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東北電氣發展股份有限公司

NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0042)

ANNUAL RESULTS ANNOUNCEMENT FOR 2021

This announcement is made pursuant to Rule 13.49(1) of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) and Paragraph 45 of Appendix 16 thereto.

The Board of Directors (the “**Board**”) and the directors (the “**Directors**”) of the Northeast Electric Development Company Limited (the “**Company**”) hereby announce the audited annual results report of the Company and its subsidiaries (collectively, the “**Group**”) as of 31 December 2021.

I. IMPORTANT NOTICE

1.1 The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company hereby confirm that there are no false representations, misleading statements or material omissions contained in this report, and they, severally and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

This annual results announcement has been extracted from the full text of the annual report of the Company. Investors should carefully read the full text of the annual report which is published at the Shenzhen Stock Exchange CNINFO (www.cninfo.com.cn) and other specified website for information disclosure.

- 1.2 The Company’s Chairman, Shang Duoxu, Chief Accounting Officer, Mi Hongjie, and Chief Financial Officer, Jin Muhan hereby represent: guaranteeing the truthfulness, accurateness and integrity of the financial report of the Annual Report.**
- 1.3 All Directors attended the Board meeting in person to consider and approve this report.**
- 1.4 This announcement has been considered and approved by the twenty-eighth meeting of the 9th Board convened on 30 March 2022. The Audit Committee of the Board has reviewed and confirmed the Company’s financial report for 2021.**
- 1.5 The Company’s annual financial report is prepared under the PRC GAAP and the International Financial Reporting Standards (“IFRS”). The Company’s domestic auditor Mazars Certified Public Accountants LLP issued the unqualified audit with paragraphs regarding material uncertainties on the ability to continue as a going concern. The Company’s overseas auditor Mazars CPA Limited issued the unqualified audit with paragraphs regarding material uncertainties on the ability to continue as a going concern.**
- 1.6 The forward-looking description involved in the announcement such as the future plan and development strategy does not constitute any substantial commitment of the Company to investors. Investors need to be aware of risks attached to investments.**
- 1.7 The risks that may be faced and countermeasures to be adopted by the Company are described in the “Prospect of Future Development” of “Report of the Directors” in this announcement and investors are advised to refer to the relevant section.**
- 1.8 The Company proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves, subject to consideration and approval at the 2021 Annual General Meeting.**
- 1.9 The consolidated turnover is RMB83,700,725.00, increasing from 2020 by RMB3,709,837.66.**

1.10 Profit attributable to equity holders of the Company is RMB17.63 million.

1.11 Earnings per share attributable to equity holders of the Company are RMB0.02.

1.12 Unless otherwise stated, Renminbi is the only monetary unit in this announcement.

1.13 Definitions

Beijing Haihongyuan	Beijing Haihongyuan Investment Management Co., Ltd. (北京海鴻源投資管理有限公司), a substantial shareholder of the Company
Changchun Mingmen Hotel	Changchun Mingmen Hotel Co., Ltd., a related party of the Company
Chongqing Hotel	Chongqing HNA Hotel Investment Co., Ltd., an investee of the Company
CSRC	China Securities Regulatory Commission
Dalian Changjiang Plaza	Dalian Changjiang Plaza Co., Ltd., a related party of the Company
De facto controller of the Company	Hainan Province Cihang Foundation

Dongguan Yujingwan	Dongguan Yujingwan Hotel (東莞御景灣酒店), a related party of the Company
Fushun Electric Porcelain	Fushun Electric Porcelain Manufacturing Co., Ltd.
Fuxin Company, Fuxin Busbar	Fuxin Enclosed Busbar Co., Ltd., a wholly-owned subsidiary of the Company
Garden Lane Hotel, Garden Lane Flight Hotel	Hainan Garden Lane Flight Hotel Management Co., Ltd. (海南逸唐飛行酒店管理有限公司), a subsidiary of the Company
Hainan First Intermediate People's Court	The First Intermediate People's Court of Hainan Province
Hainan Higher People's Court	Hainan Provincial Higher People's Court
HNA Group	HNA Group Co., Ltd., an indirect controlling shareholder of the Company
HNA Finance Company, Finance Company	HNA Group Finance Co., Ltd. (海航集團財務有限公司), a related party of the Company
Jilin Province Tourism Group	Jilin Province Tourism Group Co., Ltd. (吉林省旅遊集團有限責任公司), a related party of the Company
Lucky Air	Yunnan Lucky Air Co., Ltd., a related party of the Company

Mazars	the Company’s domestic auditor Mazars Certified Public Accountants LLP and the overseas auditor Mazars CPA Limited
NEE, the Company, the listed company	Northeast Electric Development Company Limited
Orient Asset	Dalian Office of China Orient Asset Management Co., Ltd.
Shenyang HVS, Shenyang High Voltage Switchgear	Shenyang High Voltage Switchgear Co., Ltd.
Shenyang Intermediate People’s Court	Liaoning Shenyang Municipal Intermediate People’s Court
Stock Exchange	The Stock Exchange of Hong Kong
SZSE	Shenzhen Stock Exchange
Tianjin Center	HNA Tianjin Center Development Co., Ltd. (海航天津中心發展有限公司), a related party of the Company

II. CORPORATE PROFILE

- (1) Legal Chinese name: 東北電氣發展股份有限公司

Legal English name: Northeast Electric Development Company Limited

Chinese abbreviation: 東北電氣

English abbreviation: NEE

- (2) The Company's Chairman: Shang Duoxu

- (3) Executive directors: Shang Duoxu (Chairman), Wang Yongfan, Su Weiguo, Guo Qianli, and Mi Hongjie

- (4) Independent non-executive directors: Wang Hongyu, Li Zhengning, and Fang Guangrong

- (5) Supervisors: Xing Zenghai (Chairman of the Supervisory Committee), Yang Qing, and Wu Rongyu

- (6) Secretary to the Board: Ding Jishi

Representative for securities affairs: Zhu Xinguang, Ju Meng

Joint company secretary and authorized representative to accept service of process and notice:
Chan Yee Ping (Michael)

Place of business and place for acceptance of service of process and notice in Hong Kong: 17/F,
Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong

(7) Registered address of the Company:

Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High-tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province

Postal code of the registered address: 571152

Correspondence address of the Company: 22nd Floor, HNA Plaza, No.7 Guoxing Road, Meilan District, Haikou City, Hainan Province

Postal code of the correspondence address: 570203

Telephone: 0898-68876008

Fax: 0898-68876033

Website: www.nee.com.cn

E-mail address: dbdqshbgs@hnair.com, nemm585@sina.com

(8) PRC newspapers for information disclosure: “Securities Times”

Website containing the annual report: www.cninfo.com.cn, www.hkexnews.hk

Place for inspection of annual report: Office of the Board

(9) Place of listing, stock names and codes

H Share:	A Share:
—Hong Kong Stock Exchange	—Shenzhen Stock Exchange
—Stock Name: Northeast Electric	—Stock Name:*ST Northeast Electric
—Stock Code: 00042	—Stock Code: 000585

(10) Date of the Company's first registration: 16 February 1993

Place of registration: No. 18, North Er Zhong Road, Tie Xi District, Shenyang City, Liaoning Province, the PRC

Date of the Company's latest change of registration: 26 September 2019

Place of registration: Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center, Haikou National High-tech Zone, No. 266 Nanhai Avenue, Haikou City, Hainan Province

Unified social credit code: 91210000243437397T

(11) Domestic auditor: Mazars Certified Public Accountants LLP

Office address: 2/F-9/F, No. 169 Donghu Road, Wuchang District, Wuhan City, Hubei Province

Overseas auditor: Mazars CPA Limited

Office address: 42/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong

(12) Hong Kong Registrar: Boardroom Share Registrars (HK) Limited

Office address: 21/F, 148 Electric Road, North Point, Hong Kong

III. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

1.1 Principal accounting data for the year prepared under the PRC GAAP

Item	2021	2020	Increase/ decrease of the year over the last year	2019	2018	2017
Operating revenues (RMB'000)	83,701	79,991	4.64%	102,341	32,311	32,986
Net profit attributable to shareholders of the listed company (RMB'000)	17,629	63,977	-72.45%	-40,166	14,596	-397,058
Net profit attributable to shareholders of the listed company after extraordinary items (RMB'000)	-40,114	-144,024	N/A	-41,164	-38,948	-96,661
Net cash flow from operating activities (RMB'000)	5,434	-76,154	N/A	3,337	-4,595	4,596.18
Basic earnings per share (RMB/Share)	0.02	0.07	-71.43%	-0.05	0.02	-0.45
Diluted earnings per share (RMB/ Share)	0.02	0.07	-71.43%	-0.05	0.02	-0.45
Weighted average ROE	-	-	-	-	-	-

Item	As at the end of 2021	As at the end of 2020	Increase/ decrease of the end of the year over the end of last year	As at the end of 2019	As at the end of 2018	As at the end of 2017
Total assets (RMB'000)	194,428	157,526	23.43%	477,041	505,113	306,237
Net assets attributable to shareholders of the listed company (RMB'000)	-169,697	-187,420	N/A	-56,590	8,619	-198,632

1.2 Differences in figures under domestic and foreign accounting standards

There were no differences in net profits and net assets prepared under the International Financial Reporting Standards and PRC GAAP for the reporting period of the Company.

1.3 Major financial indicators by quarter

Unit: RMB

	The first quarter	The second quarter	The third quarter	The fourth quarter
Operating revenues	14,828,244.46	13,618,092.74	33,253,582.08	22,000,805.72
Net profit attributable to shareholders of the listed company	-2,970,061.29	-8,849,643.74	35,678,874.89	-6,230,518.36
Net profit attributable to shareholders of the listed company after extraordinary items	-2,970,061.29	-9,749,071.76	-2,572,086.61	-24,823,484.62
Net cash flow arising from operating activities	-7,430,407.71	-1,404,979.93	8,783,030.41	5,486,349.24

Whether there is any significant difference between above financial indicators or their sum and relevant financial indicators disclosed in the quarterly report and interim report.

Yes No

1.4 Extraordinary items and the related amount

Unit: RMB

Item	2021	2020	2019	Remarks
Profit and loss on disposal of non-current assets (including the part of provision for assets impairment being written off)	0	32,743,426.99		
Government subsidy included in the current profits and losses (closely related to business of the enterprise, excluding the government subsidy enjoyed fully or quantitatively according to uniform standards of the country)	1,852,392.96	1,388,057.40	767,306.37	
Reversal of the provisions for impairment of receivables subject to impairment test separately	18,264,453.72	0	0	Reversal of other receivables of HNA Group Finance Co., Ltd. of RMB18,264,453.72
Non-operating income and expense other than the above items	37,809,710.99	1,011,291.39	571,715.65	For the case of Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau, NEE did not need to assume any liability according to the result of the court judgment, thus reversing the impairment provision in full of RMB37,745,190 in the current period
Other non-recurring gains or losses	0	178,549,569.56		
Less: Effect of income tax	0	5,616,743.58	334,755.51	
Impact on minority interests (after tax)	183,201.89	74,657.72	6,008.27	
Total	57,743,355.78	208,000,944.04	998,258.24	--

During the reporting period, no non-recurring gains or losses as defined and illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses were defined as recurring gains or losses.

1.5 Summary of financial data in the past five years prepared in accordance with International Financial Reporting Standards (IFRS) and the PRC GAAP

Unit: RMB'000

Items	IFRS			PRC GAAP	
	2021	2020	2019	2018	2017
1. Turnover (RMB'000)	119,485	79,797	102,252	32,311	32,985.86
2. Profit/(loss) before taxation (RMB'000)	17,466	67,016	(39,682)	15,465	(397,992.15)
3. Profit/(loss) attributable to shareholders (RMB'000)	17,629	63,977	(40,166)	14,596	(398,155.97)
4. Total assets (RMB'000)	197,239	157,896	477,387	505,114	306,236.91
5. Total liabilities (RMB'000)	364,776	343,125	528,494	482,998	500,877.93
6. Shareholders' equity (RMB'000)	(167,537)	(185,229)	(51,107)	22,116	(194,249.87)
7. Basic earnings/(loss) per share (RMB)	2.02	0.07	(0.046)	0.02	(0.450)
8. Net assets per share (RMB)	(0.19)	(0.21)	(0.059)	0.025	(0.22)
9. Return on net assets (%)	0.00	0.00	0.00	0.00	0.00
10. Shareholders' interest ratio (%)	(84.94%)	(117.31%)	(10.71%)	4.38%	(63.35%)
11. Current ratio (%)	41.95%	36.72%	44.36%	45.76%	40.03%
12. Gearing ratio (%)	217.73%	217.31%	110.71%	95.62%	163.35%

IV. REPORT OF THE DIRECTORS (MANAGEMENT DISCUSSION AND ANALYSIS)

(1) Overview

In 2021, the world economy was continuously impacted by the spreading of COVID-19 which led to the uneven growth of international trade and investments, the severe obstruction in the movement of people and cargos and the impact on global industry and supply chains, while trade protectionism was increasingly serious, and the recovery of world economy was subject to limitations, with sluggish continued growth. From the perspective of domestic economic development, China's electricity industry adjusted power structure which led to decreased investment in thermal power; with repeated waves of pandemic, the demands for hotel catering, accommodation and other services were volatile.

The Company has primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment as well as hotel catering and accommodation services in recent years. Main products offered by the Company include enclosed busbars which are applied to the power system field and are used to enhance transmission capacity of power transmission lines and support transmission of the high-power electric energy. These devices play an important role in the power system. Meanwhile, the Company also engaged in hotel catering and accommodation services.

Since 2021, the hotel industry in which the Company operates has been greatly hit by COVID-19, combined with the impact of macro-economic structural adjustments on the power transmission and distribution equipment industry. As a result, the industry experienced excess production capacity and intense market competition. The Company has therefore faced increasing operational pressure. In the face of such a complex and difficult situation, all personnel of the Company adhered to the overall work plan, worked diligently to fulfill their duties, and strived to achieve breakthroughs. Under the leadership of the Board, the Company, with the support of substantial shareholders, properly dealt with various challenges, fully implemented the resolutions approved at the general meeting and by the Board, strictly practiced various pandemic prevention measures, implemented the production safety accountability system, advanced various work related to the resumption of work and production in an orderly fashion, actively expanded the business operation scale, consolidated its continuous operation capacity, made every effort to resolve all kinds of risks, and gradually advanced the progress of major tasks.

During the reporting period, starting from September 2021, subsidiary Garden Lane Flight Hotel expanded the operational scale of its hotel accommodation and catering business, achieving steady growth in sales revenue.

During the reporting period, the operating income of the Company amounted to approximately RMB83,700,725.00, representing an increase of 4.64% as compared with last year or approximately RMB79,990,887.34 year-on-year; and the net profit attributable to shareholders of the listed company amounted to approximately RMB17,628,651.5.

(2) Priority Work

The main activities in the reporting period are as follows:

(I) Production and operation

1. Combating the pandemic and recovering production at the same time

The Company overcome the impact of the pandemic in order to ensure safety production. We thoroughly implemented the pandemic prevention and control work: realized the on-site pandemic prevention and control supervision of the whole process of bidding and ordering, on-site installation, and technical services, formulated an emergency plan for pandemic prevention and control, organized and carried out emergency drills, suspended unnecessary activities such as business trips and training for the Company's employees to medium- and high-risk areas, implemented the daily health notification mechanism with overseas employees, and implemented daily health and pandemic prevention work. During the post-epidemic period, we will carefully take safety protection and emergency quarantining measures to ensure safety production, resolutely win the fight against Covid-19 to stabilize production capacity and ensure supplies, and ensure normal operation and stable growth of business.

2. Developing new products in a sale-oriented approach and increasing orders by all means

We completed the research and development of two new products during the period, in which the wind power tower duct busbar (風電塔筒管道母線) obtained the test certificate, and the Saudi Arabia export project obtained the 60HZ British ASTA test certificate. Due to the impact of the pandemic, the Company's orders, payment collection, on-site installation and other works were extremely difficult to carry out. In order to ensure orders, R&D personnel carried out technological optimization starting from the project bidding stage; sales staff worked hard, overcame various difficulties, and developed new customers against the negative impact of the pandemic, increasing the order quantity and grabbing new markets against the adverse trend; the contracts signed for ordering of busbar products during the year were RMB68.47 million, hitting a record high in recent years, thus providing support for the Company's continued operation in the future.

3. Improving management, reducing costs, and increasing efficiency through careful calculation and strict budgeting

Focusing on expenditure reduction and efficiency improvement, we strictly controlled all kinds of costs and expenditures. Through strict control of material costs, manufacturing expenses, travel expenses, consulting fees and other measures, we improved the profitability of the main business, while vigorously reducing labor costs, administrative expenses and other costs. The Company held work conferences on cost reduction and efficiency improvement many times, and in the face of soaring prices of main raw materials, we set cost reduction measures, starting from the source control, including design and procurement, formulating control measures for all consumptions; through design optimization, comparison of prices in purchasing, and vigorous reduction of all expenses, we managed to lower costs and reduce losses across the board; by increasing revenue, decreasing expenses, improving management, reducing costs, and increasing efficiency, we ensured the realization of annual production and operation targets. The accumulative cost saving reduced by 20% on a comparable basis.

- 4. Establishing various special debt collection working groups, increasing the efforts of debt collection, accelerating the return of funds, and effectively guaranteeing daily capital turnover demand.**
- 5. Actively setting a good example of the workmanship spirit reflected in the pursuit of perfection and continuous innovation**

Fuxin Busbar, adhering to the dual driver strategy of developing high-tech products and applying for the title of “high-tech technology enterprise”, has invested no less than 5% of its own revenue in R&D every year since 2018, in an effort to continuously promote technological transformation and new product research and development innovation. It newly achieved 15 utility model patents and a number of new product research and development innovation results. The company has established a model worker studio to promote innovation and improve business skills. By applying for the establishment of district-level and city-level model worker studios and organizing city-level skill contests, it strengthened the leadership of model workers, stimulated the work enthusiasm of all employees, fully promoted the resumption of work and production, and stimulated the work motivation and passion of employees.

- 6. Improving corporate governance, strengthening risk management, and stimulating team synergy**

The Company comprehensively improved its corporate governance, and completed the internal control function and enhanced risk management for the purpose of full compliance. It overcame difficulties revolving around major projects. It united workforce through goals, trained people through tasks, found talents in practice, and motivated team combat effectiveness through strong incentives. It cared about employees, paid more attention to their growth in daily team building, and provided them with training opportunities through projects and career development platforms. It emphasized internal and external communication to disseminate positive energy.

(II) Execution of Lease Agreements by Garden Lane Flight Hotel, a Subsidiary of the Company, and the Connected Transactions

In order to enhance the going-concern ability and inject new vitality into the development of the hotel business, the Lease Agreements entered into by Hainan Garden Lane Flight Hotel Management Co., Ltd., a subsidiary of Northeast Electric, with Dalian Changjiang Plaza Co., Ltd. (大連長江廣場有限公司), Changchun Mingmen Hotel Co., Ltd. (長春名門飯店有限公司), and Jilin Province Tourism Group Co., Ltd. (吉林省旅遊集團有限責任公司) on 13 July 2021, were considered and approved at the Company's 22nd meeting of the ninth Board of Directors, the second Extraordinary General Meeting of 2021. Through deliberation and approval at the 24th meeting of the ninth Board of Directors on 26 August 2021, Garden Lane Flight Hotel, the Company's subsidiary, entered into the Lease Agreements with HNA Tianjin Center Development Co., Ltd. and Dongguan Yujingwan Hotel, respectively, on 26 August 2021, for the development of hotel and related supporting businesses.

