Annual Report 2023 年報

NEE

输送光明和动力的桥梁

東北電氣發展股份有限公司
NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

CONTENTS

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.

1.2 The Company's Chairman, Su Weiguo, Chief Accounting Officer, Liu Kejia, and Chief Financial Officer, Lin Bin 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 report has been considered and approved by the tenth meeting of the tenth Board convened on 28 March 2024. The Audit Committee of the Board has reviewed and confirmed the Company's financial report for 2023.

1.5 The Company's annual financial report is prepared under the Accounting standards for Business Enterprises ("PRC GAAP") and the International Financial Reporting Standards ("IFRSs"). The Company's domestic auditor Zhongxingcai Guanghua Certified Public Accountants LLP issued the unqualified audit report with paragraphs regarding material uncertainties on the ability to continue as a going concern. The Company's overseas auditor Wilson & Partners CPA Limited issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern section in the auditor's report.

1.6 The forward-looking description involved in the report 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 report 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 2023 Annual General Meeting.

1.9 Prepared in accordance with IFRSs: Throughout 2023, the consolidated revenue of the Company and subsidiaries is approximately RMB110.43 million, representing a decrease of approximately RMB50.57 million from 2022.

Loss attributable to owners of the Company is RMB5.96 million.

Basic loss per share attributable to owners of the Company are RMB0.68 cents.

1.10 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
CSRC	China Securities Regulatory Commission
De facto controller of the Company	None
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
HNA Trust Management	Hainan HNA No. 2 Trust Management Service Co., Ltd., a related party of the Company
NEE, the Company	Northeast Electric Development Company Limited
NEEQ	The National Equities Exchange and Quotations
Stock Exchange	The Stock Exchange of Hong Kong

Chongqing Hotel	Chongqing HNA Hotel Investment Co., Ltd., an investee of the Company
Tianjin Center	HNA Tianjin Center Development Co., Ltd. (海航天津中心發展有限公司), an investee of the Company
Dalian Changjiang Plaza	Dalian Changjiang Plaza Co., Ltd., a related party 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
Fushun Electric Porcelain	Fushun Electric Porcelain Manufacturing Co., Ltd.

(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) Legal representative: Su Weiguo

(3) Executive Directors: Su Weiguo (Chairman), Liu Jiangmei, He Wei, Ding Jishi, Mi Hongjie, Zhu Xinguang

(4) Independent Non-executive Directors: Wang Hongyu, Li Zhengning, and Fang Guangrong

(5) Supervisors: Fan Siyao (Chairman of the Supervisory Committee), Yang Qing, and Xing Meixia

(6) Secretary to the Board: Ding Jishi

Representative for securities affairs: Zhu Xinguang
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: Unit B, 17/F, United Centre 95 Queensway, 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
Office and correspondence address of the Company: 3503, Building A, Internet Finance Building, No. 3 Guoxing Avenue, Meilan District, Haikou City, Hainan Province
Postal code of the office address: 570203
Telephone: 0898-65315679
Fax: 0898-65315679
Website: www.nee.com.cn
E-mail address: dbdqdshbgs@hnair.com；nemm585@sina.com

(8) Website containing the annual report: www.neeq.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:
–-Hong Kong Stock Exchange
–-Stock name: Northeast Electric
–-Stock code: 00042

(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: 10 January 2023
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: Zhongxingcai Guanghua Certified Public Accountants LLP

Office address: 24/F, Tower A, Vantone Financial Centre, No.2 Fuchengmenwai Street, Xicheng District, Beijing City

Overseas auditor: Wilson & Partners CPA Limited*, Certified Public Accountants, Registered Public Interest Entity Auditor*

Office address: Suite 609, 6/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong

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

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

1. Summary of financial data in the past five years prepared in accordance with International Financial Reporting Standards (IFRSs)

