



岳總審字[2002]第A187號

東北輸變電機械製造股份有限公司全體股東：

我們接受委託，審計貴公司2001年12月31日的資產負債表、合併資產負債表及2001年度的利潤及利潤分配表、合併利潤及利潤分配表和2001年度的現金流量表、合併現金流量表。這些報表由貴公司負責，我們的責任是對這些會計報表發表審計意見。我們的審計是依據《中國註冊會計師獨立審計準則》進行的。

我們注意到：

一、 貴公司提供的會計報表顯示：1999、2000和2001年度貴公司發生重大虧損分別計人民幣16,684萬元、36,360萬元和80,381萬元。主要由於上述虧損，截至2001年12月31日，貴公司未能遵守涉及4,000萬美元（折合人民幣33,106.40萬元）銀團貸款合約中的若干財務指標的承諾，未能按期償還銀團貸款本金及利息。2001年12月27日香港高等法院正式受理銀團「清盤」訴訟申請，在2002年3月25日開庭聆訊中，香港高院法官正式判定，同意銀團方律師的申請，將對貴公司「清盤」聆訊延遲至2002年4月29日。2002年4月4日，貴公司又接到遼寧省高級人民法院（「省高院」）送達的銀團訴貴公司逾期借款糾紛案的起訴狀，但銀團方律師已于2002年4月2日向省高院提出延期審理此案，兩個月後再決定開庭審理事宜。上述會計報表是基於持續經營基準編制，該持續經營基準的有效性主要基於貴公司的以下假設成立與否：截止會計報表批准日，貴公司與銀團貸款人正在商談具體債務償還協議；貴公司的財務狀況在2002年將有所改善；大股東東北輸變電設備集團公司（「東北電」）及其他關聯公司欠款用資產抵償事宜正在進行中。然而鑒於缺乏足夠的證據，我們無法確定貴公司的上述假設是否成立，因此我們無法確定貴公司按持續經營基準編制會計報表的有效性。

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To the shareholders of Northeast Electrical Transmission & Transformation Machinery Manufacturing Company Limited

We have accepted the appointment by the shareholders of the Company to audit the balance sheet of the Company and the consolidated balance sheet of the Company and its subsidiaries (the "Group") as at 31 December 2001, profit and loss account and profit appropriation statement of the Company and the Group and the cash flow of the Company and the Group for the year then ended. These financial statements are the responsibility of the Company. Our responsibility is to express an audit opinion on the financial statements. Our audit was conducted in accordance with China Certified Public Accountants Independent Auditing Standards.

We have concerned with the matters as follows:-

1. The financial statements of the Company showed that the Company incurred significant losses of Rmb166,840,000, Rmb363,600,000 and Rmb 803,810,000 for the years ended 31 December 1999, 2000 and 2001 respectively. Owing to the above significant losses incurred, the Company was not in compliance with certain covenants in respect of a syndicated bank loan of US\$40,000,000 (equivalent to Rmb331,064,000). The Company was unable to repay the principal together with loan interest of the syndicated bank loan. As a result, a winding-up petition has been presented against the Company pursuant to the Hong Kong legislation on 27 December 2001. In a high court proceeding held on 25 March 2002, the hearing of the petition was deferred to 29 April 2002. On 4 April 2002, the Company received another writ from the High Court of the People of Liaoning Province (the "Liaoning Court") regarding the litigation initiated by the syndicate in respect of the Company's overdue loan. However, the syndicate's lawyer has already applied to the Court on 2 April 2002 for the adjournment of the hearing of this case and to determine the next hearing after two months later. The financial statements have been prepared on a going concern basis. The validity of which depends on the assumptions made by the Company that the Company would be successful in agreeing with the syndicate the debt repayment agreement by the date of approval of the financial statements; improving the financial performance of the Company in 2002; recovering the balances due from Northeast Electrical Transmission and Transformation Equipment Group Corporation ("NET") and other related parties through the impending assets transfers. However, in the absence of sufficient documentary evidence, we have been unable to ascertain whether the above assumptions made by the Company can be supported. Accordingly, we have been unable to satisfy ourselves that the going concern basis is appropriate.