These transactions are beneficial (i) to boosting the Group's turnover and profitability in terms of its catering and accommodation services; (ii) for the Group to continue to utilise the Leased Properties for its hotel catering and accommodation services operations and realise diversification of operations of the Group; and (iii) to optimise the Group's income and asset structure.

For details, please refer to the relevant announcements released by the Company on the designated information disclosure media: the Announcement on Resolutions of the 22nd Meeting of the Ninth Board of Directors (No.: 2021-041), and the Announcement on the Lease Agreements Entered into by Garden Lane Flight Hotel, a Subsidiary of the Company, with Three Companies Including Dalian Changjiang Plaza Co., Ltd., and the Connected Transactions (No.: 2021-042) dated 13 July 2021, the Announcement on Resolutions of the Second Extraordinary General Meeting of 2021 (No.: 2021-053) dated 23 August 2021, the Announcement on Resolutions of the 24th Meeting of the Ninth Board of Directors (No.: 2021-055), and the Announcement on Execution of Lease Agreements by a Subsidiary of the Company and the Connected Transactions (No.: 2021-056) dated 26 August 2021.

(III) Actively Promoting the Introduction of Strategic Investors

During the Reporting Period, in order to improve the ability of continuing operations and avoid the risk of delisting for A-share main board, the Company actively sought strategic investors, with an aim to obtain fund contributions from external investors. However, because consensus could not be reached on the contribution methods and conditions of the strategic investors, this action could not be proceeded. The Company will continue to mobilize all the employees to give full play to their respective advantages, and promote the introduction of strategic investors through active communication and extensive hunting.

(IV) Progress of Material Litigations

1. Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of settlement allowance for staff. On 27 July 2021, Northeast Electric received the civil judgment ((2021) Qiong Min Zhong No.36) from the High People's Court of Hainan Province, which made a judgment of the second instance on the contract dispute case between Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau and Northeast Electric, Shenyang High Voltage Switch Co., Ltd., and New Northeast Electric (Shenyang) High Voltage Switchgear Co., Ltd.: Maintain the judgment of the first-instance court against Northeast Electric, and reject the lawsuit request of Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau against Northeast Electric for compensation liability. The judgment was final. The Company made an impairment provision of RMB37,745,190 for the liabilities involved in this case in 2017. Because Northeast Electric did not need to assume any liability according to the result of the court judgment, we reversed the impairment provision in full in the current period.
2. The litigation on the application made by Fushun Electric Porcelain for adjudicating NEE as a person subject to enforcement. On 20 October 2021, the Company received the civil judgment ((2021) Qiong Min Zhong No.537) from the High People's Court of Hainan Province for the judgment of second instance, which held that the application made by Fushun Electric Porcelain Co., Ltd. ("**Fushun Electric Porcelain**") for adding Northeast Electric as a person subject to enforcement for the case of [(2015) Fu Zhong Zhi Zi No. 00140] is unfounded and lacks legal evidence, and appeal request should not be supported, and that the judgment of first instance shall be upheld because the facts are clearly ascertained and the law is correctly applied. The appeal was dismissed and the verdict upheld. The judgment was final. Northeast Electric did not need to assume any liability according to the result of the court judgment.

For details, please refer to the relevant announcements released by the Company on the designated information disclosure media: The Announcement on Progress of Material Litigations (announcement No.: 2021-048) dated 28 July 2021, and the Announcement on Progress of Litigations (announcement No.: 2021-062) dated 20 October 2021.

(V) Possibility of the Delisting of the A-shares of the Company

Because the audited net profit after deducting non-recurring gains and loss of the Company was negative, the operating revenue was less than RMB100 million, and the audited closing net assets were negative in 2020, and the net profit after deducting non-recurring gains and loss for the last 3 fiscal years of 2018, 2019 and 2020 was negative, and the audit report for 2020 indicated that there was uncertainty about the Company's ability to continue as a going concern, a risk warning on delisting (*ST) was continuously implemented to the A-shares of the Company after the disclosure of the annual report for 2020 on 29 March 2021.

During the Reporting Period, despite the great efforts of the Company to resolve the risk of delisting from A-share main board, due to the impact from the macroeconomic environment, the overall situation of pandemic prevention and control, provision for impairment of related party assets in the previous year, weaker ability to continue as a going concern and other factors, the main audited financial data of 2021 hit the financial compulsory delisting indicators of Shenzhen Stock Exchange, such as **“net profit after deducting non-recurring gains and loss is negative and operating revenue is less than RMB100 million”** and **“net assets attributable to the parent company are negative”**. After the disclosure of the annual report, the A-shares of the Company will be delisted from the main board of Shenzhen Stock Exchange, and transferred to NEEQ for trading.

(3) Analysis of Financial Position

Please refer to **“Discussion and Analysis of Business Condition”** for the analysis of financial position of the Company.

(4) Prospect of Future Development

(1) Industry development trend and competition outlook

In recent years, under the impact of the international and domestic macroeconomic situation, the economy growth in China is expected to slow down, for which demands for electricity power and investment will decrease accordingly. As China continues to deepen the structural reform of supply side, the key of power grid development is switching to the construction of UHV transmission line and smart power grids, continuously boosting the market share of power generated by clean energy. In light of this, thermal power generating units are developing towards high capacity, high parameter and environmental protection. In light of the continuous spread of coronavirus across the globe, intensified downside risk of the world's economy, and significantly increased instabilities and uncertainties, macro-economy in China is still expected to face new difficulties and challenges in 2022. Meanwhile, the adjustment of economic structure, the continued implementation of supply-side reform, and environmental indicators related to energy saving and emission reduction will have a negative impact over some infrastructure industries of the national economy for the short term. It is of high probability that economic structuring of the country will continue to have adverse impact on the traditional power sector, the thermal power industry in particular, resulting in insufficient demands and decreased benefits in the power sector and the upstream and downstream sectors, which further creates harmful effect over the future performance of the Company.

In addition, due to the lasting impact of the globally spread pandemic, such industries as tourism, accommodation and catering in China remained sluggish in 2021. Industry insiders predict that the operating revenue will resume growth in the second half of 2022 after the pandemic quarantine, prevention and control measures are gradually eased.

(2) Development strategy of the Company

In 2022, the Company will take the initiative to adapt itself to the new normal of national economic development, new pattern of energy development, innovation-driven development trend, catch the historic opportunity of Hainan free trade port construction, and have brand-building as its key strategy. By virtue of its capability of integrating resources, the Company will optimize resources allocation, and use resources in an efficient manner. It will actively bring in strategic investors to raise funds to acquire new business assets. Centering on improving the quality and efficiency of development, the Company will increase industrial stock and seek for more customers, and foster new driving force and new source of economic growth by upgrading industrial structure and prioritizing new business and market expansion, in an effort to form a new synergistic pattern, and reshape the industry structure of the Company.

(3) 2022 operation plan

In 2022, in the face of the impacts of various external pressure, such as the continued spread of COVID-19, the bankruptcy reorganization case of indirect controlling shareholder HNA Group and its related parties, and the delisting of A-share stock trading by the Shenzhen Stock Exchange after the disclosure of the 2021 annual report, NEE and its subsidiaries (collectively, “**the Group**”) will actively overcome the negative factors, continue, under the guidance of local governments, substantial shareholders, and the board of directors of the Company, to give full play to its subjective initiative, fully exploit potential resources, strive to maintain stability in the internal and external operating environments, strengthen the continuous operation capacity of its main business, utilize the H share listing status to actively bring in strategic investors to raise funds, and thereby plan the addition of new businesses and the industry development direction for the future.

(4) Key tasks

1. By strengthening the collection of receivables and seeking to obtain external financial support, the Group can guarantee its own capital needs. Sources of capital: first, strengthen supply chain management and internal fund management, and strengthen the collection of receivables; second, the Company’s wholly-owned subsidiary Shenyang Kaiyi Electric Co., Ltd. (“**Shenyang Kaiyi**”) has signed a loan contract with Yunshangtong Holdings Co., Ltd. (“**Yunshangtong**”), in which they agree that in 2022, Yunshangtong will lend the maximum balance of RMB50 million to Shenyang Kaiyi to support normal production and operation; third, Fuxin Enclosed Busbar Co., Ltd. (“**Fuxin Busbar**”), a subsidiary of the Company, has good bank credit, financing records and financing ability; in the future, depending on its own business expansion needs, it can apply for bank credit and loan support by mortgaging the new factory, which will be sufficient to support its continuous operation for the next 12 months. Through the above measures, the Group is able to meet its working capital needs and achieve a cash flow balance.

2. Make full use of financing channels of the capital market to bring in strategic investors in a two-way manner. In 2022, in addition to maintaining the operation of its enclosed busbar and hotel accommodation and catering businesses, NEE will openly attract a wide range of investors to advance the two-way attraction of strategic investors. On one hand, it will utilize the H share capital market platform to issue new H shares to raise funds and add new businesses; on the other hand, it will utilize Fuxin Busbar's plant equipment and production technologies and resources to bring in strategic investors, enrich the product structure of transmission and transformation equipment, and improve new economic growth points, thus supporting the continuous operation of the listed company through the two-way attraction of strategic investors.
3. Maintain stability in the internal and external operating environments and plan long-term sustainable operation goals. In order to achieve the balance of cash flow, reasonably plan and adjust the business operation scale, establish sound operational objectives, continue to do a good job in operation management, improve product innovation ability, maintain and strengthen the capacity for continuous operation, and continue to improve the profitability of the Company's main business.
4. Allocate human resources reasonably, and strengthen cost control. Adjust the organizational structure of the headquarters timely according to the scale of operations, reduce the staffing of the headquarters, gradually change to a flat management structure, and effectively reduce operating costs. Optimize asset management, strengthen overall budget management and cost control, strictly control all expenses and expenditures, reduce operating costs, and maximize the profitability of the main business.
5. Overcome the impact of the pandemic and ensure safe production. Ensure the steady growth and normal operation of our business, implement safety protection and emergency quarantine measures in the post-pandemic period, ensure production safety, resolutely win the fight against the pandemic, stabilize production capacity, and ensure supplies.

6. Explore new markets and expand new businesses. In order to reverse the loss trend of the main business, with the development of traditional busbar transmission and transformation equipment products as the core, adjust the product structure, and while ensuring the traditional busbar products, increase the proportion of transformation projects with high gross margin, insulation tube busbar and other products in the sales revenue, so as to gain time for the future transformation. Meanwhile, try to attract investment with the enclosed busbar product line, bring in strategic investors, obtain continuous investment, and strive to increase industrial stock and seek for more customers.
7. In strict accordance with the standardized operation requirements for listed companies, continuously improve work standards and improve the internal control system, establish and improve corporate operation organizations, continuously improve various internal control systems, strengthen risk control measures, and reduce operating risks in order to provide compliance assurance for achieving the Company's operational objectives of the year.

The above outlook of the Company does not constitute the Company's substantial commitment to investors. Investors are advised to pay attention to investment risks.

(5) Capital position

The Company has taken into account future liquidity and its sources of available funds in assessing whether the Group has sufficient financial resources to continue operations as a going concern. In order to enhance sustainable development ability and profitability, improve asset quality, promote long-term and healthy development, and overcome the negative impact of the delisting from the A share main board, in 2022, the Company will effectively use a variety of financing methods, including the capital market, to carry out capital operations and improve business operations, actively expand financing and main business channels to strive for unobstructed funding sources, and further improve the financing structure and reduce financial costs to consolidate the Company's ability to continue as a going concern.

(6) The Company's risks and countermeasures

1. Market risks brought by macroeconomic environment

The Company's industry is closely related to the demand of the power equipment industry, and prosperity of the industry is also directly related to the national economy, which has a large impact on the Company's performance. Therefore, it is necessary to continue to pay attention to the impact of the national macroeconomic and the global economy on the industry. Meanwhile, the pandemic had a significant impact on the hotel industry where the Company operates in the first quarter of 2022, and the impact is expected to continue for a period of time in the future. The Company will carry out pandemic prevention and control work in strict accordance with the requirements of relevant government departments, and actively apply for the implementation of government support policies.

2. Market competition risk

Enclosed busbar production and hotel operation are the Company's main businesses. The increasing market competition has adversely affected the average profit level of the industry. The Company will continue to improve technical standards, enhance innovation capabilities, expand production capacity and improve the efficiency of operation and management, curb the situation that the sudden outbreak of the pandemic has brought a decrease in the Company's operating income and the continued decline in the gross profit rate of products and services and in the profitability, and consolidate the Company's ability to continue as a going concern.

3. Strategic transformation risk

In order to overcome the negative impact of the delisting from the A share main board, get rid of the existential crisis, and boost the sustainable development of the Company for the medium and long terms, the Company is implementing a strategic transformation and actively attracting strategic investors to raise funds and add new businesses. If the Company fails to implement the transformation as soon as possible due to various reasons, it may face the risk of a slowdown or even failure of the strategic transformation process. The Company will actively promote relevant work and at the same time actively seek partners and adopt various methods to gradually realize strategic transformation.

(7) Analysis of core competitiveness

After years of accumulation in product quality, brand culture, research and development capabilities, process technology, management services and marketing, the Company has certain advantages and industry competitiveness, which is reflected as follows: the development of the Company's industry is closely related to the national macro policy, and the market has a certain degree of relevance to the development of the macro economy; the Company has advanced production equipment and strong manufacturing capabilities in power transmission and transformation related products; the Company has a certain accumulation of technical strength and a high level of professional craftsmanship; the Company has a sound internal control system and standardized corporate governance; and the Company has certain product development capabilities and investment and financing capabilities.

During the reporting period, the Company's core competitiveness did not undergo major changes. Through the development of new products and the adjustments and changes to adapt to market demands, the Company's competitiveness in some product markets has improved to some extent, with breakthroughs in some businesses.

(5) Profit distribution and dividend declaration

The Company does not propose to distribute cash dividend, issue bonus share, or capitalise from capital reserves.

(6) Analysis of financial status of the Company in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Share capital

During the reporting period, there was no change in the share capital of the Company.

Reserve

Details of the annual changes in the reserves of the Company and the Group are set out in the financial statements and the statement of changes in shareholders' equity.

Distributable reserve

As at 31 December 2021, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved by the Board on 30 March 2022, the Company proposes not to distribute cash dividend, issue bonus share, or capitalize from capital reserves during the year. The matter is still subject to approval by the general meeting.

Analysis of loans and borrowings

As at the end of the reporting period, the Company's short-term borrowings was RMB0.

Working capital and financial resources

The net cash earned in the Group's operating activities for the year ended 31 December 2021 was approximately RMB11,332,000 (2020: RMB-11,469,000).

As at 31 December 2021, the Group had bank deposits and cash (including pledged bank balances) of approximately RMB18,645,000 (2020: RMB12,913,000) and bank loans of RMB0 (2020: bank loans of RMB0).

As of 31 December 2021, the Group had current liabilities of RMB294,386,000, non-current liabilities of RMB70,390,000, and shareholders' equity attributable to shareholders of the Company of RMB-169,697,000. Details of the capital structure of the Group are set out in the financial report of the Company's annual report.

The Company's funding needs have no obvious seasonal patterns.

Capital expenditure

The Group's funds can meet the capital requirements of the capital expenditure plan and daily operations.

Capital structure

The Company's sources of funds are mainly operating cash inflows and loans of substantial shareholders. As at 31 December 2021, the Group's short-term bank borrowings amounted to RMB0, and the cash and cash equivalents were RMB18,645,000 (2020: RMB12,913,000). Borrowings bear fixed interest rate, and no hedging instruments are hedged.

The Group's policy is to manage its capital to ensure that the Group's entities are able to continue to operate while maximizing returns to shareholders by optimizing the ratio of liabilities and equity. The overall strategy of the Group has remained unchanged from previous years.

Prospects for new business

Details of the prospects for new business are set out in **“(4) Prospect of Future Development”** of **“Report of the Directors”**.

Significant investments held and the performance of such investments

Details of the significant investments held and the performance of these investments are set out in **“Analysis of Major Subsidiaries and Investees”** of **“Discussion and Analysis of Business Condition”**.

Significant investments and sales

Details of the significant investments and sales are set out in **“Disposal of material assets”** of **“Discussion and Analysis of Business Condition”**.

Segmental information of results

Details of the segmental information of results are set out in the “**Main Business Composition**” section of the “**Discussion and Analysis of Business Condition**”.

Assets pledge

As of 31 December 2021, the Company had fixed asset and net land value of RMB0 for mortgages.

Plan for major investment or acquisition of capital assets in the future

As of the latest practicable date prior to the publication of this report, the Company has no relevant plans.

Gearing ratio

As of 31 December 2021, the Group’s gearing ratio (calculated as total liabilities/total assets) was 218% (2020: 217%).

Risks of exchange rate fluctuation and any related hedges

The Group’s assets and liabilities are denominated in Renminbi, and the risk of exchange rate changes has little impact on the Group. The Group has taken the following measures in reducing the risk of exchange rate fluctuations: (1) increase the export price of products to reduce the risk of exchange rate fluctuations; (2) agree with the other party in advance in case of large export contracts, the risks of exchange rate fluctuations shall be borne by both parties when the exchange rate fluctuation exceeds the limit of agreed scope; (3) strive to sign forward agreements with financial institutions to lock up exchange rates and avoid risks.

Major suppliers and customers

For the year ended 31 December 2021, the total amount of purchases from the Group's top five suppliers was RMB16,602,000, accounting for 32.77% of the Group's total annual purchases.

The top five suppliers did not have connected relationships with the Company.

The total amount of sales to the top five customers was RMB16,734,000, accounting for 14.01% of the Group's total annual sales. Among them, the sales amount to the biggest sales customer accounted for 4.06% of the total annual sales of the Group.

The top five customers did not have connected relationships with the Company.

V. Discussion and Analysis of Business Condition

(I) Overview

During the reporting period, the operating income of the Company amounted to approximately RMB83,700,000, increasing by approximately RMB3,710,000 or 4.64% as compared to the previous year; and the net profit attributable to shareholders of the listed company was approximately RMB27,160,000.