Items	2023	2022	2021	2020	2019
1. Revenue (RMB'000)	110,430	161,003	119,485	79,797	102,252
2. (Loss)/profit before tax (RMB'000)	(5,997)	(25,515)	17,466	67,016	(39,682)
3. (Loss)/profit attributable to owners of the Company (RMB'000)	(5,956)	(25,142)	17,629	63,977	(40,166)
4. Total assets (RMB'000)	181,530	181,481	197,239	157,896	477,387
5. Total liabilities (RMB'000)	380,756	374,511	364,776	343,125	528,494
6. Total deficits (RMB'000)	(199,226)	(193,030)	(167,537)	(185,229)	(51,107)
7. Basic (loss)/earnings per share (RMB)	(0.01)	(0.03)	0.02	0.07	(0.046)
8. Net liabilities per share (RMB)	(0.23)	(0.22)	(0.19)	(0.21)	(0.059)
9. Return on net assets (%)	0.00	0.00	0.00	0.00	0.00
10. Shareholders' interest ratio (%)	109.75%	106.36%	84.94%	117.31%	10.71%
11. Current ratio (%)	33.98%	34.25%	41.95%	36.72%	44.36%
12. Gearing ratio (%)	209.75%	206.36%	184.94%	217.31%	110.71%

2. Primary financial information and financial indicators prepared in accordance with the PRC GAAP

Unit: RMB'000

Profitability	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year %
Operating income	110,430	138,742	-20.41%
Gross profit rate	47.25%	53.43%	Drop of 6.18 percent points
Net profit attributable to shareholders of the Company	-15,057	-25,142	-
Net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses	-13,691	-28,156	-
Weighted average return on net assets (calculated in accordance with net profit attributable to shareholders of the Company) (%)	N/A	N/A	-
Weighted average return on net assets (calculated in accordance with net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses) (%)	N/A	N/A	-
Basic earnings per share (RMB)	-0.02	-0.03	-

Insolvency	End of the current period	End of the last year	Increase/decrease in the reporting period compared with the same period of last year %
Total assets	172,430	183,208	-5.88%
Total liabilities	380,112	376,238	1.03%
Net assets attributable to shareholders of the Company	-209,675	-195,063	-
Net assets per share attributable to shareholders of the Company	-0.24	-0.22	-
Gearing ratio (parent company)	332.30%	66.62%	-
Gearing ratio (consolidated)	220.44%	205.36%	-
Current ratio	0.31	0.34	-
Interest coverage ratio	-36.99	-33.67	-

Operation condition	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year %
Net cash flows from operating activities	-4,687	-5,105	-
Accounts receivables turnover	2.33	2.48	-
Inventory turnover	2.85	3.74	-

Growth condition	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year %
Growth rate of total assets	-5.88%	-5.78%	-
Growth rate of operating income	-20.41%	65.76%	-
Growth rate of net profit	-	-	-

3. Reasons for the differences in accounting information under PRC GAAP and IFRSs

On 12 January 2024, the Group has entered into an equity transfer agreement with Taisheng Real Estate (Shanghai) Co., Ltd. (泰升房地產(上海)有限公司), a related party of the Company, to dispose of its entire equity interest in Chongqing HNA Hotel Investment Company Limited (重慶海航酒店投資有限公司) at the consideration of RMB9.1 million.

In accordance with PRC GAAP, this disposal of assets is a non-adjusting post balance sheet event and was only disclosed as a non-adjusting post balance sheet event with no accounting adjustments were made during the reporting period. However, in accordance with IFRSs, the equity interest in the 30% long-term equity investment in Chongqing HNA Hotel Investment Company Limited (the "**Associate**") was reclassified as assets classified as held for sale and reversed the impairment losses on interest in an associate to its fair value of RMB 9.1 million, resulting in a difference of RMB 9.1 million in both loss for the year and net liabilities in the consolidated financial statements disclosed in accordance with PRC GAAP and IFRSs for the reporting period.