- 二、為取得銀團貸款擔保，截至2001年12月31日，貴公司在遼寧信託投資公司（「遼信」）有質押存款2,000萬美元（折合人民幣16,553.20萬元）。遼信是原在中國境內註冊的一家非銀行金融機構，2001年11月已經中國人民銀行總行批准，收繳該公司的《金融機構法人許可證》和《金融機構營業許可證》，自公告之日起停止其一切金融業務活動並進行清算。貴公司已向清算組提交存於遼信2,000萬美元的相關債權證明，相關清算工作正在進行中。我們無法獲取充分、必要的審計證據對該項債權的可收回金額進行判斷。
2. As at 31 December 2001, the Company pledged a long-term deposit of US\$20,000,000 (equivalent to Rmb165,532,000) with Liaoning Trust and Investment Corporation (the “Liaoning Trust”) for Liaoning Trust to guarantee the syndicated loan from the syndicate. The Liaoning Trust was formerly a registered non-bank financial institution in the PRC. In November 2001, the People’s Bank of China approved in withdrawing its 「金融機構法人許可證」 and 「金融機構營業許可證」. Its entire financial activities have also been suspended with effect from the date of notice for a liquidation process. The Company has since registered with this liquidation division the deposit of US\$20,000,000 previously place with Liaoning Trust and provided the relevant proof of debt. The related liquidation is still in progress. In the absence of sufficient and essential documentary evidence, we have been unable to ascertain whether the amount due from Liaoning Trust could be recoverable.
- 三、截至2001年12月31日，貴公司應收東北電及其他關聯公司款項計人民幣23,760萬元。貴公司與東北電繼續執行2000年度簽定的債務償還協議，對剩餘的應收東北電及其他關聯公司的部分款項將以資產抵債的方式予以償還，有關工作尚在進行中。貴公司2001年度對上述應收款項計提了壞賬準備10,113萬元，全部計入當期損益。在2001年度之前，貴公司並未就上述應收款項計提壞賬準備。我們無法獲取充分、必要的審計證據確定上述應收款項的可收回性及計提壞賬準備的合理性、充分性。
3. As at 31 December 2001, a major shareholder, NET and other related companies owed to the Company amounting to Rmb237,600,000. NET and the Company continues to execute the debt settlement agreement entered in 2000, in which NET might partially settle the indebtedness by way of asset transfer. Up to date, the plan to partially settle the indebtedness by way of asset is still in process. A provision of bad and doubtful debts of Rmb101,130,000 was made against amount due from NET and other related companies and was charged to profit and loss account for the year ended 31 December 2001. Before the year of 2001, the Company did not make any provision for doubtful debts on the abovementioned receivable. In the absence of sufficient and essential documentary evidence, we have been unable to ascertain the recoverability of the amounts due from NET and other related companies and the basis of provision are appropriate and sufficient.
- 四、截至2001年12月31日，貴公司應收某一非關聯公司借款計人民幣9,288萬元，其中：借款金額9,600萬元，2001年度收回312萬元。該借款最早於1999年9月15日到期，貴公司已於2001年11月向法院提起訴訟並收到遼寧省沈陽市中級人民法院民事調解書（2001）沈經初字第392號、（2001）沈經初字第393號，當事人達成還款協議。但截止本報告批准日止，餘額9,288萬元仍未能如約償還。基於上述情況，貴公司對該款項計提了壞賬準備6,288萬元，全部計入當期損益。在2001年度之前，貴公司並未就上述應收款項計提壞賬準備。我們無法獲取充分、必要的審計證據確定上述應收款項的可收回性及計提壞賬準備的合理性、充分性。
4. During the year ended 31 December 2001, a sum of Rmb96,000,000 due from a third party to the Company in which an amount of Rmb3,120,000 had been settled and the remaining balances of Rmb92,880,000 have not been settled since then. The loans were originally repayable on 15 September 1999. In November 2001, the Company had initiated a writ of summons to the court and notices were received from the “Intermediate People’s Court in Shenyang, Liaoning Province” that the borrower agreed to enter into a repayment agreement. Up to the date of approval of the financial statements, the remaining balances of Rmb92,880,000.00 have not been settled pursuant to the agreement. Accordingly, provision of bad and doubtful debts of Rmb62,880,000 was made against the remaining balances owed by the third party. Prior to 2001, the Company did not made provision for the amounts due. In the absence of sufficient and essential documentary evidence, we have been unable to determine the recoverability of the whether the amount and amount of provision is appropriate and sufficient.