(II) Analysis of revenue and cost

1. Revenue and cost

(1) Composition of operating income

Unit: RMB

	2021		2020		Year-on-year increase/decrease
	Amount	Percentage of operating income	Amount	Percentage of operating income	
Total operating income	83,700,725.00	100%	79,990,887.34	100%	4.64%
By industries					
Production and sales of enclosed busbars	40,991,226.15	48.97%	48,756,932.40	60.95%	-15.93%
Hotel catering and accommodation industry	40,498,371.87	48.38%	31,039,468.36	38.80%	30.47%
Others	2,211,126.98	2.64%	194,486.58	0.25%	1,036.90%
By products					
Enclosed busbars	40,991,226.15	48.97%	48,756,932.40	60.95%	-15.93%
Hotel catering and accommodation industry	40,498,371.87	48.38%	31,039,468.36	38.80%	30.47%
Others	2,211,126.98	2.64%	194,486.58	0.25%	1,036.90%
By regions					
Northeast China	4,554,988.51	5.44%	4,325,194.77	5.41%	5.31%
North China	26,303,857.39	31.43%	29,399,016.62	36.75%	-10.53%
Central China	11,733,313.82	14.02%	6,156,598.60	7.70%	90.58%
East China	7,404,586.93	8.85%	2,886,715.77	3.61%	156.51%
South China	12,217,172.08	14.60%	10,144,124.98	12.68%	20.44%
Southwest China	19,232,193.69	22.98%	19,114,667.89	23.90%	0.61%
Northwest China	2,254,612.58	2.69%			
Others		0.00%	7,964,568.71	9.96%	-100.00%

(2) Industry, product, region or sales models accounting for more than 10% of the operating income or profit of the Company

Applicable Not applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	Increase/decrease in operating income compared with the same period of previous year	Increase/decrease in operating cost compared with the same period of previous year	Increase/decrease in gross margin compared with the same period of previous year
By industries						
Production and sales of enclosed busbars	40,991,226.15	36,993,905.45	9.75%	-15.93%	-18.62%	2.98 percentage points increased
Hotel catering and accommodation industry	40,498,371.87	7,758,525.84	80.84%	30.47%	23.13%	1.14 percentage points increased
By products						
Production and sales of enclosed busbars	40,991,226.15	36,993,905.45	9.75%	-15.93%	-18.62%	2.98 percentage points increased
Hotel catering and accommodation industry	40,498,371.87	7,758,525.84	80.84%	30.47%	23.13%	1.14 percentage points increased
By regions						
By sales models						

Due to adjustments to the statistical criteria for the Company's principal business during the reporting period, the data on the Company's principal business in the recent year after making adjustments to the statistical criteria at the end of the reporting period

Applicable Not applicable

(3) Whether the goods sales income of the Company is more than its labor service income

Yes No

(4) Performance of major sales contract and procurement contract signed by the Company as of the reporting period

Applicable Not applicable

(5) Components of operating costs

Unit: RMB

By industries	Item	2021		2020		Year-on-year increase/decrease
		Amount	As a percentage of operating costs	Amount	As a percentage of operating costs	
Enclosed busbars	Direct material costs	28,777,910.07	77.79%	39,525,022.29	76.37%	-27.19%
Enclosed busbars	Direct labour costs	2,993,408.07	8.09%	2,239,977.28	4.33%	33.64%
Enclosed busbars	Manufacturing costs	4,464,124.78	12.07%	3,690,526.93	7.13%	20.96%
Enclosed busbars	Transportation costs	758,462.53	9.78%			
Hotel catering and accommodation services	Cost of food materials	7,758,525.84	17.34%	6,300,877.24	12.17%	23.13%

(6) Whether consolidation scope changed during the reporting period

Yes No

(7) Significant changes or adjustment in businesses, products or services during the reporting period

Applicable Not applicable

(8) Major customers and major suppliers

Major customers

Total sales of the top five customers (RMB)	16,734,212.88
Proportion of total sales of the top five customers over total sales for the year	35.72%
Proportion of sales of connected parties in the top five customers over total sales for the year	0.00%

Top five customers

No.	Name	Sales (RMB)	Percentage over the annual total amount of sales
1	XX Design Institute Co., Ltd.	4,853,206.90	10.36%
2	XX Engineering Technology Co., Ltd.	3,341,300.00	7.13%
3	XX Power Engineering Co., Ltd.	3,059,305.98	6.53%
4	XX Engineering Technology Co., Ltd.	2,780,000.00	5.93%
5	Inner Mongolia XX Co., Ltd.	2,700,400.00	5.77%
Total	--	16,734,212.88	35.72%

Other conditions of the major customers

Applicable Not applicable

Major suppliers

Total purchases attributable to the top five suppliers (RMB)	16,602,449.53
Proportion of total purchases attributable to the top five suppliers over total purchases for the year	54.03%
Proportion of purchases of connected parties in the top five suppliers over total purchases for the year	0.00%

Top five suppliers

No.	Name	Purchase (RMB)	Percentage over the annual total purchase
1	Shenyang XX Copper Co., Ltd.	8,146,927.01	26.51%
2	Shenyang XX Aluminum Co., Ltd.	5,330,850.33	17.35%
3	Dalian XX Transformers Co., Ltd.	1,211,586.00	3.94%
4	Shenyang XX Aluminum Co., Ltd.	1,117,031.94	3.64%
5	Fuxin XX Steel Sales Co., Ltd.	796,054.25	2.59%
Total	--	16,602,449.53	54.03%

Other conditions of the major suppliers

Applicable Not applicable

2. Expenses

Unit: RMB

	2021	2020	Year-on-year increase/ decrease	Explanation of significant changes
Selling expenses	35,635,524.54	31,784,989.22	12.11%	
Administrative expenses	27,142,622.89	19,469,719.62	39.41%	Expansion of the scale of hotel management
Financial costs	422,397.23	271,600.93	55.52%	Decrease in interest income on deposits
R&D expenses	2,158,870.95	2,502,192.76	-13.72%	

3. R&D investment

R&D personnel of the Company

	2021	2020	Changes of Proportion
Number of research personnel	12	12	0.00%
Proportion of research personnel	1.84%	10.00%	-8.16%

R&D investment of the Company

	2021	2020	Changes of Proportion
Amount of R&D investment (RMB)	2,158,870.95	2,502,192.76	-13.72%
Proportion of R&D investment to operating incomes	2.58%	3.13%	-0.55%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%
Proportion of capitalization of R&D investment to total R&D investment	0.00%	0.00%	0.00%

Reasons for significant changes in the composition of the Company's R&D personnel and effects

Applicable Not applicable

Reasons for the significant changes in the proportion of total R&D investment to operating income compared with the previous year

Applicable Not applicable

Reasons and explanations for the significant changes in the proportion of capitalization of R&D investment

Applicable Not applicable

4. Cash flow

Unit: RMB

Item	2021	2020	Year-on-year increase/decrease
Subtotal of cash inflow from operating activities	102,478,299.32	90,465,760.84	13.28%
Subtotal of cash outflow from operating activities	97,044,307.31	166,619,858.02	-41.76%
Net cash flow from operating activities	5,433,992.01	-76,154,097.18	107.14%
Subtotal of cash inflow from investment activities	5,500,000.00	78,500,000.00	-92.99%
Subtotal of cash outflow from investment activities	87,001.00	55,637,280.74	-99.84%
Net cash flow from investing activities	5,412,999.00	22,862,719.26	-76.32%
Subtotal of cash outflow from financing activities	3,736,896.25	12,674,273.76	-70.52%
Net cash flow from financing activities	-3,736,896.25	-12,674,273.76	70.52%
Impact of exchange rate change in cash and cash equivalents	-9,726.61	-26,206.26	62.89%
Net increase in cash and cash equivalents	7,100,367.85	-65,991,857.94	110.76%

Description on main factors of significant changes compared to the previous year

√ Applicable □ Not applicable

1. Cash outflow from investment activities resulted from the reclassification of deposit of HNA Group Finance Co., Ltd. from monetary funds to other receivables in the previous year.
2. Cash inflow from investment activities resulted from the sale of land assets by the subsidiary Fuxin Busbar in the previous year.
3. Cash outflow from investment activities resulted from the acquisition of Chongqing HNA Hotel in the previous year.

Explanations on great differences between the net cash flows generated from operating activities of the Company in the reporting period and the net profits of the current year

√ Applicable □ Not applicable

1. In accordance with the verdict of the case of Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau, The Company offset accrued estimated liabilities of previous years without assuming any liability, which affected the net profit and did not involve operating cash flow;
2. Because some branches of Garden Lane Flight Hotel, a subsidiary of the Company, expected the future net operating cash inflow was negative, The Company made provision for impairment of relevant right-of-use assets, which affected the net profit and did not involve operating cash flow.

(III) Analysis of Non-principal business

□ Applicable √ Not applicable

(IV) Analysis of assets and liabilities

1. Significant changes in assets

Unit: RMB

	End of 2021		Beginning of 2021		Increase/ decrease in percentage	Explanation of significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary fund	18,645,415.83	9.59%	12,912,725.07	8.20%	1.39%	
Receivables	55,336,307.45	28.46%	32,293,932.13	20.50%	7.96%	Due to the expansion of management scale of Garden Lane Flight Hotel
Inventory	14,795,944.05	7.61%	16,710,311.95	10.61%	-3.00%	
Fixed assets	42,179,538.52	21.69%	44,911,967.97	28.51%	-6.82%	Due to the depreciation of fixed assets
Right-of-use assets	19,763,670.18	10.17%	16,432,367.74	10.43%	-0.26%	
Contract liabilities	14,134,307.20	7.27%	6,624,272.90	4.21%	3.06%	
Lease liabilities		0.00%	11,582,700.60	7.35%	-7.35%	The lease contract of Garden Lane Flight Hotel will expire within one year and be converted into non-current liabilities due within one year

High proportion of overseas assets

Applicable Not applicable

2. Asset and liability at fair value

Applicable Not applicable

3. Restricted assets right as at the end of the reporting period

Item	Book value at the end of the year (RMB)	Reason for restriction
Monetary fund	3,009,138.27	Performance guarantee
Total	3,009,138.27	

(V) Investment analysis

1. Overview

Applicable Not applicable

2. Significant equity investment obtained during the reporting period

Applicable Not applicable

3. Significant on-going non-equity investment during the reporting period

Applicable Not applicable

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment during the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivative investment during the reporting period.

5. Use of proceeds

Applicable Not applicable

There was no use of proceeds during the reporting period.

6. Structured entity controlled by the Company

Applicable Not applicable

(VI) Significant assets and equity disposal

Applicable Not applicable

There was no significant assets and equity disposal of the Company during the reporting period.

(VII) Analysis of major subsidiaries and investees

Applicable Not applicable

Main subsidiaries and investees which contributed more than 10% of net profit to the Company

Unit: RMB

Name	Type	Principal business	Registered capital	Total assets	Net asset	Operating income	Operating profit	Net profit
Northeast Electric Development (HK) Co., Ltd.	Subsidiary (limited liability company)	Trading	USD20 million	66,221,744.33	52,236,405.59	0	118,264.82	-118,264.82
Gaocai Technology Co., Ltd.	Subsidiary (limited liability company)	Investment	USD1	78,013,119.35	4,490,070.44	0	-9,027.88	-9,027.88
Shenyang Kaiyi Electric Co., Ltd.	Subsidiary (limited liability company)	Manufacturing of electrical equipment	RMB1 million	50,288,344.72	-57,986,224.63	0	-2,269,519.20	-2,260,614.46
Fuxin Enclosed Busbar Co., Ltd.	Subsidiary (limited liability company)	Manufacturing of enclosed busbars	USD8.5 million	112,400,226.38	-25,357,690.23	41,484,897.50	-9,874,027.10	-9,874,064.21
Hainan Garden Lane Flight Hotel Management Co., Ltd.	Subsidiary (limited liability company)	Hotel business	RMB50 million	101,215,284.61	-114,874,846.92	42,215,827.50	6,481,985.25	6,670,805.28
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	Subsidiary (limited liability company)	Electric power engineering	RMB10 million	13,265,309.22	6,879,572.15	0	-861.99	-861.99
HNA Tianjin Center Development Co., Ltd.	Investee (limited liability company)	Property leasing and hotel catering	RMB269,887,709	3,167,282,352.85	368,567,686.06	77,034,845.65	11,192,489.00	7,583,428.10
Chongqing HNA Hotel Investment Company Limited	Investee (limited liability company)	Property leasing	RMB50 million	260,383,037.05	119,187,662.33	8,300,450.30	-50,894,313.15	-50,791,904.54

Note:

1. The 30% equity of Chongqing HNA Hotel Investment Co., Ltd. held by the subsidiary can reverse the investment income of 0, because the mortgage of the company's assets has not been released. According to the reorganisation plan, the pledgee has the priority of claim, and the amount of mortgage debt is greater than the market value of the company's assets.
2. The 10.5% equity of HNA Tianjin Center Development Co., Ltd. held by the subsidiary can reverse other comprehensive income of 0, because the mortgage of the company's assets has not been released. According to the reorganisation plan, the pledgee has the priority of claim, and the amount of mortgage debt is greater than the market value of the company's assets.

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

(VIII) Cause description of significant changes in production and operation, as well as the profit component, principal business and its structure and profitability during the reporting period as compared to the previous reporting period

Please refer to “(1) Overview and (2) Priority Work” in “IV. REPORT OF THE DIRECTORS”.

VI. IMPORTANT MATTERS

(I) Substantial Connected Transactions

1. Pursuant to the Listing Rules of the Hong Kong Stock Exchange, the connected transaction of the Company for 2021 is as follows:

Please refer to “(2) Priority Work” in “IV. REPORT OF THE DIRECTORS” for the lease agreements signed by Garden Lane Flight Hotel, a subsidiary of the Company, and connected transactions.

(II) Significant Litigations and Arbitrations

1. **The litigation on the application made by China Development Bank (“CDB”) for enforcement on Shenyang High-voltage Switches Co., Ltd. (“Shenyang HVS”) and Northeast Electric**

According to Announcement on Judgement Enforcement Progress (Announcement No.: 2021-037) published on 27 May 2021, the Company received the Enforcement Ruling ((2021) Qiong 96 Zi No. 120) issued by the First Intermediate People’s Court of Hainan Province on 25 May 2021. The court ruled that, continue to seal up the right to use the state-owned land under the name of Northeast Electric Development Co., Ltd., located at No. 39, Shentie Road, Dadong District, Shenyang City, Liaoning Province, and the land certificate number is Shenyang Guoyong (1995) No. 17. The land use right in the name of the Company is the capital contribution in kind when the Company initiated establishment of Shenyang HVS, although the land use right has been registered in the name of the Company and has not been transferred, the Company has actually delivered the land to Shenyang HVS for possession and use. The relevant civil judgment of the Supreme People’s Court has identified the land use right as the actual contribution of Northeast Electric to Shenyang HVS, so the Enforcement Ruling has no impact on the assets of the Company. Moreover, as the Company has carried out accounting treatment on the compensation responsibility in the CDB case in previous years, the Enforcement Ruling will not have any negative impact on the current profits of the Company.

2. **The litigation on the subrogation application for enforcement of Liaoning Branch of China Orient Asset Management Co., Ltd.**

In accordance with the Announcement on Receipt of the Civil Order Letter from Shenyang Railway Transport Intermediate Court (announcement No.: 2020-002) issued on 16 January 2020, Shenyang Railway Transport Intermediate Court (hereinafter referred to as the “SRTIC”) published an announcement in the People’s Court Daily on 26 November 2019 to serve NEE with the Enforcement Judgment No.1 ((2019) Liao 71 Zhi Hui No.2) (hereinafter referred to as the “Court Announcement”). For the case on the dispute over the recovery of non-performing financial indebtedness among Liaoning Branch of China Orient Asset Management Co., Ltd. and Shenyang Transformers Co., Ltd., Shenyang High Voltage Switchgear Co., Ltd., the SRTIC ruled that RMB48,000,000 in the due debts of RMB270,000,000 and its interests owed by the person subject to enforcement, namely Shenyang High Voltage Switchgear Co., Ltd., to your company should be enforced. The Company has simultaneously raised an enforcement objection to the SRTIC in respect of the Enforcement Judgment No.1 ((2019) Liao 71 Zhi Hui No.2) published by the SRTIC and the SRTIC has ruled that the enforcement procedures shall be terminated.

(III) Other Major Events

Profit distribution of ordinary shares and conversion of capital reserve into share capital of the Company

The Company recorded net profit attributable to shareholders of the listed company of RMB17,628,651.5 and the profit distributable to shareholders was RMB-1,977,714,664.18 for the year 2021. The Board of the Company did not recommend paying cash dividends, issuing bonus shares or transferring capital reserve during the reporting period.

Explanation of changes in accounting policy, accounting estimates and accounting methods in comparison with the financial report of the previous year

Nil

Explanation of retrospective restatement for adjustment of significant accounting errors occurred during the reporting period

During the reporting period, there was no retrospective restatement for adjustment of significant accounting errors occurred in the Company.

Explanation of change in the scope of consolidated statement in comparison with the financial report of the previous year

Nil

Notes made by the Board, the Supervisory Committee and independent Directors on the “non-standard audit report” issued by the accounting firm for the reporting period

Northeast Electric Development Company Limited engaged Mazars Certified Public Accountants LLP as the auditor of the Company for the year of 2021. Mazars Certified Public Accountants LLP has issued the unqualified audit report with paragraphs regarding material uncertainties on the ability to continue as a going concern for the 2021 financial report of the Company.

Matters involved in audit opinions

Material uncertainties related to going concern: We draw the attention of users of financial statements to the information as set forth in Note 2 to the financial statements that, the Company recorded accumulated net loss of RMB-1,977,714,700, the equity attributable to shareholders of the parent of RMB-169,697,100 and the current liabilities of the Company of RMB170,903,900 higher than its current assets as of 31 December 2021. Meanwhile, the Company faced a compensation amount of RMB94,078,100 for settled lawsuits. Such matters or situations indicate the existence of material uncertainties that could lead to significant doubts about the Company's ability to continue as a going concern. This matter does not have effects on the issued audit opinions.

The Board's opinion on such matter and specific measures to eliminate the matter and its influence.

The Board of the Company believes that the aforesaid audit opinions gave a true and fair view of the Company's actual financial position and disclosed the risks in the continuing operations of the Company. While evaluating whether the Group has sufficient financial resources to continue as a going concern, the Company has taken into account the future liquidity and its source of funds available. In order to enhance the Company's sustainable development capability and profitability, improve asset quality, promote its long-term and healthy development and smoothly ride out the negative impact caused by the delisting of the A-share main board, the Company plans to take the following measures to improve its ability to continue as a going concern:

- (1) By strengthening the collection of receivables and seeking to obtain external financial support, the Group can guarantee its own capital needs. Sources of capital: first, strengthen supply chain management and internal fund management, and strengthen the collection of receivables; second, the Company's wholly-owned subsidiary Shenyang Kaiyi Electric Co., Ltd. ("**Shenyang Kaiyi**") has signed a loan contract with Yunshangtong Holdings Co., Ltd. ("**Yunshangtong**"), in which they agree that in 2022, Yunshangtong will lend the maximum balance of RMB50 million to Shenyang Kaiyi to support normal production and operation; third, Fuxin Enclosed Busbar Co., Ltd. ("**Fuxin Busbar**"), a subsidiary of the Company, has good bank credit, financing records and financing ability, and in the future, depending on its own business expansion needs, it can apply for bank credit and loan support by mortgaging the real estate and land of the factory, which will be sufficient to support its continuous operation for the next 12 months. Through the above measures, the Group is able to meet its working capital needs and achieve a cash flow balance.

- (2) Make full use of financing channels of the capital market to bring in strategic investors in a two-way manner. In 2022, in addition to maintaining the operation of its enclosed busbar and hotel accommodation and catering businesses, the Company will enhance the attraction of its business to strategic investors. On one hand, it will utilize the H share capital market platform to issue new H shares to raise funds and add new businesses; on the other hand, it will utilize Fuxin Busbar's plant equipment and production technologies and resources to bring in strategic investors, enrich the product structure of transmission and transformation equipment, and improve business growth.

- (3) Maintain stability in the internal and external operating environments and plan long-term sustainable operation goals. In order to achieve the balance of cash flow, reasonably plan and adjust the business operation scale, establish sound operational objectives, continue to do a good job in operation management, improve product innovation ability, maintain and strengthen the capacity for continuous operation, and continue to improve the profitability of the Company's main business.
- (4) Allocate human resources reasonably, and strengthen cost control. Adjust the organizational structure of the headquarters timely according to the scale of operations, reduce the staffing of the headquarters, gradually change to a flat management structure, and effectively reduce operating costs. Optimize asset management, strengthen overall budget management and cost control, strictly control all expenses and expenditures, reduce operating costs, and maximize the profitability of the main business.
- (5) Explore new markets and expand new businesses. In order to reverse the loss trend of the main business, with the development of traditional busbar transmission and transformation equipment products as the core, adjust the product structure, and while ensuring the traditional busbar products, increase the proportion of transformation projects with high gross margin, insulation tube busbar and other products in the sales revenue, so as to gain time for the future transformation.