Financial information prepared in accordance with the PRC GAAP

(1) Overview

Industry overview

Power industry. In 2023, with the economy and society returning to normal operations, the macro-policies have been effective, and the overall performance of the domestic economic showed a stable and growing trend. According to the statistics of the China Electricity Council, the power investment grew rapidly, and the total installed capacity of power generation on a consolidated basis in China reached 2.92 billion kilowatts, representing a year-on-year growth of 13.9%. The power industry is the pillar industry of the national economy, and the power transmission and transformation equipment manufacturing industry in which the Company operates is the foundation of the power industry. Therefore, the state continues to increase power investment, leading to a continuous increase in the demand for power transmission and transformation equipment.

Hotel and tourism industry. In 2023, benefiting from the steady recovery of the industry, the operating performance of domestic hotels recovered significantly. According to the domestic tourism statistics released by the Ministry of Culture and Tourism, the number of domestic trips in 2023 was 4.891 billion, representing an increase of RMB2.361 billion over the same period last year or a year-on-year growth of 93.3%. Domestic tourists spent RMB4.91 trillion, representing an increase of RMB2.87 trillion or a year-on-year growth of 140.7%.

Main business that the Company engaged in during the Reporting Period

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. 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. There was no material change in the principal business of the Company during the Reporting Period.

Business review

2023 was the first year of the full implementation of the gist of the 20th CPC National Congress, and was also the year of the economic growth planned by the "**14th Five-Year Plan**". With the stable condition of the COVID-19 and the overall recovery of the domestic economy, the Company enhanced business operations, reduced costs while increasing efficiency. Also, the Company seized the opportunities of the national supply-side structural reform and the transformation of the old momentum into the new one, and accelerated the adjustment of product structure for transformation and upgrade, steadily promoted the overall arrangement for new busbar products, focusing on the pumped storage project and the market development for foreign customers to consolidate the market position of busbar products. In the meantime, as for the hotel catering and accommodation business, the continuous release of business travel and leisure travel demand was driven by the steady improvement of the macro economy, and the confidence in the hotel market recovered gradually. On a comparable basis (excluding the adjustment to the hotel business site in 2022), the hotel business also rebounded and ran stably.

During the Reporting Period, the operating income for the whole year was RMB110.43 million, representing a year-on-year drop of RMB28.31 million, mainly due to the adjustment of the Company's hotel business premise; the net profit attributable to shareholders of the Company was RMB-15.06 million, representing a year-on-year loss reduction of RMB10.08 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-13.69 million, representing a year-on-year loss reduction of RMB14.46 million.

(2) Priority Work

The main activities in the Reporting Period are as follows:

(I) Production and operation

1. Readjustment of the product mix and remarkable achievements in market expansion

In 2023, the Company seized the critical period of economic recovery and further promoted market expansion. During the Reporting Period, the value of new order contracts for busbar products increased by 80% over the same period last year (as the order cycle of busbar products was long, most of the orders were delivery contracts for the year 2024 and onwards, and there were fewer delivery contracts in this Reporting Period), achieving product diversification. The orders for million KW units and pumped storage increased, and the order structure continued to be optimized, consolidating the market position of busbar products, realizing the smooth production and operation, and providing a guarantee for continuous operation in the future.

2. The hotel business rebounded and ran stably with gross profit increased

The hotel business also rebounded and ran stably. The Company seized the favorable opportunity of the continuous demand release of demands for business travel and leisure tourism and the gradual recovery of hotel market confidence, took marketing measures such as targeted in-depth market cultivation, tourism market expansion, online market development, etc., on a comparable basis (excluding the impact of the adjustment of the hotel premises in 2022), the revenue from hotel catering and accommodation business in 2023 was RMB58.85 million, representing a year-on-year growth of 49.87%, and the gross profit margin of the hotel-related business increased by 0.58%. The hotel business gradually rebounded to normal level and achieved growth.

3. **Multiple measures taken in the meantime to ensure the turnover of working capital**

In the face of the severe financial situation, the Company overcame numerable uncertainties, strengthened the management of receivables collection, making the recovery of sales outstanding better than that in the previous year, took measures such as reducing the occupation of raw material purchase fund, adjusting the modes of letter of guarantee to reduce capital occupation and to improve cash flow. Meanwhile, the Company strengthened the comprehensive budget management, strictly implemented fund plans, rationally made arrangement for funds to ensure the turnover of working capital, avoid debt risks, and maintain stable operations.