- 五、 截至2001年12月31日，貴公司計提固定資產減值準備15,438萬元，我們無法獲取充分、必要的審計證據確定其合理性與充分性。貴公司存貨跌價準備餘額8,849萬元，由於未能獲取充分、必要的審計證據，對其中的5,709萬元存貨跌價準備我們無法確定其合理性。
- 六、 截至2001年12月31日，貴公司存在大量款項已付給供應商，貨物已收到但尚未取得發票的經濟業務。貴公司在會計報表預付賬款項目中確認該等經濟業務的付款事項，同時在應付賬款項目中確認該等經濟業務所涉及貨物的暫估款事項。我們無法獲取必要的審計證據確定貴公司會計報表中預付賬款和應付賬款項目需予以抵銷的金額。我們無法確定該等事項對貴公司會計報表中預付賬款、應付賬款及其他相關項目的影響程度。
- 七、 1998年6月貴公司的關聯公司東北電與中國光大銀行簽訂標的額為3,000萬元借款合同，貴公司為保證人並承擔連帶保證責任。2001年12月中國光大銀行已起訴東北電及貴公司償還借款本金2,640萬元及相應利息，截止本報告批准日，該事項正處在法院調解中；1999年4月東北電的子公司沈陽電纜有限責任公司與中國銀行沈陽分行簽訂標的額2,000萬元借款合同，貴公司為保證人並承擔連帶保證責任。2001年7月中國銀行沈陽分行已起訴沈陽電纜有限責任公司及貴公司償還借款，於2001年7月2日沈陽市中級人民法院裁定如下：被告沈陽電纜有限責任公司於2000年8月29日經(2000)沈經初字第422號立案公告，宣告進行破產程式，根據有關法律規定，駁回原告中國銀行沈陽分行的起訴。我們無法獲取充分、必要的審計證據確定上述擔保責任對公司會計報表的影響程度。
5. During the year ended 31 December 2001, the Company had recognised an impairment loss on fixed assets of Rmb154,380,000, of which we have been unable to ascertain whether the impairment loss is appropriate and sufficient due to in the absence of sufficient and essential documentary evidence. The Company had made a write-down of inventories of Rmb88,490,000. In the absence of sufficient and essential documentary evidence, we have been unable to ascertain whether the write-down of inventories of Rmb57,090,000 is appropriate.
6. As at 31 December 2001, prepayments and accruals were included in the balance sheet forming part of the Company's "prepayment, deposits and other debtors" and its "trade creditors" respectively. The prepayments represented advance payments made to suppliers which the accruals represented amounts owed to suppliers for goods received but suppliers' invoices not yet received. The accruals have been recognised in the trade creditors regardless whether there were any prepayments made in respect of the same batch of goods received. Accordingly, certain amounts included in the accruals should be set off against their corresponding prepayments. Owing to limitations of information provided to us in respect of these prepayments and accruals, we have been unable to determine the amounts to be offset among them. We have been unable to determine the effect on the prepayment, accruals and other related balances in the financial statements of the Company.
7. The Company acted as a guarantor for a 10-month loan amounting to Rmb30,000,000 which has been entered into by NET and the China Everbright Bank in June 1998. The Company has joint and several liability for this loan. In December 2001, the China Everbright Bank had commenced litigation against the Company and NET for the repayment of loan principal of Rmb26,400,000 and related interest amount. Up to the date of approval of these financial statements, the litigation is still in progress. In addition, in April 1999, Shenyang Cable Company Ltd., a subsidiary of NET, had entered into a bank loan agreement amounting to Rmb20,000,000 with the Bank of China, Shenyang Branch, in which the Company acted as the guarantor and has joint and several liability. In July 2001, the Bank of China, Shenyang Branch commenced litigation against the Company and that subsidiary of NET for the repayment of the loan. On 2 July 2001, decision of the Intermediate People's Court in Shenyang, Liaoning Province was as follows: following the Notice of [(2000)沈經初字第422號立案] made on 29 August 2000, Shenyang Cable Company Ltd. has proceeded to declare a bankruptcy process. Pursuant to the requirement of relevant legislation, the litigation initiated by the Bank of China, Shenyang Branch was overruled. In the absence of sufficient and essential documentary evidence, we have been unable to determine the effect on the Company's financial statements in respect of the above guarantee.



中國核數師報告 (續)

Report of the PRC Auditors (Continued)

我們認為，由於以上重大事項，我們無法對貴公司上述會計報表發表審計意見。

In our opinion, because of the significance of the matters referred to above paragraphs, we are unable to form an opinion on these financial statements of the Company.

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二零零二年四月十八日

18 April 2002