Through the above measures, the Company's management considers that it is reasonable to prepare the financial statements on a going concern basis. The Board has made a full and detailed assessment of the Group's ability to continue as a going concern, including reviewing the Group's working capital forecast for the next 12 months compiled by the management. It is believed that the Group can obtain sufficient sources of financing to ensure the need for working capital and capital expenditure. The Board recognized the compilation of these financial statements on a going concern basis by the management.

The Board will continue to pay attention to and supervise the management of the Company so that they take proactive and effective measures, focus on the implementation of all work related to the Company's going concern to improve the Company's ability to continue as a going concern, work with the management to ensure the healthy, stable and sustainable development of the Company, and safeguard the legitimate rights and interests of the Company and investors.

Special notes made by the Supervisory Committee on matters related to non-standard audit opinions

The Supervisory Committee of the Company considers that: The above audit opinions truly, accurately and fairly reflect the Company's financial position and operating results in 2021 in all major respects, indicating material uncertainties related to going concern, but without effects on the published audit opinions. The Supervisory Committee agrees with the Special Notes made by the Board on Matters Related to Non-standard Audit Opinions for Financial Statements for 2021. The Supervisory Committee will continue to pay attention to and supervise the Board and the management of the Company so that they take proactive and effective measures to improve the Company's ability to continue as a going concern and safeguard the legitimate rights and interests of the Company and investors.

Special notes made by independent Directors on matters related to non-standard audit opinions

1. The unqualified audit report issued by Mazars Certified Public Accountants LLP for the Company with paragraphs regarding material uncertainties on the ability to continue as a going concern objectively and truthfully reflects the actual financial position of the Company. We have no objection to the audit report.
2. We agree with the Special Notes made by the Board on Matters Related to Non-standard Audit Opinions for Financial Statements for 2021, and will continue to pay attention to and supervise the Board and the management of the Company so that they take effective measures to improve the Company's ability to continue as a going concern and safeguard the interests of the Company and investors.

Non-operational use of capital of the listed company by the controlling shareholder and its connected parties

The controlling shareholder and its connected parties did not use any capital of the listed company for non-operational purpose.

Matters related to bankruptcy reorganisation

The court ruled that the claim for reorganisation of HNA Group, the indirect controlling shareholder of the Company and Beijing Haihongyuan, the controlling shareholder of the Company had been accepted.

On 29 January 2021, the Company received the letter of notice from HNA Group Co., Ltd. (“**HNA Group**”), the indirect controlling shareholder of the Company, stating that the creditor, Bank of Hainan Co., Ltd., applied to the Hainan Higher People’s Court (the “**Court**”) for reorganisation of HNA Group for the reason that HNA Group failed to pay off its due debts, was apparently lack of solvency, but still had reorganisation value.

On 10 February 2021, the Company received a notice from HNA Group, the indirect controlling shareholder of the Company, stating that HNA Group received the Civil Ruling Paper from the Court on 10 February 2021 that the Court ruled that the claim by the relevant creditor for reorganisation of HNA Group had been accepted.

On 15 March 2021, the Company received a notice from Beijing Haihongyuan Investment Management Co., Ltd. (“**Beijing Haihongyuan**”), the controlling shareholder of the Company, stating that Beijing Haihongyuan received the Civil Ruling Paper from the Court on 15 March 2021 that the Court ruled that the claim for reorganisation of Beijing Haihongyuan had been accepted.

On 29 September 2021, the second creditors’ meeting of HNA Group, the indirect controlling shareholder of the Company, and Beijing Haihongyuan, the controlling shareholder of the Company was held, at which each of the voting groups of HNA Group and the controlling shareholder Beijing Haihongyuan had adopted the Draft Reorganisation Plan for the Substantial Merger and Reorganisation of 321 Companies including HNA Group Co., Ltd..

According to the Recognition Plan ruled and approved by the court and inquiry through the National Enterprise Credit Information Publicity System (<http://www.gsxt.gov.cn>), the shareholding of the Company was not adjusted, the shareholding ratio was not changed, the Company still held 30% equity of Chongqing HNA Hotel Investment Co., Ltd. and 10.5% equity of HNA Tianjin Center Development Co., Ltd.

The above mentioned matters are detailed in the relevant announcements published by the Company on designated media for information disclosure at the below time: Informative Announcement on the Claim for Reorganisation of Indirect Controlling Shareholder by Creditor (Announcement No.: 2021-002) dated 30 January 2021, Announcement on the Court Ruling for Acceptance of the Reorganisation of the Indirect Controlling Shareholder (Announcement No.: 2021-006) dated 10 February 2021, Announcement on the Court Ruling for Acceptance of the Reorganisation of the Controlling Shareholder (Announcement No.: 2021-011) dated 15 March 2021, Announcement on the Holding of the Second Creditors' Meeting on the Reorganisation of Indirect Controlling Shareholder and Controlling Shareholder and Voting Results (Announcement No.: 2021-063) dated 24 October 2021, Announcement on the Court Ruling for Approval of the Reorganisation Plan of Indirect Controlling Shareholder and Controlling Shareholder of the Company (Announcement No.: 2021-068) dated 31 October 2021 and Announcement on the Implementation Progress of Reorganisation Plan of Investees (Announcement No.: 2022-014) dated 30 March 2022

In order to give a true, objective and fair view of the financial position and asset values of the Company and its subsidiaries (collectively, the “**Group**”) as at 31 December 2020, according to the relevant requirements of the Accounting Standards and the Company’s accounting policies and accounting estimates, the Company makes provision of credit impairment losses of RMB71,765,302.96 for other receivables of HNA Group and its related parties and recognises investment loss of RMB48,900,000.00 on long-term equity investment, which accordingly reduces the net profit and net assets for the current period; in addition, the Company recognises losses of RMB198,078,808.21 on fair value changes in financial assets designated at fair value through other comprehensive income, thus reducing the net assets for the current period.

The reversal of three related party assets with full provision for impairment recognition losses in the accounting year 2020 during the reporting period:

1. The reversal of impairment provision of other receivables of HNA Group Finance Co., Ltd of RMB18,264,453.72 is included in the non-recurring gain or loss. The Group reported and registered in HNA Group Finance Co., Ltd. and confirmed the debt of RMB71,404,102.96. According to the simulated valuation of the Plan for the Substantial Merger and Reorganisation of 321 Companies including HNA Group Co., Ltd., for the ordinary debts to be repaid with trust shares, the minimum market value of the underlying assets corresponding to ordinary debts per RMB100 is RMB25, that is, the minimum repayment proportion of ordinary debts per RMB100 is 25%. Calculated by 25% of the amount of the Company's debts to HNA Finance Company, RMB18,264,453.72 is reversed and included in non-recurring gain or loss.
2. The 30% equity of Chongqing HNA Hotel Investment Co., Ltd. held by the subsidiary can reverse the investment income of 0, because the mortgage of the company's assets has not been released. According to the reorganisation plan, the pledgee has the priority of claim, and the amount of mortgage debt is greater than the market value of the company's assets.
3. The 10.5% equity of HNA Tianjin Center Development Co., Ltd. held by the subsidiary can reverse other comprehensive income of 0, because the mortgage of the company's assets has not been released. According to the reorganisation plan, the pledgee has the priority of claim, and the amount of mortgage debt is greater than the market value of the company's assets.

Directors' interest in business that competes with the Group

None of the Directors was interested in any business that competes or is likely to compete, either directly or indirectly, with the Group's businesses.

Purchase, sale or redemption of shares

During the reporting period, the Company and its subsidiaries did not purchase, sell or redeem any shares of the Company.

Share option scheme

During the reporting period, the Company and its subsidiaries did not have any share option plan.

Names and profiles of Directors, Supervisors and senior management

Details of the names and profiles of Directors, Supervisors and senior management of the Company are set out in the section headed “(III) Appointment” in “Directors, Supervisors, Senior Management and Employees”.

Directors, supervisors and chief executives' interests in the shares, underlying shares and debentures of the Company

As of 31 December 2021, none of the directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Registration and management of persons informed of inside information

The Company has always been in compliance with the Registration and Management System for Persons Informed of Inside Information considered and approved by the Board. During the reporting period, the Company had not been aware of any violation.

Service contracts of Directors and Supervisors

Since the term of office of the 8th session of the Board was due on 10 March 2019, the Company convened an extraordinary general meeting on 11 March 2019 to reelect and appoint Directors.

Directors and Supervisors of the Company have each entered into service contracts with the Company for a term beginning on 11 March 2019 and ending on the expiration of the term of the 9th session of the Board on 10 March 2022;

Save for the service contracts of Directors and Supervisors, none of the Directors or Supervisors has entered into any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors and Supervisors' interests in arrangements or contracts

None of the Directors or Supervisors has any direct or indirect interests in any arrangements or contracts of significance to the Group's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party during the reporting period.

Remuneration of directors, supervisors and senior management

Details of the remuneration of the Company's current and resigned directors, supervisors and senior management during the reporting period are set out in “**Changes in shareholdings of Directors, Supervisors and senior management and their remuneration**” under the section headed “**Directors, Supervisors, Senior Management and Employees**”.

According to the Company's remuneration management system and annual performance appraisal, the Remuneration Committee of the Company has determined the remuneration standard based on their positions. The remuneration standard for Directors and Supervisors that has been considered and approved at the Company's general meeting is as follows: The total remuneration of all Directors of the 9th Board of the Company in each accounting year shall not exceed RMB6 million (after tax) on average during their terms of office. The total remuneration of all Supervisors of the 9th Supervisory Committee of the Company in each accounting year shall not exceed RMB800,000 (after tax) on average during their terms of office.

Remuneration policy

The Company's employee remuneration policy is based on the Company's economic benefits. According to the Company's annual business plan and business task indicators, the Company conducts a comprehensive performance appraisal to determine the employees' annual salary distribution. The Company determines employees' compensation standards based on job value, and adheres to performance-oriented and ability-oriented principles, giving reasonable returns to excellent employees. All employees shall enjoy fair and consistent treatment, without gender discrimination. At the same time, the Company is committed to attracting and retaining outstanding talents by offering them competitive salaries. The salary and welfare of the Company's employees will be appropriately adjusted according to its operating benefits, regional living standards, and changes in the price index.

The Remuneration Committee under the Board of the Company is responsible for formulating and reviewing the Company's remuneration plan based on the duties of Directors, Supervisors and senior management, the Company's performance and the salary level of relevant positions in the industry.

Employee pension scheme

The Group's employees participate in the basic pension insurance plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period when the employee serves for the Group, charging to the profit or loss for the current period or the cost of relevant assets. During the year ended 31 December 2021, the Group had contributions to defined contribution pension scheme of RMB7,692,000. Please refer to the notes to the financial statements for details of the implementation policies of employee remuneration and pension scheme.

Top five people with the highest remuneration

The top five employees with the highest remuneration of the Group for the year 2021 included 1 director. Detailed remuneration items have been reflected in the aforesaid remuneration of directors, supervisors and senior management.

None of the key management personnel of the Group (including directors and supervisors) had abandoned any remuneration for the year 2021 and the year 2020.

Remuneration band:	Number of employees for the year 2021	Number of employees for the year 2020
HKD0 – HKD500,000	4	3
HKD500,001- HKD1,000,000	1	2

During the year, no payment was paid or payable to Directors as an inducement to join or upon joining the Group, and no compensation was paid or payable to Directors or former Directors for the loss of office as a Director or other management positions in any member of the Group.

Remuneration for the Directors and Supervisors of the Company was determined according to the salary management system and approved by the Remuneration Committee of the Board.

Permitted indemnity provisions

The requirement of “**an issuer should arrange appropriate insurance cover in respect of legal action against its directors**” in Rule A.1.8 of the Corporate Governance Code is changed from “**the recommended best practice**” to “**code provisions**”. The Company is keeping a close eye on markets investigation and assessing feasible operation plans.

Additionally, according to the requirement of Rule A.6.5 of the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

Renewed engagement of auditor

Upon consideration and approval at the 26th meeting of the ninth session of the Board held on 29 October 2021 and the third extraordinary general meeting on 29 December 2021, the Company renewed the appointment of Mazars Certified Public Accountants LLP as the domestic auditor for financial statements and internal control of the Company for the year 2021, and the appointment of Mazars CPA Limited as the overseas auditor for the year 2021 for a period of one year, and authorized the Board to determine their remuneration.

Mazars Certified Public Accountants LLP was employed as the domestic auditor for the Company's annual financial report in 2021, responsible for auditing the internal control on financial report established by the Company in accordance with the Basic Standard for Enterprise Internal Control and relevant regulations as of 31 December 2021, and issuing audit opinions on its effectiveness. The total annual audit fee charged was RMB450,000. Meanwhile, Mazars CPA Limited charged an annual audit fee of RMB495,000, and RMB50,000 for special report on continued related party transactions, as well as other non-audit travel expenses.

The remuneration (excluding tax) paid to the auditor for auditing the 2021 annual report was as follows:

(Amount unit: RMB)

Item	Year 2021	Year 2020
Auditor's remuneration		
– Annual auditing service fees (including internal control auditing service fees)	945,000	900,000.00
– Other service fees	67,000	196,000.00
Total	1,012,000	1,096,000.00

Public float

Based on the public information as at the latest practicable date prior to the publication of this report and to the knowledge of Directors, the Company confirmed that sufficient public float exists in its shares.

Audit Committee

Duties and main work of the Committee include scrutiny of the Company's financial reports, appointment of independent auditors, approval of auditing and audit-related services and monitoring of internal control and risk management procedure, financial reporting procedure and management policies. As at the date of this report, the Committee comprises Mr. Wang Hongyu, Mr. Li Zhengning, and Mr. Fang Guangrong, with Mr. Wang Hongyu serving as the chairman. The Audit Committee complies with Rule 3.21 of the Listing Rules.

The Committee convenes no less than 4 audit committee meetings each year to collectively scrutinize the accounting principles adopted by the Company, internal control system and related financial matters so as to ensure the integrity, fairness and accuracy of the Company's financial statements and other related information. During the year, a total of 6 meetings were held by the Audit Committee to scrutinize the Company's annual and interim reports, the first and the third quarterly reports respectively. All members attended the meetings to hear reports on internal control and issued related auditing reports and putting forward their views. Especially in the annual report audit period, the Audit Committee deeply communicated with the auditor, including discussion about key audit matters, continuing operation problem, and other important events or transactions that occurred in the period.

The ninth session of the Audit Committee of the Company has reviewed the final results and results report of the Group for the year ended 31 December 2021, the accounting policies and practices adopted by the Company, and has discussed on internal control and financial report.

Corporate governance

During the reporting period, the Board regularly monitored and reviewed the progress of the Group's corporate governance practices to ensure compliance with the relevant codes. The Company is committed to maintaining strict corporate governance standards. The principles of these standards are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

In the opinion of the Board, the Company has applied the principles and complied with the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2021.

VII. CHANGES IN EQUITY AND SHAREHOLDING OF SHAREHOLDERS

(I) Change in Equity (unit: shares)

	Before the change		Increase/decrease as a result of the change (+, -)					After the change	
	Number	Percentage	New shares		Capital reserve	Others	Subtotal	Number	Percentage
			issued	Bonus shares	converted to shares				
I. Shares subject to trading moratorium	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
1.State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2.State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3.Other domestic shares	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
Including: Domestic corporate shares	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
Domestic natural person shares	0	0.00%	0	0	0	0	0	0	0.00%
4.Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares not subject to trading moratorium	867,370,978	99.31%	0	0	0	0	0	867,370,978	99.31%
1.RMB ordinary shares	609,420,978	69.78%	0	0	0	0	0	609,420,978	69.78%
2.Domestic-listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3.Overseas-listed foreign shares	257,950,000	29.53%	0	0	0	0	0	257,950,000	29.53%
4.Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	873,370,000	100.00%	0	0	0	0	0	873,370,000	100.00%

(II) Shareholding of Shareholders (unit: shares)

Shareholdings of the shareholders holding more than 5% of the total share capital or the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio	Shares held at the end of the reporting period	Increase	Number of shares subject to trading moratorium	Number	Shares pledged or frozen	Status of shares	Number
				or decrease during the reporting period		of shares not subject to trading moratorium			
HKSCC Nominees Limited	Overseas legal person	29.44%	257,113,899	16,000	0	257,113,899			
Beijing Haihongyuan Investment Management Co., Ltd.	Domestic non-state-owned legal person	9.33%	81,494,850	0	0	81,494,850	Pledged		81,494,850
Zhao Rui	Domestic natural person	0.80%	6,960,310,764,500		0	6,960,310			
Jin Lei	Domestic natural person	0.72%	6,255,600	-24,410	0	6,255,600			
Miao Haonan	Domestic natural person	0.63%	5,530,912	1,102,100	0	5,530,912			
Huang Tao	Domestic natural person	0.58%	5,132,388	127,279	0	5,132,388			
Zhang Sijia	Domestic natural person	0.58%	5,079,067	3,240,867	0	5,079,067			
Fu Lianjun	Domestic natural person	0.57%	4,974,489	0	0	4,974,489			
Zhang Ping	Domestic natural person	0.46%	4,058,571	954,900	0	4,058,571			
Gao Yan	Domestic natural person	0.44%	3,858,900	6,006	0	3,858,900			

Notes:

- (1) So far as the Company is aware, there is no connected relationship among the top ten shareholders, nor are they persons acting in concert as required in the Administrative Measures for Information Disclosure of Listed Company.
- (2) Based on the public information as at the latest practicable date prior to the publication of this report and to the knowledge of Directors, the Company confirmed that there was sufficient public float in its shares.

(3) Save as disclosed above, the Directors were not aware that any person (not being a Director, or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the designated register pursuant to Section 336 of the SFO.

(4) Purchase, sale or redemption of the Company’s listed securities

During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

(5) Pre-emptive rights

There is no provision for the issuance of pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.

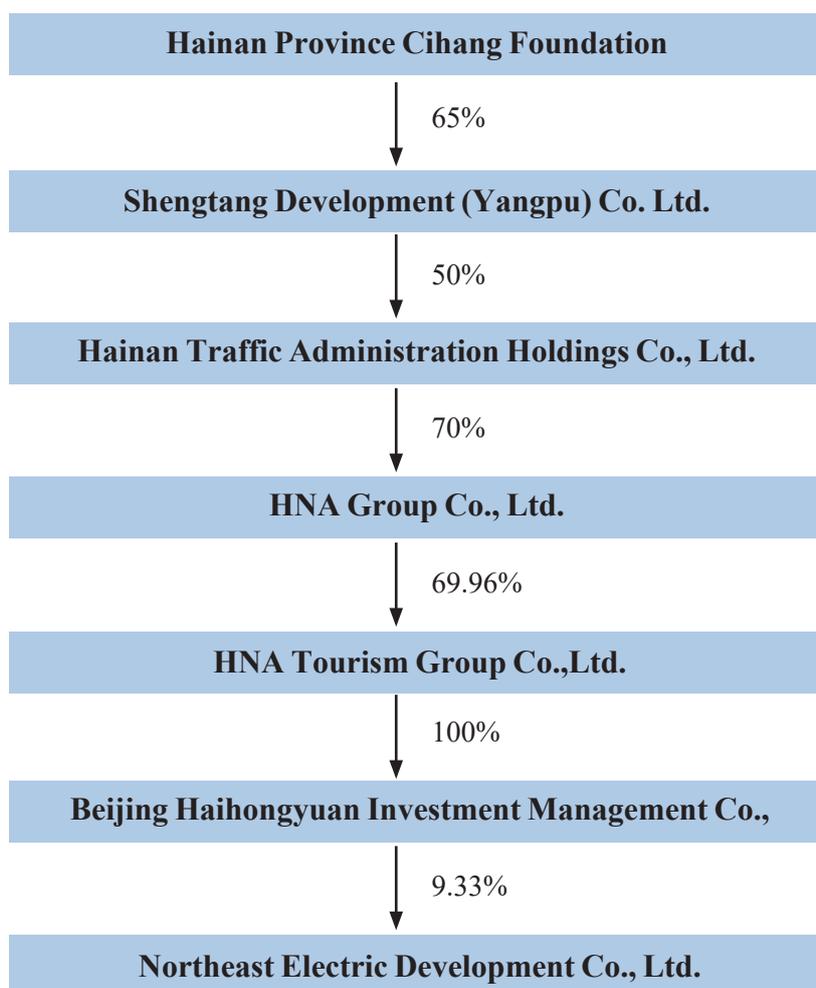
(6) Convertibles, options, warrants or other similar rights

As of 31 December 2021, the Company did not issue any convertible securities, options, warrants or any other similar rights.