4. **Strengthening the basic management and improving the management efficiency**

The Company determined production by sales, and achieved the goal of saving expenses through measures such as flattening organization and management, optimizing personnel structure, strengthening performance appraisal, strictly controlling costs, and strengthening budget management, so as to further reduce costs and increase efficiency, thereby improving the overall management level and operational efficiency.

5. **Increasing new product R&D efforts to enhance competitiveness**

The Company continued to carry out R&D and optimized design. In 2023, the Company completed the in-plant trial production of busbar trough products in terms of new product R&D, declared 10 utility model patents, accelerated and consolidated the improvement of its own technical level, and enhanced the product market competitiveness.

6. **Constantly improving the Company's internal control and governance system to ensure the work safety**

In 2023, the Company continuously shored up the production safety management work, issued and implemented the Establishment of the Safety Management Committee, the Safety Management System, the Activity Plan for the Work Safety Month and other work programs, providing an effective guarantee for the Company's internal control and governance, while continuing to implement the theme of work safety, in-depth implementation of the "**Work Safety Month**" activities. The Company adhered to the combination of the usual inspection and key rectification, insisted on combining training and exercises, comprehensively did well the work safety problem investigation for main subsidiaries, and successfully achieved zero accidents throughout the year for continuous stable safety situation.

(II) Connected transactions

1. **Connected transaction on transfer of investment in Chongqing HNA Hotel Investment Co., Ltd. for 30% equity therein**

Based on the need to integrate resources, supplement working capital, and promote sustainable operations, after deliberation at the eighth Board meeting of the tenth session of NEE on 12 January 2024, the subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd. ("**Garden Lane Hotel**") and the related party Taisheng Real Estate (Shanghai) Co., Ltd. ("**Taisheng**") were approved to sign the Agreement on Transfer of Equities in Chongqing HNA Hotel Investment Co., Ltd. ("**Chongqing Hotel**"). Garden Lane Hotel transferred its investment in Chongqing Hotel for 30% equities therein to Taisheng at RMB9.1 million in cash (as detailed in the announcement dated 12 January 2024). On 8 March 2024, the equity transfer was registered with the administration for industrial and commercial as a change.

2. **A supplementary agreement to the lease contract entered into**

On 22 January 2024, as required for the continued operation of the hotel, Garden Lane Hotel (the "**Lessee**"), a non-wholly-owned subsidiary of the Company, entered into a supplementary agreement to the lease contract (the "**Supplementary Agreement**") with Dalian Changjiang Plaza Co., Ltd. (the "**Lessor**"), a related party. According to the Supplementary Agreement, the relevant provisions of the original lease contract were adjusted to extend the lease period for one year, changing the lease period from the original "**1 September 2021 to 31 December 2023**" to "**1 September 2021 to 31 December 2024**", and the rent standard for 2024 was still RMB7.5 million. Apart from the terms expressly adjusted in the Supplementary Agreement, the remainder of the original lease contract shall remain in effect (as detailed in the announcement dated 22 January 2024).

(III) Progress of Material Litigations

1. The Company won the litigation on the application made by Fushun Electric Porcelain Manufacturing Co.,Ltd. (the "**Fushun Electric Porcelain**") for adjudicating NEE as a person subject to enforcement , and the court of final appeal ruled to dismiss the plaintiff's claim in accordance with the law.

   The plaintiff, Fushun Electric Porcelain, and the third party, New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (the "**Insulation Switches Company**"), had a contract dispute, and the Fushun Intermediate People's Court ruled that Insulation Switches Company should pay Fushun Electric Porcelain the processing fee of RMB11,258,221.34 and interest. Because Insulation Switches Company failed to perform, the plaintiff Fushun Electric Porcelain applied to add its shareholders Shenyang High Voltage Switchgear Co., Ltd. (the "**Shenyang High Voltage Switchgear**") and Northeast Electric as the persons subject to enforcement. Hainan First Intermediate People's Court ruled to add Shenyang High Voltage Switchgear. as the person subject to execution, and rejected its request to add Northeast Electric as the person subject to execution.

