

VI. SIGNIFICANT EVENTS

(1) Corporate Governance

During the reporting period, the Company was strictly in compliance with the Company law, Securities Law and relevant requirements of laws and regulations imposed by China Securities Regulatory Commission. The Company continues to improve the legal-person management structure, establish modern corporate systems and organize operations of the Company. According to the regulatory documents of Management Standards for Listed Companies (上市公司治理準則), the Company improved rules of procedures in meetings. Before 30 June 2002, the Company finished the Self-inspection report on Modern Corporate System of Listed Companies (上市公司建立現代企業制度檢查的自查報告).

- (2) During the reporting period, the Company did not have any profit appropriation plan nor any transfer from surplus reserves into the share capital of the Company which had been proposed prior to and was implemented during the period.



- (3) Material Litigation and Arbitration which have happened prior to and continued to be outstanding during the period.

Overseas litigation for US\$40 million of syndicated loan (See paragraph 1, item 6 under Section V for details).

Litigation involved guarantee (See paragraph 7, item 6 under Section V for details).

(4) Material litigation and arbitration during the reporting period

1. The litigation in relation to the repayment of debt owing by the original controlling shareholder of the Company (See paragraph 3, item 6 under Section V for details).
2. The litigation in relation to the debt owing by third party (See paragraph 4, item 6 under Section V for details).

(5) Asset reorganization in the reporting period

The resolution regarding the disposal of non-profitable assets had been considered and approved at the eleventh meeting of the 3rd Board of Directors of the Company held on 24 April 2002. The Company had entered into the transfer agreement with the purchaser, pursuant to which the Company had disposed of its entire interest in its subsidiary, Shenyang Transformers, which had incurred significant losses in the past three consecutive years. As reviewed by the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, the announcement in relation to such transaction was published on 29 April 2002 and the purchaser had settled the consideration for the acquisition of Shenyang Transformers of RMB150,000,000 at one-off on 29 May 2002. The disposal of the Shenyang Transformers had been completed (See the newspapers designated for release of information dated 29 April 2002 for details).

(6) Connected party relations and connected transaction

1. Connected parties without controlling relationship

Name of Company	Relationship with the Company
Shenyang Northeast-Electrial Holding Company	Shareholder of the Company (holding 26.33% equity interest)
Northeast Electrical Transmission and Transformation Group Corporation Limited	Shareholder of the Company (holding 13.05% equity interest)

2. Connected transactions

During this period, there were no material connected transactions (Please refer to notes to the financial report for details). Connected transactions were contained in item 10 of this section.

- (7) The Company did not provide any material guarantees, enter into any trust, lease arrangement, entrust the management of any of its assets nor entrust the management of any of its loans during the reporting period.

(8) Appointment of firm of accountants

The 2001 Annual General Meeting of the Company was held on 5 June 2002 at which the resolution regarding the re-appointment of auditors was vetoed. The appointments of Deloitte Touche Tohmatsu as overseas auditor and Deloitte Touche Tohmatsu Certified Public Accountants Limited as domestic auditor of the Company respectively was considered and approved by shareholders at the extraordinary general meeting held on 12 August 2002. See the newspapers designated for release of information dated 6 June 2002 and 13 August 2002 for details)

The financial report for the reporting period had been audited by Deloitte Touche Tohmatsu Certified Public Accountants Limited and was signed by Madam Cui Jing and Mr. Huang Jingsheng, Certified Public Accountants. The service fee for providing opinions on H shares by Deloitte Touche Tohmatsu amounted to RMB1,200,000.

(9) Other important event

Since the Company has been recording loss for the past three years, according to the relevant requirements of Chapter 10 of Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Shenzhen Stock Exchange made “Decision on suspension of trading in the shares of Northeast Electrical Transmission & Transformation Machinery Manufacturing Company Limited” (關於東北輸變電機械制造股份有限公司股票暫停上市的決定) (Shen Zheng Shang(2002) No. 31). Pursuant to such decision, A shares (Stock code: 000585; Stock abbreviation: Northeast Transmission) of the Company have been suspended from the Shenzhen Stock Exchange since 23 April 2002 (Please refer announcements published on 23 April 2002 on selected newspapers).

(10) Post balance sheet event

The set off of the debt due from NET by 42.5% equity interest of Furukawa Cable. (See paragraph 3, item 6 under Section V).