(7) The pledge procedures in respect of 81,494,850 A shares not subject to trading moratorium held by Beijing Haihongyuan Investment Management Co., Ltd. were completed with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 21 December 2018, extending the term to 21 March 2025.

(III) Controlling Shareholders and de facto Controller

As of 31 December 2021, the largest shareholder of the Company is Beijing Haihongyuan Investment Management Co., Ltd. (“**Beijing Haihongyuan**”) and the de facto controller of the Company is Hainan Province Cihang Foundation. The block diagram of property rights and control relationships between the Company and the actual controller is as follows:



Name of de facto controller	Legal representative	Date of establishment	Organization code	Principal businesses
Hainan Province Cihang Foundation	Sun Mingyu	8 October 2010	534600005624068701	Acceptance of public donations; disaster and poverty relief; charity and public welfare aids; charitable activities in various forms carried out by volunteers who enthusiastically devote themselves to the philanthropic undertaking.

The controlling shareholder of the Company did not change during the reporting period.

Remark: On 31 October 2021, the Reorganisation Plan for the Substantial Merger and Reorganisation of 321 Companies including HNA Group Co., Ltd., including Beijing Haihongyuan Investment Management Co., Ltd. , the controlling shareholder of NEE, was ruled and approved by the court. According to the Reorganisation Plan, the equity of 321 companies will change. But as of now, the Reorganisation Plan is still in the process of implementation. After the implementation of the Reorganisation Plan and the completion of change in relevant equity, the Company will disclose relevant information in time, subject to the relevant announcement.

VIII. Directors, Supervisors, Senior Management and Employees

(I) Changes in shareholdings of Directors, Supervisors and senior management and their remuneration

Name	Title	Status of office	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the period (shares)	Increase/decrease in the number of shares held (shares)	Number of shares held at the end of the period (shares)	Total pre-tax remuneration from the Company (RMB'000)
Shang Duoxu	Director, Chairman	Incumbent	Male	36	23 August 2021	10 March 2022	0	0	0	0
Wang Yongfan	Director	Incumbent	Male	57	29 June 2020	10 March 2022	0	0	0	0
Su Weiguo	Director, general manager	Incumbent	Male	60	11 March 2019	10 March 2022	0	0	0	66.9
Guo Qianli	Director	Incumbent	Male	60	29 June 2020	10 March 2022	0	0	0	0
Mi Hongjie	Director, Chief Financial Officer	Incumbent	Male	29	29 December 2021	10 March 2022	0	0	0	0
Fang Guangrong	Independent Director	Incumbent	Male	67	11 March 2019	10 March 2022	0	0	0	0
Wang Hongyu	Independent Director	Incumbent	Male	50	29 June 2020	10 March 2022	0	0	0	12
Li Zhengning	Independent Director	Incumbent	Male	42	23 August 2021	10 March 2022	0	0	0	7
Ding Jishi	Secretary to the Board	Incumbent	Male	37	29 August 2019	10 March 2022	0	0	0	51.11
Xing Zenghai	Shareholder representative supervisor, Chairman of Supervisory Committee	Incumbent	Male	35	23 August 2021	10 March 2022	0	0	0	0
Yang Qing	Shareholder representative supervisor	Incumbent	Male	40	23 August 2021	10 March 2022	0	0	0	10.7
Wu Rongyu	Employee representative supervisor	Incumbent	Female	30	23 August 2021	10 March 2022	0	0	0	4.18
Li Ming	Former Independent Director	Resigned	Male	69	25 May 2018	23 August 2021	0	0	0	5
Liu Lu	Former shareholder representative supervisor	Resigned	Female	32	23 December 2019	23 August 2021	0	0	0	0
Zhou Jinyang	Former shareholder representative supervisor, former Chairman of Supervisory Committee	Resigned	Female	57	29 October 2018	23 August 2021				0
Zhu Jie	Former Director, former Chairman	Resigned	Male	41	11 March 2019	22 July 2021				39.48
Wang Kai	Former Chief Financial Officer	Resigned	Male	47	12 March 2019	28 July 2021				38.05
Bao Zongbao	Former Director	Resigned	Male	39	5 June 2017	5 August 2021				0
Hu Tao	Former employee representative supervisor	Resigned	Male	37	29 August 2019	23 August 2021				0
Li Guoqing	Former Director	Resigned	Male	35	29 June 2020	3 November 2021				0
Total										234.42

Name	Emolument	Wage and allowance	Bonus	Housing provident fund and social insurance※	Total pre-tax remuneration
Shang Duoxu					0
Wang Yongfan					0
Su Weiguo		58.9		8	66.9
Guo Qianli					0
Mi Hongjie					0
Fang Guangrong					0
Wang Hongyu	12	12			12
Li Zhengning	7	7			7
Ding Jishi		42.5		8.6	51.11
Xing Zenghai					0
Yang Qing		7.2		3.5	10.7
Wu Rongyu		3		1.18	4.18
Li Ming	5				5
Liu Lu	6				0
Zhou Jinyang					0
Zhu Jie		31.48		8	39.48
Wang Kai		32.45		5.6	38.05
Bao Zongbao					0
Hu Tao					0
Li Guoqing					0
Total					234.42

※Note: Social insurance includes medical insurance premium, contribution to endowment insurance plan, unemployment insurance, maternity insurance premium, and work-related injury insurance premium.

(II) Changes in Directors, Supervisors and Senior Management

During the reporting period, changes in Directors, Supervisors and senior management are set out as follows.

Name	Position	Type	Announcement date	Reason
Li Ming	Independent Director	Resigned	21 January 2021	Personal health reasons
Liu Lu	Supervisor	Resigned	7 May 2021	Work adjustment
Li Zhengning	Independent Director	Elected	2 June 2021	Operational needs
Zhou Jinyang	Supervisor	Resigned	25 June 2021	Work adjustment
Zhu Jie	Director, Chairman	Resigned	23 July 2021	Work adjustment
Su Weiguo	General Manager	Appointed	28 July 2021	Operational needs
Shang Duoxu	Chief Financial Officer	Appointed	28 July 2021	Operational needs
Wang Kai	Chief Financial Officer	Resigned	28 July 2021	Work adjustment
Bao Zongbao	Director	Resigned	6 August 2021	Work adjustment
Shang Duoxu	Director	Elected	23 August 2021	Operational needs
Xing Zenghai	Supervisor	Elected	23 August 2021	Operational needs
Yang Qing	Supervisor	Elected	23 August 2021	Operational needs
Wu Rongyu	Supervisor	Elected	23 August 2021	Operational needs
Hu Tao	Supervisor	Resigned	23 August 2021	Work adjustment
Shang Duoxu	Chairman	Elected	26 August 2021	Operational needs
Shang Duoxu	Chief Financial Officer	Resigned	29 October 2021	Work adjustment
Mi Hongjie	Chief Financial Officer	Appointed	29 October 2021	Operational needs

(III) Employment

1. Directors of the 9th session of the Board

(1) Non-independent Directors

Mr. Shang Duoxu, born in 1986, with Chinese nationality and without the right of permanent residence abroad, graduated from Tulane University with a master's degree in financial management. He served as Chief Financial Officer of Hainan Island All-in-One Card Exchange Marketing Management Co., Ltd., Deputy General Manager of Planning and Finance Department of HNA Real Estate Holding (Group) Co., Ltd. (海航地產控股(集團)有限公司), General Manager of Planning and Finance Department of Hainan Supply and Marketing Daji Holding Co., Ltd., Chief Financial Officer of HNA Logistics Group Co., Ltd., Chief Financial Officer and Director of the 8th session of the board of HNA Infrastructure Investment Group Co., Ltd., Director of the 7th session of the board of HNA Innovation Co., Ltd., etc. He is currently the Chairman of CCOOP Group Co., Ltd. (供銷大集集團股份有限公司), and a Director and the Chairman of the 9th session of the Board of the Company.

Mr. Wang Yongfan, born in 1965, with Chinese nationality and without the right of permanent residence abroad, is a postgraduate from International Hotel Management Institute Switzerland and The University of Manchester with a master's degree. Mr. Wang successively served as the deputy general manager of Hainan Xinglong Hot Spring Kangleyuan Co., Ltd. (海南興隆溫泉康樂園有限公司), the general manager of Shaanxi Huangcheng HNA Hotel Co., Ltd. (陝西皇城海航酒店有限公司), the president of Hainan Island Construction Services Co., Ltd. (海南海島建設服務有限公司), and the chairman of Changchun Nobel Hotel Co., Ltd. (長春名門飯店有限公司). He currently serves as a Director of the 9th session of the Board of the Company.

Mr. Su Weiguo, born in 1962, with Chinese nationality and without the right of permanent residence abroad, is a senior economist and graduated from Harbin University of Science and Technology majoring in heat treatment and later from Dalian Maritime University majoring in international economic law, and obtained a bachelor's degree in engineering and a master's degree in law. He served as the section chief of the business management department, deputy general manager, Board secretary, general manager and chairman of the Company, and the section chief of business management department, assistant president and deputy general manager of Northeast Electric Transmission and Transformation Equipment Group, and the general manager of Tieling Copper Industry Co., Ltd., (鐵嶺銅業有限責任公司) and the chairman of Shenyang Furukawa Cable Co., Ltd., a Sino-Japanese joint venture. He is currently a Director of the 9th session of the Board and the general manager of the Company.

Mr. Guo Qianli, born in 1962, with Chinese nationality and without the right of permanent residence abroad, is a junior college graduate from Jiangxi Radio and TV University majoring in Chinese Language and Literature. Mr. Guo once served as the general manager of Shaanxi Chang'an Haihangzhixing Hotel Co., Ltd. (陝西長安海航之星賓館有限公司) and the chairman of Tangla Hotel Tianjin. He currently serves as a Director of the 9th session of the Board of the Company.

Mr. Mi Hongjie, born in 1993, with Chinese nationality and without the right of permanent residence abroad, graduated from Fudan University with a master's degree in business administration. He served as Head of Planning and Finance Department of HNA Group Non-Aviation Asset Management Division (海航集團非航空資產管理事業部), Business Director of Planning and Finance Department of HNA Logistics Group Co., Ltd. (海航物流集團有限公司), Manager of the Operations Centre of the Internet Finance Division of Hainan Supply and Marketing Daji Financial Information Technology Co., Ltd.* (海南供銷大集金服信息科技有限公司), Senior Manager of the Fund Planning Centre of Financing Management Department, HNA Investment Group Co., Ltd. (海航投資集團股份有限公司). He is currently a Director of the 9th session of the Board and the Chief Financial Officer of the Company.

(2) Independent Directors

Mr. Fang Guangrong, born in 1955, with Chinese nationality and without the right of permanent residence abroad, graduated from Ningxia University and obtained a bachelor's degree. He has been long engaged in accounting management and financial work. He once served as the deputy director of Department of Finance of Hainan Province and the director of Hainan Financial Supervision Agent Office. He currently serves as a director of the sixth session of the Chinese Institute of Certified Public Accountants, the president of Hainan Institute of Certified Public Accountants, and an independent Director of the 9th session of the Board of the Company.

Mr. Wang Hongyu, born in 1972, with Chinese nationality and without the right of permanent residence abroad, successively graduated from Wuhan University and The Hong Kong University of Science and Technology with a master's degree. Mr. Wang is a senior accountant. He once served as a senior manager at Asia Pacific (Group) Certified Public Accountants, the deputy general manager of Sunshine Holdings Limited (a company listed on the Singapore Exchange) and the general manager of planning and finance department at Zhongyu Gas Holdings Limited (stock code: HK.03633). He currently serves as a co-founder and the chief financial officer of Shenzhen Huadachuan Automation Technology Co., Ltd. (深圳華達川自動化科技有限公司) and an independent Director of the 9th session of the Board of the Company.

Mr. Li Zhengning, born in 1980, with Chinese nationality and without the right of permanent residence abroad. He graduated from China Foreign Affairs University majoring in international law with a master's degree in law. He holds the lawyer qualification certificate and the independent director qualification certificate. He served as a lawyer at Grandall Legal Group (Beijing) (國浩律師集團(北京)事務所), a director of JL MAG Rare-Earth Co., Ltd. He currently serves as a partner of Beijing Hylands Law Firm (北京市浩天信和律師事務所) and an Independent Director of the 9th session of the Board of the Company.

(3) Members of the special committees under the 9th session of the Board

As at the date of this report, the members of each special committee of the 9th session of the Board are as follows:

1) Strategic Development Committee

Chairman: Mr. Shang Duoxu

Members: Mr. Fang Guangrong, Mr. Wang Yongfan, Mr. Guo Qianli

2) Nomination Committee

Chairman: Mr. Wang Hongyu

Members: Mr. Shang Duoxu, Mr. Fang Guangrong

3) Remuneration Committee

Chairman: Mr. Fang Guangrong

Members: Mr. Shang Duoxu, Mr. Li Zhengning, Mr. Wang Hongyu

4) Investment Management Committee

Chairman: Mr. Shang Duoxu

Members: Mr. Fang Guangrong, Mr. Wang Yongfan, Mr. Su Weiguo

5) Audit Committee

Chairman: Mr. Wang Hongyu

Members: Mr. Li Zhengning, Mr. Fang Guangrong

2. Supervisors of the 9th session of the Supervisory Committee

(1) Shareholder representative Supervisors

Mr. Xing Zenghai, born in 1987, with Chinese nationality and without the right of permanent residence abroad, graduated from Zhongnan University of Economics and Law majoring in human resources with a master's degree. He served as the information disclosure manager at Hainan HNA China Travel Business Management Co., Ltd. (海南海航華之旅商務管理股份有限公司) and the human resources manager at Hainan Garden Lane Flight Hotel Management Co., Ltd. He currently serves as a shareholder representative Supervisor and Chairman of the 9th session of the Supervisory Committee of the Company.

Mr. Yang Qing, born in 1982, with Chinese nationality and without the right of permanent residence abroad, graduated from Liaoning University of Technology majoring in machine design with the bachelor's degree of engineering. He is an intermediate engineer. He served as a technician, the deputy director of Technical R&D Department, and the deputy chief engineer at Fuxin Enclosed Busbars Co., Ltd. He currently is a shareholder representative Supervisor of the 9th session of the Supervisory Committee of the Company.

(2) Employee representative Supervisors

Ms. Wu Rongyu, born in 1992, with Chinese nationality and without the right of permanent residence abroad, graduated from Northwest A&F University majoring in fishery with the bachelor's degree of science in agriculture. She is a level-3 enterprise human resources professional. She served as the business manager of HR & Administration Department at Hainan Tangyuan Technology Co., Ltd. She currently is an employee representative Supervisor of the 9th session of the Supervisory Committee of the Company.

3. Members of the senior management

Mr. Su Weiguo, born in 1962, with Chinese nationality and without the right of permanent residence abroad, is a senior economist and graduated from Harbin University of Science and Technology with a major in heat treatment and later from Dalian Maritime University with a major in international economic law, and obtained a bachelor's degree in engineering and a master's degree in law. He served as the section chief of the business management department, deputy general manager, secretary to the Board, general manager and Chairman of the Company, the section chief of business management department, assistant to president and deputy general manager of Northeast Electric Transmission and Transformation Equipment Group, the general manager of Tieling Copper Industry Co., Ltd. (鐵嶺銅業有限責任公司), and the chairman of Shenyang Furukawa Cable Co., Ltd., a Sino-Japanese joint venture. He is currently a Director of the 9th session of the Board and the general manager of the Company.

Mr. Ding Jishi, born in 1985, with Chinese nationality and without the right of permanent residence abroad, graduated from Zhongnan University of Economics and Law with a bachelor's degree in business administration. He once served as the domestic investment senior manager of the investment management department in HNA Group Co., Ltd., the listed issuer information disclosure manager in the Board office of Hainan Airlines Holding Co., Ltd., and the securities affairs representative of the Company. He currently serves as the secretary to the Board of the Company.

Mr. Mi Hongjie, born in 1993, with Chinese nationality and without the right of permanent residence abroad, graduated from Fudan University with a master's degree in business administration. He served as Head of Planning and Finance Department of HNA Group Non-Aviation Asset Management Division (海航集團非航空資產管理事業部), Business Director of Planning and Finance Department of HNA Logistics Group Co., Ltd. (海航物流集團有限公司), Manager of the Operations Centre of the Internet Finance Division of Hainan Supply and Marketing Daji Financial Information Technology Co., Ltd. (海南供銷大集金服信息科技有限責任公司), and the Senior Manager of the Fund Planning Centre of Financing Management Department of HNA Investment Group Co., Ltd. (海航投資集團股份有限公司). He is currently a Director of the 9th session of the Board and the Chief Financial Officer of the Company.