   On 13 July 2022, NEE received an indictment filed by Fushun Electric Porcelain, claiming that "**the shareholder damages the Company's creditors' interests and liability disputes**", requiring Northeast Electric to bear joint and several liability for Shenyang High Voltage Switchgear's debts. On 30 December 2022, the First Intermediate People's Court of Hainan Province issued a civil judgment (2022) Qiong 96 Min Chu No. 599. The court found that this case constitutes a duplicate lawsuit and dismissed the plaintiff's lawsuit in accordance with the law. Fushun Electric Porcelain immediately filed an appeal. On 28 June 2023, the Hainan Provincial High Court issued a civil ruling (2023) Qiongminzhong No. 280. The court found that it constituted a duplicate prosecution, and the final ruling rejected the appeal and upheld the original ruling. For details, please refer to the Announcements dated 15 July 2022, 8 February 2023 and 30 June 2023.

(3) Analysis of Financial Status of the Company in Accordance with Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited prepared in accordance with International Financial Reporting Standards (IFRSs)

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 consolidated financial statements and the consolidated statement of changes in equity.

Distributable reserve

As at 31 December 2023, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved by the Board on 28 March 2024, 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 meeting of shareholders.

Analysis of loans and borrowings

As at the end of the Reporting Period, the Company's short-term borrowings was RMB1.00 million (2022: RMBNil).

Working capital and financial resources

The net cash used in the Group's operating activities for the year ended 31 December 2023 was approximately RMB3.78 million (2022: net cash from the Group's operating activities RMB9.31 million).

As at 31 December 2023, the Group had cash and cash equivalents (including pledged bank deposits) of approximately RMB12.16 million (2022: RMB15.13 million) and bank borrowing of RMB1.00 million (2022: bank borrowing of RMBNil).

As of 31 December 2023, the Group had current liabilities of RMB314.41 million, non-current liabilities of RMB66.34 million, and deficits attributable to owners of the Company of RMB201.22 million . Details of the capital structure of the Group are set out in the consolidated financial statements of this 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 from substantial shareholders. As at 31 December 2023, the Group's short-term bank borrowings amounted to RMB1.00 million (2022: RMBNil), and the cash and cash equivalents were RMB6.44 million (2022: RMB9.95 million). 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, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Connected transaction on transfer of investment in Chongqing HNA Hotel Investment Co., Ltd. for 30% equity therein. Based on the need to integrate resources, supplement working capital, and promote sustainable operations, after deliberation at the eighth Board meeting of the tenth session of NEE convened on 12 January 2024, the subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd. ("**Garden Lane Hotel**") and the related party Taisheng Real Estate (Shanghai) Co., Ltd. ("**Taisheng**") were approved to sign the Agreement on Transfer of Equities in Chongqing HNA Hotel Investment Co., Ltd. ("**Chongqing Hotel**"). Garden Lane Hotel transferred its investment in Chongqing Hotel for 30% equities therein to Taisheng at RMB9.1 million in cash. On 8 March 2024, the equity transfer was registered with the administration for industrial and commercial as a change.

Apart from that, the Group did not have any significant investments or material acquisitions of assets, subsidiaries, associates or joint ventures during the Year.

Pledge of Assets

As of 31 December 2023, the Group's performance guarantees of RMB7,950,000 (2022: RMB7,950,000) were secured by the Group's pledge of certain fixed deposits of RMB5,715,000 (2022: RMB5,180,000).

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 2023, the Group's gearing ratio (calculated as total liabilities/total assets) was 210% (2022: 206%).

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 2023, the total amount of purchases from the Group's top five suppliers was RMB28.62 million, accounting for 38.02% of the Group's total annual purchases.

None of the top five suppliers had connected relationships with the Company.

