business		765,829,413	618,969,450	636,990,840	6,805,420
Add: Other operating profit (loss)		19,930,301	11,333,777	9,098,660	(448,135)
Less: Distribution costs		(1,205,943,268)	(918,195,704)	(1,150,258,909)	—
Administrative expenses		(911,607,048)	(631,116,249)	(597,308,928)	(34,090,713)
Financial costs	6(28)	(86,687,871)	(73,030,754)	(54,337,938)	(27,297,184)
3. Loss from operations		(1,418,478,473)	(992,039,480)	(1,155,816,275)	(55,030,612)
Add: Investment loss	6(29)	(99,063,264)	(1,829,000)	(398,888,349)	(765,869,331)
Subsidy income		64,764	175,300	64,764	175,300
Non-operating income		21,529,992	12,929,298	13,826,125	61,580
Less: Non-operating expenses	6(30)	(73,282,675)	(20,505,821)	(14,759,354)	(5,393,224)
4. Loss before taxation		(1,569,229,656)	(1,001,269,703)	(1,555,573,089)	(826,056,287)
Less: Income tax	6(31)	—	(5,494,674)	—	(4,597,211)
Minority interests	6(22)	13,656,567	176,110,879	—	—
5. Net loss		(1,555,573,089)	(830,653,498)	(1,555,573,089)	(830,653,498)
Add: Retained earnings, beginning of year		174,666,289	1,005,319,787	174,666,289	1,005,319,787
Other transfer in		—	—	—	—
6. Profit available for appropriation		(1,380,906,800)	174,666,289	(1,380,906,800)	174,666,289
Less: Statutory common reserve fund		—	—	—	—
Statutory common welfare fund		—	—	—	—
Staff welfare and bonus fund		—	—	—	—
Reserve fund		—	—	—	—
Enterprise expansion fund		—	—	—	—
Return of profits		—	—	—	—

STATEMENTS OF INCOME AND PROFIT APPROPRIATION (Cont'd)

For the year ended 31 December 2001

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

(Expressed in RMB)

Description	Note	The Group		The Company	
		2001	2000 (Restated, Note 3)	2001	2000 (Restated, Note 3)
7. Profit available for distribution to shareholders		(1,380,906,800)	174,666,289	(1,380,906,800)	174,666,289
Less: Dividends on					
preferential shares		—	—	—	—
Discretionary reserve		—	—	—	—
Dividends on ordinary shares		—	—	—	—
Dividends transferred to share capital		—	—	—	—
8. (Accumulated losses) Retained earnings		(1,380,906,800)	174,666,289	(1,380,906,800)	174,666,289

Supplementary Information:

Description	Note	The Group		The Company	
		2001	2000 (Restated, Note 3)	2001	2000 (Restated, Note 3)
1. Profit from disposal of departments or investee enterprise		—	—	—	—
2. Loss incurred from natural disasters		—	—	—	—
3. Profit (loss) from change of accounting policies	3	—	5,881,102	—	5,881,102
4. Profit (loss) from change of accounting estimates		—	—	—	—
5. Loss incurred from debt restructure		—	—	—	—
6. Others		—	—	—	—

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

STATEMENTS OF INCOME AND PROFIT APPROPRIATION (Cont'd)

For the year ended 31 December 2001

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

(Expressed in RMB)

Profit for the reporting period	Note	The Group							
		2001		2000 (Restated, Note 3)		2001		2000 (Restated, Note 3)	
		Return on net assets Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average	Return on net assets Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average
Profit from principal activities	6(32)	31.9%	24.1%	0.77	0.77	15.6%	14.1%	0.62	0.62
Loss from operations	6(32)	-59.0%	-44.6%	-1.43	-1.43	-25.1%	-22.7%	-1.00	-1.00
Net loss	6(32)	-64.7%	-48.9%	-1.57	-1.57	-21.0%	-19.0%	-0.84	-0.84
Net loss before extraordinary items	6(32)	-62.3%	-47.0%	-1.51	-1.51	-21.0%	-19.0%	-0.84	-0.84

Profit for the reporting period	Note	The Company							
		2001		2000 (Restated, Note 3)		2001		2000 (Restated, Note 3)	
		Return on net assets Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average	Return on net assets Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average
Profit from principal activities	6(32)	26.5%	20.0%	0.64	0.64	0.2%	0.2%	0.01	0.01
Loss from operations	6(32)	-48.1%	-36.3%	-1.17	-1.17	-1.4%	-1.3%	-0.06	-0.06
Net loss	6(32)	-64.7%	-48.9%	-1.57	-1.57	-21.0%	-19.0%	-0.84	-0.84
Net loss before extraordinary items	6(32)	-64.5%	-48.7%	-1.56	-1.56	-21.2%	-19.1%	-0.84	-0.84

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