(IV) Staff of the Company (number of employees, occupational structure and education level)

Number of employees on the payroll of the parent company (person)	10
Number of employees on the payroll of the main subsidiaries (person)	637
Total number of employees on the payroll (person)	651
Total number of employees receiving remuneration in the current period (person)	651
Number of retired employees for whom the parent company and main subsidiaries need to pay expenses (person)	0

Occupational structure

Occupational structure category	Population of occupational structure
Production staff	388
Salesperson	67
Technical staff	52
Financial staff	56
Administrative staff	88
Total	651

Education level

Education level category	Number (person)
Bachelor degree and above	150
College	186
Senior high school and below	315
Total	651

IX. FINANCIAL STATEMENTS**(I) Accounting statement prepared in accordance with the PRC GAAP**

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	18,645,415.83	12,912,725.07
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable	55,336,307.45	32,293,932.13
Receivables financing		
Advances to suppliers	2,563,355.39	997,454.96
Other receivables	27,961,945.29	19,230,044.90
Including: Interests receivable		
Dividends receivable		
Inventories	14,795,944.05	16,710,311.95
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,367,430.85	1,958,726.08
Total current assets	120,670,398.86	84,103,195.09

Consolidated Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	42,179,538.52	44,911,967.97
Construction in progress		
Biological assets held for production		
Oil and gas assets		
Right-of-use assets	19,763,670.18	16,432,367.74
Intangible assets	11,814,271.87	12,078,277.99
Development expenditure		
Goodwill		
Long-term deferred charges		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	73,757,480.57	73,422,613.70
Total asset	194,427,879.43	157,525,808.79

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	38,380,570.47	21,344,941.14
Advances from customers		
Contract liabilities	14,134,307.20	6,624,272.90
Employment benefits payable	8,835,266.49	4,753,756.28
Taxes and fees payable	3,938,416.15	4,744,439.95
Other payables	191,146,104.42	181,225,923.07
Including: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	33,966,281.82	10,953,560.25
Other current liabilities	1,173,384.17	
Total current liabilities	291,574,330.72	229,646,893.59

Consolidated Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Debt instruments payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		11,582,700.60
Long-term payables		
Long-term employee benefits payable		
Provisions	34,354,500.00	72,099,690.00
Deferred income	36,035,084.94	29,425,846.58
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	70,389,584.94	113,108,237.18
Total liabilities	361,963,915.66	342,755,130.77

Consolidated Balance Sheet (31 December 2021) (Continued)
For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Shareholders' equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,083,997,337.88	1,083,997,337.88
Less: Treasury stock		
Other comprehensive income	-257,936,882.03	-258,031,515.00
Designated reserves		
Surplus reserves	108,587,124.40	108,587,124.40
Retained earnings	-1,977,714,664.18	-1,995,343,315.68
Total equity attributable to shareholders of the Parent	169,697,083.9	-187,420,368.40
Minority interests	2,161,047.70	2,191,046.42
Total shareholders' equity	-167,536,036.23	-185,229,321.98
Total liabilities and shareholders' equity	194,427,879.43	157,525,808.79

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Consolidated Income Statement (31 December 2021)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
I. Total operating income	83,700,725.00	79,990,887.34
Including: Revenue from operation	83,700,725.00	79,990,887.34
II. Total operating costs	110,986,549.08	106,615,419.76
Including: Cost for operation	44,752,431.29	51,756,403.74
Taxes and surcharges	874,702.18	830,513.49
Selling expenses	35,635,524.54	31,784,989.22
Administrative expenses	27,142,622.89	19,469,719.62
Research and development expenses	2,158,870.95	2,502,192.76
Financial costs	422,397.23	271,600.93
Including: Interest expense	330,322.14	1,684,723.80
Interest income	36,869.10	1,487,871.78
Add: Other income	1,991,958.94	1,883,241.62
Investment income (loss presented with “-” prefix)		129,649,569.56
Including: Investment income from associates and joint ventures		-48,900,000.00
Gain on derecognition of financial assets measured at amortised cost		
Net open hedge income (loss presented with “-” prefix)		
Gain from changes in fair value (loss presented with “-” prefix)		
Credit impairment loss (loss presented with “-” prefix)	14,595,954.70	-71,646,732.73
Asset impairment loss (loss presented with “-” prefix)	-9,646,195.79	
Gain on disposal of assets (loss presented by “-” prefix)		32,743,426.99

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
III. Profit from operation (loss presented with “-” prefix)	-20,344,106.23	66,004,973.02
Add: Non-operating income	37,810,857.19	1,032,327.02
Less: Non-operating expenses	1,146.20	21,035.63
IV. Total profits (total loss presented with “-” prefix)	17,465,604.76	67,016,264.41
Less: Income tax expenses	-133,048.02	4,351,215.25
V. Net profit (net loss presented with “-” prefix)	17,598,652.78	62,665,049.16
A. Classified by business continuity		
1. Net profit from continued operations (net loss presented with “-” prefix)	27,226,652.78	62,665,049.16
2. Net profit from discontinued operations (net loss presented with “-” prefix)		
B. Classified by ownership		
1. Net profit attributable to shareholders of the Parent (net loss presented with “-” prefix)	17,628,651.50	63,976,621.79
2. Profits and losses attributable to minority interests (net loss presented with “-” prefix)	-29,998.72	-1,311,572.63

Consolidated Income Statement (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
VI. Net after-tax other comprehensive income	94,632.97	-197,936,049.06
A. Net after-tax other comprehensive income attributable to shareholders of the Parent	94,632.97	-195,955,260.98
1. Other comprehensive income not reclassifiable to profit or loss		-196,098,020.13
(1) Remeasurement of changes in defined benefit plans		
(2) Other comprehensive income of non-convertible profit and loss under the equity method		
(3) Changes in fair value of other equity instruments investment		-196,098,020.13
(4) Changes in fair value of the company's own credit risk		
(5) Others		
2. Other comprehensive income reclassifiable to profit or loss	94,632.97	142,759.15
(1) Other comprehensive income of convertible profit and loss under the equity method		
(2) Changes in fair value of other debt investments		
(3) The amount of financial assets reclassified into other comprehensive income		
(4) Other debt investment credit impairment provisions		
(5) Cash flow hedge reserve		
(6) Exchange difference on translation of foreign financial statements	94,632.97	142,759.15
(7) Others		
B. Net after-tax other comprehensive income attributable to minority interests		-1,980,788.08

Consolidated Income Statement (31 December 2021) (Continued)
For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
VII. Total comprehensive income	17,693,285.75	-135,270,999.90
A. Total comprehensive income attributable to shareholders of the Parent	17,723,284.47	-131,978,639.19
B. Total comprehensive income attributable to minority interests	-29,998.72	-3,292,360.71
VIII. Earning per share:		
A. Basic earning per share (RMB per share)	0.02	0.07
B. Diluted earning per share (RMB per share)	0.02	0.07

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Consolidated Statement of Cash Flows (31 December 2021)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
I. Cash flows from operating activities:		
Cash received for sales of goods and rendering of services	92,639,027.35	74,336,570.13
Tax refund received		
Other cash receipts relating to operating activities	9,839,271.97	16,129,190.71
Cash inflows from operating activities (subtotal)	102,478,299.32	90,465,760.84
Cash payments for purchase of goods and services	44,954,992.04	50,924,667.95
Cash paid to or on behalf of employees	29,616,725.55	23,743,773.33
Taxes and fees paid	2,654,360.33	2,018,612.63
Other cash payments relating to operating activities	19,818,229.39	89,932,804.11
Cash outflows for operating activities (subtotal)	97,044,307.31	166,619,858.02
Net cash flows from operating activities	5,433,992.01	-76,154,097.18
II. Cash flows from investing activities:		
Cash received from investment withdrawal		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,500,000.00	23,500,000.00
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities		55,000,000.00
Cash inflows from investing activities (subtotal)	5,500,000.00	78,500,000.00
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets	87,001.00	7,201,561.40
Cash paid for investment		48,435,719.34
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities		
Cash outflows for investing activities (subtotal)	87,001.00	55,637,280.74
Net cash flows from investing activities	5,412,999.00	22,862,719.26

Consolidated Statement of Cash Flows (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
III. Cash flows from financing activities:		
Cash received from investors		
Including: Cash received by subsidiaries from investments of minority shareholders		
Cash received from loans raised		
Other cash receipts relating to financing activities		
Cash inflows from financing activities (subtotal)		
Cash paid for debt repayment		10,500,000.00
Cash paid for dividends, profit distribution and interests		269,932.01
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	3,736,896.25	1,904,341.75
Cash outflows for financing activities (subtotal)	3,736,896.25	12,674,273.76
Net cash flows from financing activities	-3,736,896.25	-12,674,273.76
IV. Impact of change of foreign exchange rates on cash and cash equivalents	-9,726.91	-26,206.26
V. Net increase of cash and cash equivalents	7,100,367.85	-65,991,857.94
Add: cash and cash equivalents opening balance	8,535,909.71	74,527,767.65
VI. Cash and cash equivalents closing balance	15,636,277.56	8,535,909.71

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Consolidated Statement of Changes in Shareholders' Equity (31 December 2021)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year										Total shareholders' equity	
	Equity attributable to shareholders of the Parent											
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks	Retained earnings		Subtotal
I. Closing balance of the preceding year	873,370,000.00				1,083,997,337.88	-258,031,515.00	108,587,124.40		-1,995,343,315.68	-187,490,366.40	2,191,046.42	-185,229,321.98
Add: Changes of accounting policies												
Correction of prior period errors												
Business combination under common control												
Others												
II. Opening balance of the current year	873,370,000.00				1,083,997,337.88	-258,031,515.00	108,587,124.40		-1,995,343,315.68	-187,490,366.40	2,191,046.42	-185,229,321.98
III. Changes for the year (decrease presented by "-"; profits)						94,632.97			17,628,651.50	17,723,284.47	-29,998.72	17,693,285.75
A. Total comprehensive income						94,632.97			17,628,651.50	17,723,284.47	-29,998.72	17,693,285.75
B. Shareholders' contribution and capital decline												
1. Contribution by shareholders of ordinary shares												
2. Contribution by holders of other equity instruments												
3. Share-based payments recognised in shareholders' equity												
4. Others												
C. Profit distribution												
1. Withdrawn from surplus reserves												
2. Withdrawn from provision for general risks												
3. Distribution to shareholders												
4. Others												

Consolidated Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year															
	Equity attributable to shareholders of the Parent															
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Less:	Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks	Retained earnings	Subtotal	Minority interests	Total shareholders' equity		
D. Movements within shareholders' equity																
1. Capital reserves transferred to capital (or share capital)																
2. Surplus reserves transferred to capital (or share capital)																
3. Less-off by surplus reserves																
4. Transfer changes of defined benefit plans into retained earnings																
5. Other comprehensive income to carry forward retained earnings																
6. Others																
E. Designated reserves																
1. Withdrawal during the current period																
2. Usage during the current period																
F. Others																
IV. Closing balance of the current year	873,370,000.00				1,083,097,337.88				-257,936,882.03			108,587,124.40	-1,977,714,664.18	-169,697,083.93	2,161,047.70	-167,561,036.23

Consolidated Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for last year											Total shareholders' equity		
	Equity attributable to shareholders of the Parent										Minority interests			
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks	Retained earnings			Others	
I. Closing balance of the preceding year	873,370,000.00			1,082,848,805.11	-62,076,354.02	108,587,124.40	-2,059,319,937.47					-56,590,261.98	5,483,407.13	-51,106,854.85
Add: Changes of accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Opening balance of the current year	873,370,000.00			1,082,848,805.11	-62,076,354.02	108,587,124.40	-2,059,319,937.47					-56,590,261.98	5,483,407.13	-51,106,854.85
III. Changes for the period (decrease presented by "-") (prefix)				1,148,532.77	-195,955,760.98		63,976,621.79					-130,830,106.42	-3,292,560.71	-134,122,467.13
A. Total comprehensive income					-195,955,760.98		63,976,621.79					-131,978,639.19	-3,292,560.71	-135,270,999.90
B. Shareholders' contribution and capital decline														
1. Contribution by shareholders of ordinary shares														
2. Contribution by holders of other equity instruments														
3. Share-based payments recognised in shareholders' equity														
4. Others														

Consolidated Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for last year										Total shareholders' equity				
	Equity attributable to shareholders of the Parent					Other									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	comprehensive income	Designated reserves	Surplus reserves	Provision for general risks		Retained earnings	Others	Subtotal	Minority interests
C. Profit distribution															
1. Withdrawn from surplus reserves															
2. Withdrawn from provision for general risks															
3. Distribution to shareholders															
4. Others															
D. Movements within shareholders' equity															
1. Capital reserves transferred to capital (or share capital)															
2. Surplus reserves transferred to capital (or share capital)															
3. Loss set off by surplus reserves															
4. Transfer changes of defined benefit plans into retained earnings															
5. Other comprehensive income to carry forward retained earnings															
6. Others															

Consolidated Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for last year										Total shareholders' equity				
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Equity attributable to shareholders of the Parent	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks		Retained earnings	Others	Subtotal	Minority interests
E. Designated reserves															
1. Withdrawal during the current period															
2. Usage during the current period															
F. Others					1,148,532.77								1,148,532.77		1,148,532.77
IV. Closing balance of the current year	873,370,000.00				1,083,997,337.88		-258,031,515.00	108,587,124.40	-1,995,343,315.68				-187,420,368.40	2,191,046.42	-185,229,321.98

The Company's Chairman: Shang Duoxu

Chief Financial Officer: Mi Hongjie

Chief Accounting Officer: Jin Muhan

Balance Sheet (31 December 2021)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	18,629.59	1,683.02
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Advances to suppliers		
Other receivables	252,990,813.19	251,656,394.15
Including: Interests receivable		
Dividends receivable		
Inventories		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	609,433.66	581,337.61
Total current assets	253,618,876.44	252,239,414.78

Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	56,436,473.03	56,436,473.03
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	19,647.16	22,737.04
Construction in progress		
Biological assets held for production		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditure		
Goodwill		
Long-term deferred charges		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	56,456,120.19	56,459,210.07
Total asset	310,074,996.63	308,698,624.85

Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers		
Contract liabilities	581,743.59	581,743.59
Employment benefits payable	3,672,991.60	1,860,964.74
Taxes and fees payable	201,338.00	219,991.85
Other payables	163,325,829.29	158,816,321.38
Including: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	167,781,902.48	161,479,021.56

Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Debt instruments payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	34,354,500.00	72,099,690.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	34,354,500.00	72,099,690.00
Total liabilities	202,136,402.48	233,578,711.56

Balance Sheet (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Shareholders' equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	996,869,700.23	996,869,700.23
Less: Treasury stock		
Other comprehensive income		
Designated reserves		
Surplus reserves	108,587,124.40	108,587,124.40
Retained earnings	-1,870,888,230.48	-1,903,706,911.34
Total shareholders' equity	107,938,594.15	75,119,913.29
Total liabilities and shareholders' equity	310,074,996.63	308,698,624.85

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Income Statement (31 December 2021)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
I. Income from operation	2,970,297.03	2,970,297.03
Less: Cost for operation		
Taxes and surcharges	1,782.17	1,782.17
Selling expenses		
Administrative expenses	7,890,617.08	8,816,324.27
Research and development expenses		
Financial costs	4,288.27	7,131.44
Including: Interest expense		
Interest income	62.61	110.59
Add: Other income		
Investment income (loss presented with “-” prefix)		175,549,569.56
Including: Investment income from associates and joint ventures		
Gain on derecognition of financial assets measured at amortised cost		
Net open hedge income (loss presented with “-” prefix)		
Gain from changes in fair value (loss presented with “-” prefix)		
Credit impairment loss (loss presented with “-” prefix)		-91.14
Asset impairment loss (loss presented with “-” prefix)		
Gain on disposal of assets (loss presented by “-” prefix)		

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
II. Profit from operation (loss presented with “-” prefix)	-4,926,390.49	169,694,537.57
Add: Non-operating income	37,745,190.00	36,890.69
Less: Non-operating expenses	118.65	70.07
III. Total profits (total loss presented with “-” prefix)	32,818,680.86	169,731,358.19
Less: Income tax expenses		
IV. Net profit (net loss presented with “-” prefix)	32,818,680.86	169,731,358.19
A. Net profit from continued operations (net loss presented with “-” prefix)	32,818,680.86	169,731,358.19
B. Net profit from discontinued operations (net loss presented with “-” prefix)		
V. After-tax other comprehensive income		
A. Other comprehensive income not reclassifiable to profit or loss		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income of non-convertible profit and loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Changes in fair value of the company’s own credit risk		
5. Others		

Income Statement (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
B. Other comprehensive income reclassifiable to profit or loss		
1. Other comprehensive income of convertible profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provisions for other debt investment credit impairment		
5. Cash flow hedge reserve		
6. Exchange difference on translation of foreign financial statements		
7. Others		
VI. Total comprehensive income	32,818,680.86	169,731,358.19

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
I. Cash flows from operating activities:		
Cash received for sales of goods and rendering of services		
Tax refund received		
Other cash receipts relating to operating activities	4,851,226.14	6,712,965.27
Cash inflows from operating activities (subtotal)	4,851,226.14	6,712,965.27
Cash payments for purchase of goods and services		
Cash paid to or on behalf of employees	2,862,030.28	4,656,088.96
Taxes and fees paid	1,650.00	2,138.74
Other cash payments relating to operating activities	1,970,599.29	2,053,948.06
Cash outflows for operating activities (subtotal)	4,834,279.57	6,712,175.76
Net cash flows from operating activities	16,946.57	789.51
II. Cash flows from investing activities:		
Cash received from investment withdrawal		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities		
Cash inflows from investing activities (subtotal)		
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets		
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities		
Cash outflows for investing activities (subtotal)		
Net cash flows from investing activities		

Statement of Cash Flows (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year	Amount for last year
III. Cash flows from financing activities:		
Cash received from investors		
Cash received from loans raised		
Other cash receipts relating to financing activities		
Cash inflows from financing activities (subtotal)		
Cash paid for debt repayment		
Cash paid for dividends, profit distribution and interests		
Other cash payments relating to financing activities		
Cash outflows for financing activities (subtotal)		
Net cash flows from financing activities		
IV. Impact of change of foreign exchange rates on cash and cash equivalents		
V. Net increase of cash and cash equivalents	16,946.57	789.51
Add: cash and cash equivalents opening balance	1,683.02	893.51
VI. Cash and cash equivalents closing balance	18,629.59	1,683.02

The Company's Chairman: Shang Duoxu Chief Financial Officer: Mi Hongjie Chief Accounting Officer: Jin Muhan

Statement of Changes in Shareholders' Equity (31 December 2021)
For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year										Total shareholders' equity	
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury stock	Less: comprehensive income	Designated reserves	Surplus reserves	Retained earnings		
I. Closing balance of the preceding year	873,370,000.00				996,869,700.23				108,587,124.40	-1,903,706,911.34		75,119,913.29
Add: Changes of accounting policies												
Correction of prior period errors												
Others												
II. Opening balance of the current year	873,370,000.00				996,869,700.23				108,587,124.40	-1,903,706,911.34		75,119,913.29
III. Changes for the period (decrease presented by "-", prefix)												
A. Total comprehensive income												
B. Shareholders' contribution and capital decline												
1. Contribution by shareholders of ordinary shares												
2. Contribution by holders of other equity instruments												
3. Share-based payments recognised in shareholders' equity												
4. Others												
C. Profit distribution												
1. Withdrawn from surplus reserves												
2. Distribution to shareholders												
3. Others												

Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for current year										Total shareholders' equity	
	Share capital			Other equity instruments			Less:			Other comprehensive income		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury stock	Designated reserves	Surplus reserves	Retained earnings			
D. Movements within shareholders' equity												
1. Capital reserves transferred to capital (or share capital)												
2. Surplus reserves transferred to capital (or share capital)												
3. Loss set-off by surplus reserves												
4. Transfer changes of defined benefit plans into retained earnings												
5. Other comprehensive income to carry forward retained earnings												
6. Others												
E. Designated reserves												
1. Withdrawal during the current period												
2. Usage during the current period												
F. Others												
IV. Closing balance of the current year	873,370,000.00				996,869,700.23			108,537,124.40		-1,870,888,230.48		107,938,594.15

Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for last year										Total shareholders' equity	
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury stock	Less: comprehensive income	Designated reserves	Surplus reserves	Retained earnings		
I. Closing balance of the preceding year	873,370,000.00				995,721,167.46				108,587,124.40	-2,073,438,269.53		-95,759,977.67
Add: Changes of accounting policies												
Correction of prior period errors												
Others												
II. Opening balance of the current year	873,370,000.00				995,721,167.46				108,587,124.40	-2,073,438,269.53		-95,759,977.67
III. Changes for the period (decrease presented by "-" prefix)					1,148,532.77							
A. Total comprehensive income												
B. Shareholders' contribution and capital decline												
1. Contribution by shareholders of ordinary shares												
2. Contribution by holders of other equity instruments												
3. Share-based payments recognised in shareholders' equity												
4. Others												
C. Profit distribution												
1. Withdrawn from surplus reserves												
2. Distribution to shareholders												
3. Others												

Statement of Changes in Shareholders' Equity (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with the PRC GAAP)

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Amount for last year										
	Other equity instruments			Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Retained earnings	Total shareholders' equity		
	Share capital	Preferred shares	Perpetual bonds								
D. Movements within shareholders' equity											
1. Capital reserves transferred to capital (or share capital)											
2. Surplus reserves transferred to capital (or share capital)											
3. Loss set-off by surplus reserves											
4. Transfer changes of defined benefit plans into retained earnings											
5. Other comprehensive income to carry forward retained earnings											
6. Others											
E. Designated reserves											
1. Withdrawal during the current period											
2. Usage during the current period											
F. Others											
IV. Closing balance of the current year	873,370,000.00					1,148,532.77	996,869,700.23	108,587,124.40	-1,903,706,911.34	75,119,913.29	1,148,532.77

The Company's Chairman: Shang Duoxu

Chief Financial Officer: Mi Hongjie

Chief Accounting Officer: Jin Muhan

IX. FINANCIAL STATEMENTS**(II) Accounting statements prepared under the International Financial Reporting Standards (IFRS)****RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Northeast Electric Development Co., Ltd. (the “**Company**”) herein announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with comparative figures for 2020, as set out below.