The total amount of sales to the top five customers was RMB37.75 million, accounting for 34.19% of the Group's total annual sales. Among them, the sales amount to the biggest sales customer accounted for 12.54% of the total annual sales of the Group.

None of the top five customers had connected relationships with the Company.

(4) Prospect of Future Development

1. Industry development trend and competition outlook

Power industry: According to data released by the China Electricity Council, China's macro economy and electricity consumption will maintain steady growth in 2024. It is expected that the electricity consumption of the whole society will reach 9.8 trillion KWH, representing an increase of about 6% over 2023. The country's electricity supply and demand are generally balanced. Driven by the continuous and rapid development of new energy power generation, it is expected that the installed capacity of new power generation in 2024 will once again exceed 300 million kilowatts, and the new scale will be basically the same as that in 2023. By the end of 2024, China's installed power generation capacity is expected to reach 3.25 billion kilowatts, representing a year-on-year growth of about 12%. Thermal power will reach 1.46 billion kilowatts, of which coal power will be about 1.2 billion kilowatts, accounting for 37% of the total installed capacity. The installed capacity of non-fossil energy power generation totaled 1.86 billion kilowatts, accounting for about 57% of the total installed capacity. Among them, grid-connected wind power will reach 530 million kilowatts, and grid-connected solar power will reach 780 million kilowatts, and the combined installed capacity of grid-connected wind power and solar power will exceed installed-capacity of coal-fired plants, accounting for about 40% of the total installed capacity.

In recent years, driven by the rapid growth of various types of power generation, power consumption and transmission terminals, the power transmission and transformation equipment industry in which the Company operates has also ushered in a period of rapid development. Due to the long-term driving effect of China's strategic goals of carbon peaking and carbon neutrality, it is expected that the intensity of various policies will not be easily weakened in the future, and the high growth of the power transmission and transformation equipment industry is still sustainable.

Hotel and tourism industry: With the continuous recovery of the economy and the implementation of national policies to expand domestic demands and to promote consumption, China's tourism industry has entered a rapid recovery process, and the hotel industry will also usher in comprehensive growth.

2. Development strategy of the Company

In 2024, the domestic economy will continue to recover steadily, and the Company will seize the opportunity of an improving market situation, 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 vigorously promote the introduction of strategic investors to issue H shares. 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 orienting new business and market expansion, in an effort to form a new synergistic pattern, and reshape the industry structure of the Company.

3. 2024 operation plan and key tasks

In 2024, facing the negative factors of its own difficulties and external competition, the Company will actively exert its subjective initiative by strengthening the recovery of receivables, seeking financial support, using the capital market to introduce strategic investors, and strictly controlling costs, etc., to improve the assets quality, strengthen the continuous operation capacity of its main business, strive to maintain stability in the internal and external operating environments, and plan the injection into the future new business and the industrial development direction.

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 healthy development and increase a new business growth point, the Company will improve the its ability to continue as a going concern by the following measures:

(1) 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, we will 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 Group's main business. On the basis of the growth of the Company's existing primary business on a comparable basis in 2023, it is expected that there will still be a certain increase in 2024.

(2) Allocate human resources reasonably, and strengthen cost control. Now NEE has had a flat organizational structure for management, effectively reducing operating costs. In the meantime, NEE strengthens overall budget management and cost control, strictly controls all expenses and expenditures, reduces operating costs, and maximizes the profitability of the main business.

(3) Research and develop new products and enhance the gross profit margin. 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, while ensuring the traditional busbar products, the Company will also 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.

(4) Ensure safety production. Enhance the organizational leadership, strictly implement the main body's responsibilities and each responsibility measure to ensure the safe and steady production. By refining the emergency plan and improving emergency handling abilities, we practically implement the safe prevention work with the highest working standards, strictest working requirements, strongest responsibilities, thereby creating a sound and safe environment for the stable and orderly operation of and development and reform of enterprise safety production.

(5) 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, for the primary business, the Group intends to improve its cash flows by strengthening supply chain management and internal fund management, reducing the use of funds, accelerating the recovery of goods, increasing the line of credit purchase of materials, striving for bank loans, etc.; second, the Group will seek the support of major shareholders. In addition to the expected RMB9.1 million from transfer of 30% equities in Chongqing HNA Hotel Investment Co., Ltd., the necessary financial support will be provided to the Group through the financial support of major shareholders; third, none of NEE and its subsidiaries has loans or borrowings from financial institutions or non-related external entities. 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.

(6) Leverage financing channels of the capital market to bring in strategic investors in a two-way manner. Although the subscription agreement for the issuance of H shares by NEE in 2023 for the introduction of strategic investors has been terminated upon expiry, the introduction of strategic investors will still be the core task of NEE in 2024. In addition to maintaining the operation of its enclosed busbar and hotel accommodation and catering businesses, NEE will 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 Company through the two-way attraction of strategic investors.

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. In addition, investors are advised to carefully read the analysis on the Company's internal and external significant risk factors during the Reporting Period in the "**5. The Company's risks and countermeasures**" in this chapter.

4. 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-shares main board, in 2023, 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.

5. The Company's risks and countermeasures

(1) Market risks brought by macroeconomic environment

The power transmission and transformation equipment manufacturing industry in which the Company operates has an important impact on the long-term development of the economy and society, and is closely related to macroeconomic policies, industrial policies and national power planning. Any of increasingly complex global economic environment, intensified macroeconomic risks, energy development strategy, industrial structure, market structure adjustment, industry resource integration, changes in market supply and demand and other factors may have an impact on the Company's operation and development.

The hotel industry is in the midst of a tourism recovery. Any of complex domestic and international situations, macroeconomic fluctuations, major natural disasters and other systemic risks; worse-than-expected economic recovery, and worse-than-expected demand for consumption upgrade will have a greater impact on the Company's performance.

Countermeasures: The Company will pay close attention to the macroeconomic situation at home and abroad, and always be market-oriented, establish an operation management and control model to meet market needs, and pay attention to improving its market position; keep increasing market development efforts, consolidate the market share of traditional busbar, make in-depth exploration of new product market space, strengthen the Company's ability to cope with risks; enhance the market response sensitivity, accurately grasp the market demands, expand the market space, and explore new business growth points.

(2) Market competition risk

Affected by the macro-economy, the busbar industry in which the Company operates is facing increasingly fierce competition, and the Company will face greater competitive pressure.

The hotel industry is a fully competitive industry, and the industry competition is fierce and white-hot.

Countermeasures: We will enhance the market response sensitivity, accurately grasp the market demand, expand the market space of new products, and explore new business growth points. In order to cope with the current fierce market competition, the Company has taken a variety of effective measures to enhance brand influence and professional operation capabilities.

(3) Operating cost fluctuation risk

The Company's busbar products have typical characteristics of "**more emphasis on materials and light industry**", the main raw materials represented by copper and aluminum have high value, and their prices fluctuate significantly with the complex and changing international trade environment, supply and demand relations, macroeconomic situation and other factors, requiring a large amount of capital, and their price fluctuations will directly affect the Company's production cost, and then affect the product profitability. Such fluctuations may even adversely affect the stable operation of the company.

Meanwhile, with the pressure of economic inflation, the operating costs of hotel rooms and catering of the Company continue to rise, and the costs of hotel materials, raw materials, equipment renewal, energy consumption and labor are increasing year by year. Correspondingly, if the room rate, occupancy rate, per capita consumption level and consumer number cannot be improved, the gross profit of the Company's rooms and catering will be squeezed, and we need to improve the profitability through market research and management efficiency enhancement.

Countermeasures: To this end, the Company will study and judge the changes in the relationship between supply and demand of raw material market in a timely manner, strengthen the strategic cooperation with customers and suppliers in depth, and reduce the impact of raw material price fluctuations on the Company, while strengthening scientific and technological innovation and product innovation, reinforcing the enterprise cost control management, and improving the product profitability.