		2021	2020
	Notes	RMB'000	RMB'000
Revenue	2	119,485	79,797
Cost of sales and services		(50,662)	(51,752)
Gross profit		68,823	28,045
Other revenue and other income	4	42,406	183,180
Selling expenses		(50,156)	(31,769)
Administrative and other operating expenses		(46,776)	(22,903)
Gain on disposal of South Plant (as defined in note 10)		-	32,743
(Provision) Reversal of loss allowance on			
— trade and rental receivables	9	(2,665)	220
— other receivables	10	(1,003)	(76)
— cash at financial institution		18,264	(71,765)
Impairment loss of right-of-use assets	8	(9,628)	-
Finance costs	5	(1,799)	(1,759)
Loss from interest in associates, net		-	(48,900)
Profit before taxation	5	17,466	67,016
Income tax credit (expenses)	6	133	(4,351)
Profit for the year		17,599	62,665

Consolidated Statement of Comprehensive Income (31 December 2021) (Continued)

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

	Notes	2021 RMB'000	2020 RMB'000
Other comprehensive income (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of financial assets designated at fair value through other comprehensive income (“Designated FVOCI”)		-	(198,079)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations		93	(940)
Exchange difference on translation of share of other comprehensive income of associates		-	1,083
Total other comprehensive income (loss) for the year, net of tax		93	(197,936)
Total comprehensive income (loss) for the year		17,692	(135,271)
Profit for the year attributable to:			
Equity holders of the Company		17,629	63,977
Non-controlling interests		(30)	(1,312)
Profit for the year		17,599	62,665
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		17,722	(131,978)
Non-controlling interests		(30)	(3,293)
Total comprehensive income (loss) for the year		17,692	(135,271)
Earnings per share		RMB cents	RMB cents
Basic and diluted	7	2.02	7.33

Consolidated Statement of Financial Position (31 December 2021)

As at 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

		2021	2020
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		42,178	44,912
Investment properties	8	-	13,187
Right-of-use assets	8	19,764	3,246
Land use right		11,814	12,078
Intangible assets		-	-
Goodwill		-	-
Interest in associates		-	-
Designated FVOCI		-	-
		73,756	73,423
Current assets			
Inventories		14,796	16,710
Trade and rental receivables	9	58,558	32,294
Prepayments, deposits and other receivables	10	13,581	22,556
Cash at a financial institution		17,903	-
Cash at banks and in hand		18,645	12,913
		123,483	84,473
Current liabilities			
Trade payables	11	31,892	21,819
Contract liabilities		6,757	6,624
Other payables	12	203,726	181,951
Employment benefits payables	12	8,835	4,754
Tax payables		2,799	3,914
Lease liabilities	13	40,377	10,954
		294,386	230,016
Net current liabilities		(170,903)	(145,543)
Total assets less current liabilities		(97,147)	(72,120)

Consolidated Statement of Financial Position (31 December 2021) (Continued)

As at 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

		2021	2020
	Notes	RMB'000	RMB'000
Non-current liabilities			
Provisions		34,355	72,100
Government grants		36,035	29,426
Lease liabilities	13	-	11,583
		<u>70,390</u>	<u>113,109</u>
NET LIABILITIES		<u>(167,537)</u>	<u>(185,229)</u>
Capital and reserves			
Share capital		873,370	873,370
Reserves		(1,043,067)	(1,060,789)
Equity attributable to equity holders of the Company		(169,697)	(187,419)
Non-controlling interests		2,160	2,190
TOTAL DEFICITS		<u>(167,537)</u>	<u>(185,229)</u>

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Companies Ordinance (Cap. 622) (the “HKCO”) and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidation financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year.

Adoption of New/Revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows—a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting—a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures—a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) and therefore the comparative information has not been restated.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Reconciliation of Accounting Standards for Business Enterprises (PRC GAAP) to IFRSs

Except for the classification of accounts, the adoption of the PRC GAAP and the IFRSs for the preparation of consolidated financial statements has no material impact.

Going concern

At 31 December 2021, the current liabilities of the Group exceeded its current assets by approximately RMB170,903,000 and net liabilities of approximately RMB167,537,000. The Group maintained cash at bank and in hand of approximately RMB18,645,000 as at 31 December 2021. These conditions indicate the existence of uncertainty that might cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group is taking the following steps to ensure continuous operations of the Group:

- (a) The Group will secure its own capital needs by strengthening the collection of receivables and seeking external financial support. The Group can obtain sources of funds through several aspects. First, strengthening the supply chain management and internal fund management, and increase the recovery of receivables. Second, Shenyang Kaiyi Electric Co., Ltd. (“**Shengyang Kaiyi**”), a wholly subsidiary of the Company, and Yunshangtong Holdings Limited (“**Yunshangtong**”), controlled by Hainan province Cilhang Foundation (the “de facto controller of the Company”), stipulating that in 2022, Yunshangtong will lend a loan with a maximum balance of RMB50,000,000 to Shenyang Kaiyi to support its operation. Third, the Company's subsidiary Fuxin Enclosed Busbar Co., Ltd., a subsidiary of the Company, has good bank credit, financing records, and financing capabilities. In the later stage, depending on its own business expansion needs, it can apply for bank credit and loan support by mortgaging the new factory area, which is sufficient to support the continuous operation in the next 12 months. The Group can meet the demand for working capital and achieve a balance of cash flow.
- (b) The Group will further make full use of capital market financing channels and introduce strategic investors in both directions. In 2022, the Group will maintain the operation of production and sales of power transmission equipment and related accessories and hotel operations and provision of related catering services, carry an openly and extensive recruitment and promote the two-way introduction of strategic investors. On the other hand, the Group will utilize the H-share capital market platform to raise funds through the issuance of new H-shares. Funds are injected into new businesses. On the one hand, Fuxin Enclosed Busbar Co., Ltd. 's plant and equipment production technology resources are used to attract strategic investors, enrich the product structure of power transmission and transformation equipment and improve new economic growth points, thereby ensuring the continuous operation of the Group through the two-way introduction of strategic investors.

- (c) The Group will maintain a stable internal and external operating environment and plan a long-term goal for continuous operation. To achieve a balance of cash flow, the Group will plan and adjust the scale of business operations, formulate stable business goals, continue to maintain efficiency in operation management, improve product innovation capabilities, strengthen continuous operation capabilities and continue to improve the Group's main business profitability.
- (d) The Group will allocate human resources and strengthen cost control and adjust the organizational structure of the headquarters promptly according to the scale of operation, reduce the staffing of the headquarters and gradually transform the organization to a flat management structure, effectively reducing operating costs. The Group will optimize asset management, enhance overall budget management and cost control, exert strict control over various expenditures and expenses, lower the operation costs and maximize the profitability of the principal business.
- (e) The Group will overcome the impact of the Coronavirus Disease 2019 (“**COVID-19**”) and ensure safe production. Ensure stable business growth and normal operation, take safety protection and emergency isolation measures in the post-epidemic period, ensure safe production, and resolutely win the battle against epidemic prevention, stabilize production capacity, and ensure supply.
- (f) With its wholly-owned subsidiary, Hainan Garden Lane Flight Hotel Management Co., Ltd. (“**Hainan Garden**”) as a platform, the Group will research and explore new business sectors and utilise the existing resources and talent advantages of the Group's substantial shareholders in modern service industries to launch new businesses and develop new industries, thereby expanding the business scope of the Group, improving its asset portfolio and bringing fresh energy into its sustained operation.
- (g) In strict accordance with the internal control system requirements of the Shenzhen Stock Exchange and Hong Kong Stock Exchange, the Group continuously improves working standards and perfects the internal control system, establishes and improves the operation organisation of the enterprise, continuously improves various internal control systems, strengthens risk control measures and reduces the Group's operational risks. The Group's internal control system is more operable, to prevent damage to the interests of listed companies and shareholders and to ensure the realisation of the Group's business objectives.

With the aforesaid measures, the board of directors of the Company (the “**Board of Directors**”) deems it reasonable to prepare the consolidated financial statements on the assumption of continuous operations. The Board of Directors has conducted thorough evaluation of the Group’s continuous operation ability by reviewing working capital forecasts for the coming twelve months, and has reached the conclusion that the Group will be able to acquire enough funding to ensure working capital and expensing needs, therefore agreed with preparation of the consolidated financial statements on the basis of continuous operations. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise and to reclassify the non-current assets and liabilities to current assets and liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. REVENUE

Revenue represents the consideration expected to be received in respect of the transfer of goods and services in accordance with IFRS 15 and rental revenue derived from the hotel rooms, which is recognised under the scope of IFRS 16. The amount of each significant category of revenue recognised during the year is as follows:

	2021	2020
	RMB’000	RMB’000
Revenue from contracts with customers within IFRS 15		
Sales of power transmission equipment and related accessories	41,475	48,757
Provision of catering services income	31,795	17,192
Management fee income	-	638
	<u>73,270</u>	<u>66,587</u>
Revenue from other sources		
Lease income from operating lease of hotel rooms	46,215	13,210
	<u>119,485</u>	<u>79,797</u>

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

In addition to the information shown in segment disclosures in note 5 to the consolidated financial statements, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	Production and sales of power transmission equipment and related accessories RMB'000	Provision of catering services RMB'000	Total RMB'000
Year ended 31 December 2021			
<i>By products:</i>			
- Enclosed busbars	41,475	-	41,475
- Provision of catering services	-	31,795	31,795
	<u>41,475</u>	<u>31,795</u>	<u>73,270</u>
<i>Geographical region:</i>			
- The PRC	<u>41,475</u>	<u>31,795</u>	<u>73,270</u>
<i>Timing of revenue recognition:</i>			
- At a point in time	41,475	-	41,475
- Over time	-	31,795	31,795
	<u>41,475</u>	<u>31,795</u>	<u>73,270</u>
<i>Type of transaction price:</i>			
- Fixed price	<u>41,475</u>	<u>31,795</u>	<u>73,270</u>

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

	Production and sales of power transmission equipment and related accessories	Provision of catering services	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2020			
<i>By products:</i>			
- Enclosed busbars	48,757	-	48,757
- Provision of catering services	-	17,192	17,192
- Management fee	-	638	638
	<u>48,757</u>	<u>17,830</u>	<u>66,587</u>
<i>Geographical region:</i>			
- The PRC	<u>48,757</u>	<u>17,830</u>	<u>66,587</u>
<i>Timing of revenue recognition:</i>			
- At a point in time	48,757	-	48,757
- Over time	-	17,830	17,830
	<u>48,757</u>	<u>17,830</u>	<u>66,587</u>
<i>Type of transaction price:</i>			
- Fixed price	<u>48,757</u>	<u>17,830</u>	<u>66,587</u>

3. SEGMENT INFORMATION

The management has been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The management considers production and sale of power transmission equipment and related accessories, hotel operations and provision of related catering services and investment holding are the Group's major operating segments.

Segment results represent the results before taxation earned by each segment. All assets are allocated to reportable segments other than unallocated assets which are mainly cash at banks and on hand. All liabilities are allocated to reportable segments other than corporate liabilities including accrued charges and other payables, provision and government grants.

Analysis of the Group's segmental information by business and geographical segments during the year is set out below.

(a) By business segments**Segment results for the year ended 31 December 2021**

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Total RMB'000
Revenue	41,475	78,010	-	119,485
Results				
(Loss) Profit for the year before the following items:	(3,601)	3,411	18,264	18,074
Depreciation and amortisation of				
- property, plants and equipment	(3,005)	(15)	(187)	(3,207)
- investment properties	-	(2,826)	-	(2,826)
- right-of-use assets	-	(10,531)	-	(10,531)
- land use right	(264)	-	-	(264)
Impairment loss of right-of-use assets	-	(9,628)	-	(9,628)
Finance costs	(34)	(1,708)	(57)	(1,799)
Segment results	(6,904)	(21,297)	18,020	(10,181)
Unallocated other income				38,224
Unallocated other operating expenses				(10,577)
Profit before taxation				17,466
Taxation				133
Profit for the year				17,599

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

Segment assets and liabilities as at 31 December 2021

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Total RMB'000
Assets				
Assets before following items:	57,335	64,679	-	122,014
Property, plant and equipment	41,367	86	725	42,178
Right-of-use assets	-	19,764	-	19,764
Land use right	11,814	-	-	11,814
Segment assets	<u>110,516</u>	<u>84,529</u>	<u>725</u>	<u>195,770</u>
Unallocated assets				<u>1,469</u>
				<u>197,239</u>
Liabilities				
Segment liabilities	<u>(64,975)</u>	<u>(88,434)</u>	<u>-</u>	<u>(153,409)</u>
Unallocated liabilities				<u>(211,367)</u>
				<u>(364,776)</u>

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

Other segment information for the year ended 31 December 2021

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Unallocated RMB'000	Total RMB'000
Additions to property, plant and equipment	392	87	-	-	479
Additions of right-of-use assets	-	39,189	-	-	39,189
Reversal of (Provision for) loss allowance on – trade, rental and other receivables, net	78	(3,746)	-	-	(3,668)
– cash at a financial institution	-	-	18,264	-	18,264
Impairment loss of right-of-use assets	-	(9,628)	-	-	(9,628)
Research and development expenses	(2,496)	-	-	-	(2,496)
Overprovision of litigation expenses in prior years	-	-	-	37,745	37,745
Short-term leases – office premises	-	-	-	(927)	(927)
Direct operating expenses arising from investment properties that generated rental income	-	(3,295)	-	-	(3,295)

Segment results for the year ended 31 December 2020

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Total RMB'000
Revenue	48,757	31,040	-	79,797
Results				
(Loss) Profit for the year before the following items:	(5,724)	6,930	(71,765)	(70,559)
Depreciation and amortisation of				
- property, plants and equipment	(3,137)	(4)	(255)	(3,396)
- investment properties	-	(2,825)	-	(2,825)
- right-of-use assets	-	(6,491)	-	(6,491)
- land use right	(309)	-	-	(309)
Gain on disposal of South Plant	32,743	-	-	32,743
Finance costs	(285)	(1,443)	(31)	(1,759)
Loss from interest in associates, net	-	(48,900)	-	(48,900)
Segment results	23,288	(52,733)	(72,051)	(101,496)
Unallocated other income				178,550
Unallocated other operating expenses				(10,038)
Profit before taxation				67,016
Taxation				(4,351)
Profit for the year				62,665

Segment assets and liabilities as at 31 December 2020

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Total RMB'000
Assets				
Assets before following items:	66,641	16,364	-	83,005
Property, plant and equipment	43,980	13	919	44,912
Investment properties	-	13,187	-	13,187
Right-of-use assets	-	3,246	-	3,246
Land use right	12,078	-	-	12,078
Segment assets	<u>122,699</u>	<u>32,810</u>	<u>919</u>	<u>156,428</u>
Unallocated assets				<u>1,468</u>
				<u>157,896</u>
Liabilities				
Segment liabilities	<u>(69,166)</u>	<u>(33,596)</u>	<u>-</u>	<u>(102,762)</u>
Unallocated liabilities				<u>(240,363)</u>
				<u>(343,125)</u>

Other segment information for the year ended 31 December 2020

	Production and sales of power transmission equipment and related accessories RMB'000	Hotel operations and provision of related catering services RMB'000	Investment holding RMB'000	Unallocated RMB'000	Total RMB'000
Additions to property, plant and equipment	11	-	-	-	11
Reversal of loss allowance on trade, rental and other receivables, net	92	26	-	26	144
Provision of loss allowance on cash at a financial institution	-	-	(71,765)	-	(71,765)
Reversal of provision for impairment on inventories	8	-	-	-	8
Research and development expenses	(2,539)	-	-	-	(2,539)
Short-term leases					
– office premises	-	-	-	(788)	(788)
– motor vehicle	-	(32)	-	-	(32)
Write-off of property, plant and equipment	(19)	-	-	-	(19)
Direct operating expenses arising from investment properties that generated rental income	-	(3,181)	-	-	(3,181)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) By geographical information

Geographical information is not presented since the Group's operations are principally located in the PRC that all the Group's revenue from external customers is generated in the PRC and over 99% of the non-current assets, excluding financial instruments, of the Group are located in the PRC. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these consolidated financial statements.

(c) Information about major customers

Revenue from external customers contributing 10% or more of the revenue of the Group for the years ended 31 December 2021 and 2020.

	Hotel operations and provision of related catering services 2021 RMB'000	Hotel operations and provision of related catering services 2020 RMB'000
Customer A	n/a*	10,489

* This customer individually contributed less than 10% of the total revenue in 2021.

4. OTHER REVENUE AND OTHER INCOME

	2021	2020
	RMB'000	RMB'000
Interest income from banks and a financial institution	-	1,488
Gain on early termination of lease contracts	1,378	-
Government grant	1,853	1,388
Compensation on contracts termination	-	938
Income arising from legal claims	-	178,550
Reversal of overprovision of litigation expenses in prior years	37,745	-
Overprovision of salaries and other benefits	1,216	-
Sundry income	214	816
	<u>42,406</u>	<u>183,180</u>

5. PROFIT BEFORE TAXATION

This is stated after charging:

	2021	2020
	RMB'000	RMB'000
Staff costs, including directors' emoluments		
Salaries and other benefits	27,964	18,553
Contributions to defined contribution retirement schemes	7,692#	704
Total staff costs	<u>35,656</u>	<u>19,257</u>

The increment of contributions to defined contribution retirement schemes was mainly attributable to no exemption of social security insurances contributions in the PRC during the year (2020: an exemption of social security insurances contribution in the PRC from February 2020 to December 2020).

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

	2021	2020
	RMB'000	RMB'000
Finance costs		
Interest expenses on borrowings	49	270
Interest expenses on lease liabilities	1,632	1,407
Bank charges, net	118	81
Exchange loss, net	-	1
	<u>1,799</u>	<u>1,759</u>

	2021	2020
	RMB'000	RMB'000
Other items		
Auditor's remuneration	1,000	1,096
Cost of inventories	48,828*	45,451
Depreciation and amortisation		
- Property, plant and equipment	3,207	3,396
- Investment properties	2,826	2,825
- Right-of-use assets	10,531	6,491
- Land use right classified as right-of-use assets	264	309
Research and development expenses	2,496	2,539
Legal and professional fees	2,217	1,370
Write-off of property, plant and equipment	-	19
Short-term leases expenses		
- Office premises	927	788
- Motor vehicle	-	32
Direct operating expenses arising from investment properties that generated rental income	<u>3,295</u>	<u>3,181</u>

* Included in cost of inventories recognised as expense were a provision for impairment on inventories of RMB18,000 (2020: RMB8,000) and write off of inventories of RMB22,000 (2020: Nil) to their net realisable values.

6. TAXATION

For the year ended 31 December 2021, Enterprise Income Tax has not been provided as the Group incurred a loss for taxation purpose in the PRC. For the year ended 31 December 2020, Enterprise Income Tax for New and High Technology Enterprise had been provided at the rate of 15% on the estimated assessable profits arising from the PRC. Other than New and High Technology Enterprise, Enterprise Income Tax had been provided at the rate of 25% on the estimated assessable profits arising from the PRC.

For the years ended 31 December 2021 and 2020, Hong Kong Profit Tax has not been provided as the Group incurred a loss for taxation purpose in Hong Kong for both years.

	2021	2020
	RMB'000	RMB'000
Current tax		
Enterprise Income Tax		
Current year	-	3,868
(Over) Underprovision in prior years	(133)	483
Total income tax (credit) expenses	(133)	4,351

7. EARNINGS PER SHARE

The calculation of the basis earnings per share for the year is based on the consolidated profit for the year attributable to the equity holders of the Company of approximately RMB17,629,000 (2020: RMB63,977,000) and the weighted average number of 873,370,000 (2020: 873,370,000) shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

8. LEASES

Right-of-use assets

	Presented as investment properties		Presented as right-of-use assets	
	leases of hotel RMB'000	Leases of restaurants RMB'000	Leases of hotel RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2020				
At the beginning of the reporting period	16,012	9,737	-	9,737
Depreciation	(2,825)	(6,491)	-	(6,491)
At the end of the reporting period	<u>13,187</u>	<u>3,246</u>	<u>-</u>	<u>3,246</u>
Reconciliation of carrying amount – year ended 31 December 2021				
At the beginning of the reporting period	13,187	3,246	-	3,246
Additions	-	-	39,189	39,189
Depreciation	(2,826)	(734)	(9,797)	(10,531)
Early termination of lease contracts	(10,361)	(2,512)	-	(2,512)
Impairment loss	-	-	(9,628)	(9,628)
At the end of the reporting period	<u>-</u>	<u>-</u>	<u>19,764</u>	<u>19,764</u>

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

Right-of-use assets

	Presented as investment properties		Presented as right-of-use assets	
	leases of hotel RMB'000	Leases of restaurants RMB'000	Leases of hotel RMB'000	Total RMB'000
At 1 January 2021				
Cost	16,954	15,284	-	15,284
Accumulated depreciation	(3,767)	(12,038)	-	(12,038)
Net carrying amount	13,187	3,246	-	3,246
At 31 December 2021				
Cost	-	-	39,189	39,189
Accumulated depreciation and impairment loss	-	-	(19,425)	(19,425)
Net carrying amount	-	-	19,764	19,764

9. TRADE AND RENTAL RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Trade receivables		
From third parties	38,066	30,551
From companies controlled by the de facto controller of the Company	*1,617	*1,374
	39,683	31,925
Loss allowances	(5,474)	(4,478)
	34,209	27,447
Rental receivables		
From third parties	17,126	4,452
From companies controlled by the de facto controller of the Company	9,117	650
	26,243	5,102
Loss allowances	(1,894)	(255)
	24,349	4,847
	58,558	32,294

- * At the end of the reporting period, included in trade receivables due from a company controlled by the de facto controller of the Company of RMB282,000 (2020: RMB472,000) were continuing connected transaction in previous year.

The Group normally grants a credit period of 5 days to 90 days to its customers.

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

The ageing analysis of trade and rental receivables (net of loss allowance) by invoice date is as follows:

	2021	2020
	RMB'000	RMB'000
Within 3 months	32,434	9,785
More than 3 months but less than 12 months	12,246	14,681
1 to 2 years	10,706	6,609
2 to 3 years	2,887	1,080
3 to 4 years	285	87
Over 4 years	-	52
	<u>58,558</u>	<u>32,294</u>

Loss allowance on trade and rental receivables of RMB2,665,000 (2020: Reversal of loss allowance on trade and rental receivables of RMB220,000) was recognised during the year.

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

10. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

		2021	2020
	Notes	RMB'000	RMB'000
Other receivables			
From third parties	(a)	90,573	94,544
From companies controlled by the de facto controller of the Company		8	29
		<u>90,581</u>	<u>94,573</u>
Less: Loss allowances	(b)	(81,181)	(80,178)
		<u>9,400</u>	<u>14,395</u>
Prepayments		2,602	997
Deposits		-	4,840
Other tax receivables		<u>1,579</u>	<u>2,324</u>
		<u><u>13,581</u></u>	<u><u>22,556</u></u>

Notes:

- (a) Included in other receivables as at 31 December 2021 and 2020 was a loan of RMB76,090,000 due from a borrower in 1999 which was subsequently assigned to another third party in 2005. The Liaoning High People's Court made a final ruling in 2005 that the Company has right to enforce the settlement of the loan from the assignee. However, the judgement made in 2005 was finally dismissed by the Supreme People's Court of the PRC in 2010. Accordingly, the Group made a full provision of loss allowances in previous year.

Included in other receivables as at 31 December 2021 and 2020 was amounts due from a former related party of RMB3,500,000. Owing to prolonged outstanding and lost contact with the former related party, the Group made a full provision of loss allowances in previous year.

Included in other receivables as at 31 December 2021 was compensation receivable of approximately RMB7,540,000 (2020: RMB13,040,000), from Expropriation Office, a public institution under Haizhou District People's Government Fuxin, Liaoning Province, for expropriation its South Plant (the "South Plant") located at No. 46 Xinhua Road, Haizhou District, Fuxin, Liaoning Province.

- (b) A loss allowance of RMB1,003,000 (2020: RMB76,000) and written off on other receivables of RMBnil (2020: RMB1,545,000) was recognised during the year.

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

11. TRADE PAYABLES

	2021	2020
	RMB'000	RMB'000
Trade payables – to third parties	31,892	21,819

Ageing analysis of trade payables by invoice date is summarised as follows:

	2021	2020
	RMB'000	RMB'000
Within 365 days	27,189	18,420
1 to 2 years	3,493	2,253
2 to 3 years	538	479
Over 3 years	672	667
	31,892	21,819

The average credit period is 15 days to 120 days and certain suppliers grant longer credit period on a case-by-case basis.

12. OTHER PAYABLES

		2021	2020
	Notes	RMB'000	RMB'000
Compensation for litigation	(a)	94,078	94,078
Accrued charges and other payables		29,618	24,504
Construction cost payables		-	7,798
Due to former subsidiaries	(b)	49,596	49,596
Due to a director	(c)	17	27
Due to an associate	(c)	320	330
Due to companies controlled by the de facto controller of the Company	(c)	17,385	2,759
Due to a substitutial shareholder, Beijing Haihongyuan	(d)	1,697	1,647
Receipt in advance	(e)	9,552	-
Other tax payable		1,463	1,212
		203,726	181,951
Employment benefits payables		8,835	4,754
		212,561	186,705

Notes:

- (a) Shenyang High-voltage Switches Co., Ltd. (hereafter “**Shenyang High-volt**”) has acquired bank loan from China Development Bank (hereafter “**CDB**”) in 1998 by Agreement of Bank Loan, which was guaranteed by other companies with Agreement of Guarantee. In 2003 and 2004, with its assets in kind and land use rights, Shenyang High-volt joined with other companies in setting up subsidiaries including New Northeast Electric (Shenyang) High-voltage Switches Co., Ltd. (hereafter “**New Northeast High-volt**”), New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (hereafter “**New Northeast Insulation**”), Shenyang Dongli Logistics Co., Ltd. (formerly Shenyang Xintai Warehouse & Logistics Co., Ltd., hereafter “**Dongli Logistics**”) and Shenyang Beifu Machinery Manufacturing Co., Ltd. (formerly Shenyang Chengtai Energy Power Co., Ltd., hereafter “**Beifu Machinery**”). In 2004, the Company acquired shares of New Northeast Insulation, Dongli Logistics and Beifu Machinery with transfer of creditor’s rights and share swaps. In May 2004, CDB filed a lawsuit with Beijing Higher People’s Court (hereafter “**Beijing Higher Court**”), demanding Shenyang High-volt to repay the overdue loan principal of RMB150,000,000 and the interest incurred, and the Company, New Northeast High-volt, New Northeast Insulation, Dongli Logistics and Beifu Machinery to take up joint and several guarantees for the aforesaid principal and interest. CDB also asked the Court to rule the share transfer agreement between Shenyang High-volt and the Company on purchase of shares of New Northeast Insulation, Dongli Logistics and Beifu Machinery to be void.

The case went through trial by Beijing Higher Court and the Supreme People's Court. Eventually, the Supreme People's Court ruled in September 2008 with Ruling (2008) Min Er Zhong Zi No. 23, that

- (i) Cancel the agreement by which the Company swapped 95% of Beifu Machinery shares and 95% of Dongli Logistics shares held by Shenyang High-volt with obligation of RMB76,660,000 and interest incurred of Northeast Electric Power Transmission and Transformation Equipment Group Co., Ltd. (hereafter "**Northeast Electric PT&T**") held by the Company. The Company should return the aforesaid shares to Shenyang High-volt within 10 days of the Ruling, or should compensate Shenyang High-volt within the limit of RMB247,117,000 if unable to return those shares; Shenyang High-volt should return the obligation of RMB76,660,000 of Northeast Electric PT&T and interest incurred to the Company within 10 days of the Ruling, or should compensate the Company within the limit of RMB76,660,000 if unable to return;

- (ii) Cancel the share swap agreement between Shenyang High-volt and the Company for 74.4% of New Northeast Insulation shares held by Shenyang High-volt and 98.5% of Shenyang Taisheng Industry & Trade Co., Ltd. (formerly Shenyang Tiansheng Communication Equipment Co., Ltd., hereafter "**Taisheng Industry & Trade**") shares held by the Company. Shenyang High-volt should return 98.5% of Taisheng Industry & Trade shares to the Company within 10 days of the Ruling and the Company should return 74.4% of New Northeast Insulation shares to Shenyang High-volt within 10 days of the Ruling.

The Company should compensate Shenyang High-volt within the limit of RMB130,000,000 after deducting RMB27,879,000 if shares return is not possible.

The Company carried out the Ruling in 2007 and 2008. However, CDB filed with Beijing Higher Court for execution in 2009 by the Ruling (2008) Min Er Zhong Zi No. 23, and consequently, the Court froze 10% of Shenyang Kaiyi Electric (a wholly owned subsidiary of the Company) shares held by the Company according to law. The Company appealed against such execution and the Beijing Higher Court dismissed the appeal in October 2013 with Ruling (2013) Gao Zhi Yi Zi No. 142. Then the Company filed for retrial with the Supreme People's Court, for which the Court dismissed Beijing Higher Court's ruling with Ruling (2013) Gao Zhi Yi Zi No. 142 and ruled for retrial with Ruling (2014) Zhi Fu Zi No. 9 in March 2015. Beijing Higher Court issued Ruling (2015) Gao Zhi Yi Zi No. 52 in December 2016, ruled the Company's appeal was lack of evidence, did not sustain the claim of shares return already carried out, and held that the Company should carry out compensation. The Company again appealed to the Supreme People's Court, and the Supreme People's Court made final Ruling (2017) Zui Gao Fa Zhi Fu No. 27 in August 2017 to dismiss the Company appeal and sustain Beijing Higher Court's Ruling (2015) Gao Zhi Yi Zi No. 52. The Company accordingly recognised liabilities of RMB272,628,000 in 2017 as the Group claimed back RMB104,489,000 from Shenyang High-volt. Consequently, the Company recognised the obligations due to Shenyang High-volt in aggregate of RMB377,167,000, after netting off the compensation due from Shenyang High-volt of RMB104,539,000, total liabilities for the compensation of this litigation of RMB272,628,000 were recognised since 2017.

In another legal proceeding involving this subsidiary, Fuxin Enclosed Busbar, held 74.4% of the equity in New Northeast Electric (Shenyang) High-voltage Insulated Switchgears Co., Ltd. (formerly known as Shenyang Suntime High Voltage Electric Co., Ltd.) (the “**Underlying Equity**”) prior to 22 September 2008. Due to the enforcement of the final judgment ((2008) Min Er Zhong Zi No. 23) made by the Supreme People's Court on 5 September 2008 for the case of China Development Bank and under the coordination, Fuxin Enclosed Busbar returned the Underlying Equity to Shenyang High-volt for free of charge, and completed the change of equity registration on 22 September 2008 as required by the local industrial and commercial administration. Therefore, the Underlying Equity held by Fuxin Enclosed Busbar was returned to Shenyang High-volt free of charge. However, according to the enforcement ruling issued by the Supreme People's Court on 31 August 2017 ((2017) Zui Gao Fa Zhi Fu No. 27), the fact that the return of the Underlying Equity free of charge under the coordination of the Company cannot be ascertained. Given the failure of Shenyang High-volt to pay the outstanding consideration of USD16,000,000 equity transfer constituted a breach of contract, the plaintiff, Fuxin Enclosed Busbar, in order to protect its interests, raised litigation against the above two defendants, namely, Shenyang High-volt and the Company (collectively referred to “**Defendants**”), claiming for the return of the consideration for the transfer of the Underlying Equity.

The Higher People's Court of Hainan Province accepted the case in November 2018 with Civil Ruling (2018) Qiong Min Chu No. 69, and delivered the documents such as pleadings to Shenyang High-volt in January 2019. The case was tried in March 2019 and the written judgment of the first instance was received in May 2019. As the Defendants did not appeal within the announcement period, the judgment of the first instance has come into effect since August 2019 and the Company will not bear joint and several liability.

With reference to the announcements on litigation progress of the Company dated 10 September 2020, pursuant to the Civil Ruling (2018) Qiong Min Chu No.69 issued by the Hainan Provincial Higher People's Court, as of 7 September 2020, the Group is legally entitled to claim Shenyang High-volt's matured debt totalling RMB178,550,000, including equity transfer payment and interest on debt during the period of delayed performance. In accordance with Article 99 of the Contract Law of the People's Republic of China and other relevant laws, the Company has notified Shenyang High-volt by post on 7 September 2020 that the aforesaid matured debt due from Shenyang High-volt of RMB178,550,000 would be offset against the Company's matured debt due to Shenyang High-volt of the same amount arising from the Civil Ruling (2004) Gao Min Chu Zi No.802 issued by the Beijing Municipal Higher People's Court and the Civil Ruling (2008) Min Er Zhong Zi No.23 issued by the Supreme People's Court, namely, the offset amount was RMB178,550,000. When the Company published an announcement in an influential newspaper in Liaoning Province on 11 September 2020, the debt offset became effective on 11 September 2020 and the amount of RMB178,550,000 ruled to be offset against compensation payable to Shenyang High-volt was recognised as other income in profit or loss during the year ended 31 December 2020.

As at the end of the reporting period, the remaining obligation due to Shenyang High-volt amounted to RMB94,078,000 relating to the first litigation is pending for ruling.

Notes

For the year ended 31 December 2021 (Prepared in accordance with International Financial Reporting Standards (IFRS))

- (b) Included in other payables as at 31 December 2021 and 2020 was the amount due to a former subsidiary of the Group, New Northeast Electric (Jinzhou) Power Capacitor Company Limited (“**NNE (Jinzhou)**”) which was arising from the receipt of RMB22,900,000 in 2018 from NNE (Jinzhou).

Included in other payables as at 31 December 2021 and 2020 was the amount due to another former subsidiary of RMB26,696,000 (2020: RMB26,696,000). The amount was unsecured, interest-free and no fixed repayment terms.

- (c) The amounts are unsecured, interest-free and no fixed repayment terms.
- (d) The amounts are unsecured, interest-bearing at interest rate ranged from 4.35% per annum and repayable in December 2021 (2020: interest-bearing at 4.35% per annum and repayable in December 2021).
- (e) The amount represented the receipts in advance of the segment of hotel operation from customers during the year (2020: Nil).

13. LEASE LIABILITIES

	2021	2020
	RMB'000	RMB'000
Current portion	40,377	10,954
Non-current portion	-	11,583
	<u>40,377</u>	<u>22,537</u>

As the end of the reporting period, lease liabilities are carried at weighted average incremental borrowing rate at 6.18% (2020: ranging from 6.18% to 6.37%) per annum and repayable in 1 year (2020: one to five years).

14. DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the years ended 31 December 2021 and 2020.

15. EVENTS AFTER THE REPORTING PERIOD

As at the date of authorisation of this results announcement, the Group has the following events after the reporting period.

(a) Impact of COVID-19 to hotel industries

In view of the outbreak of COVID-19, the governments of different countries have taken their own nation-wide prevention and control measures. The COVID-19 has certain impacts on the hotel operations and provision of related catering services business of the Group. The extent of such impacts depends on the duration of the pandemic and the implementation of regulatory policies and relevant protective measures. The Group would closely monitor the development and status of the outbreak of the COVID-19 and continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to mitigate any potential impact brought by the outbreak of COVID-19.

At the date of authorisation of this result announcement, the Group was unable to reliably estimate the financial impact of the outbreak of COVID-19 in the future.

(b) Risk warning on the removal of delisting in Shenzhen Stock Exchange

According to the financial statements of the Company as at 31 December 2020 and 2019, the Group has recorded net liabilities of RMB185,229,000 and RMB51,107,000 respectively. The Shenzhen Stock Exchange was given the risk warning on the removal of delisting for A shares of the Company from the commencement of trading since 2020 and implemented other risk warnings. As at 31 December 2021, the Group has recorded a net liabilities of RMB157,909,000. Based on the Rule 13.2.1 of the Listing Rules of Shenzhen Stock Exchange, if the listed company has recorded net liabilities in three consecutive years, the listed company should stop listing in Shenzhen Stock Exchange.

At the date of authorization of this results announcement, the Group was unable to reliably estimate the financial impact of the delisting in Shenzhen Stock Exchange in the future.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Wang Hongyu, Mr. Li Zhengning, Mr. Fang Guangrong, with Mr. Wang Hongyu serving as the chairman.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2021.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The Board of the Company is pleased to announce that the Company's auditor, Mazars CPA Limited ("Mazars"), has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2021 in accordance with International Standards in Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IASB"). The final results contained in the Announcement remain unchanged.

The figures contained in this result announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the Announcement have been agreed by Mazars to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with ISAs, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on the Announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Company independent auditor's report from Mazars CPA Limited, the external auditor of the Group, on the Group's consolidated financial statements for the year ended 31 December 2021. The report includes particulars of the material uncertainty related to going concern without modifying the opinions.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with IFRSs issued by the IASB and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group had net current liabilities and net liabilities of RMB170,903,000 and RMB167,537,000 as at 31 December 2021 respectively. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and smoothly ride out the negative impact caused by the delisting of the A-share main board. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

Publication of annual report in The Stock Exchange of Hong Kong Limited and the official website of the Company

Annual report which contained all information specified in Appendix 16 to Listing Rules will be published on the website of the Hong Kong Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.nee.com.cn>.

By order of the Board
Shang Duoxu
Chairman

Haikou, Hainan Province, the PRC

30 March 2022

As at the date of this Announcement, the Board comprises five executive Directors, namely Mr. Shang Duoxu, Mr. Wang Yongfan, Mr. Su Weiguo, Mr. Guo Qianli and Mr. Mi Hongjie; and three independent non-executive Directors, namely Mr. Wang Hongyu, Mr. Fang Guangrong, and Mr. Li Zhengning.