(4) Risk of account receivable

Due to the long payment cycle of busbar products, high concentration of users, weak bargaining power of manufacturers, long quality guarantee deposit period and other reasons, the amounts of accounts receivable and inventory at the end of the period are large, affecting the operating efficiency to a certain extent, increasing the Company's capital turnover pressure, operating costs and risks.

Countermeasures: On the one hand, the Company will focus on developing high-quality customers and strengthening customer credit ratings. And on the other hand, the Company will continuously monitor the age of accounts receivable, strengthen collection efforts, and reduce the impairment risk of accounts receivable, in order to effectively prevent financial risks.

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, there is no major change to the Company's core competitiveness. By developing new products and adapting to the adjustment and changes of market demand, the Company's competitiveness in some product markets was improved with some businesses even witnessed breakthroughs.

(5) Profit distribution and dividend declaration

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

Financial information prepared in accordance with the PRC GAAP

(1) Overview

During the Reporting Period, the operating income for the whole year was RMB110.43 million, representing a year-on-year drop of RMB28.31 million, mainly due to the adjustment of the Company's hotel business premise; the net profit attributable to shareholders of the Company was RMB-15.06 million, representing a year-on-year loss reduction of RMB10.08 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-13.69 million, representing a year-on-year loss reduction of RMB14.46 million.

(2) Analysis of incomes and costs

1. Operating incomes and costs

(1) Profit components

Unit: RMB'000

	Amount for the reporting period		Amount for the same period of last year		Increase/decrease in the reporting period compared with the same period of last year
		As a percentage of operating incomes		As a percentage of operating incomes	
Item	**Amount**	**%**	**Amount**	**%**	**%**
Operating income	110,430	-	138,742	-	-20.41%
Operating cost	58,252	52.75%	64,617	46.57%	-9.85%
Gross profit rate	47.25%	-	53.43%	-	Drop of 6.18 percentage
Selling expense	44,134	39.97%	67,881	48.93%	-34.98%
Overhead expense	20,868	18.98%	29,545	21.29%	-29.37%
R&D expense	2,218	2.01%	2,761	2.00%	-19.67%

Unit: RMB'000

Item	Amount for the reporting period		Amount for the same period of last year		Increase/decrease in the reporting period compared with the same period of last year
	Amount	As a percentage of operating incomes %	Amount	As a percentage of operating incomes %	%
Finance expense	1,005	0.91%	819	0.59%	22.71%
Credit impairment loss	1,145	1.04%	-1,599	-	-
Assets impairment loss	-99	-	-42	-	-
Other income	2,270	2.06%	2,892	2.08%	-21.51%
Investment gain	-	-	402	0.29%	-
Gain on fair value change	-	-	-	-	-
Loss on disposal of assets	-53	-	-5	-	-
Exchange gain	-	-	-	-	-
Operating profit	-13,729	-	-26,073	-	-
Non-operating income	1,641	1.49%	828	0.60%	98.19%
Non-operating expense	3,009	2.72%	270	0.19%	1014.44%
Net profit	-15,098	-	-25,269	-	-

Reasons for major changes in the item:

Selling expense: Mainly due to the adjustment of the Company's hotel business operation premise, resulting in a significant decline in employee compensation, depreciation of assets for use, and labor outsourcing fee, etc.

Credit impairment loss: Mainly due to the significant year-on-year drop of accounts receivable and reversal of impairment, resulting from Company's increased efforts to collect accounts receivable.

Assets impairment loss: Mainly due to an increase in provision for impairment on contractual assets and a decrease in provision for impairment on inventories.

Investment gain: Mainly due to the absence of gain on debt restructuring and cost of discount of notes receivable during the current year.

Gain on disposal of assets: Mainly due to the gain or loss on disposal of fixed assets.

Operating profit: A year-on-year loss reduction of RMB12.34 million, mainly due to the adjustment of the Company's hotel business operation premise in the previous year and the gradual recovery of the existing hotel business and busbar business operations, as well as the strengthening of internal budget management and the strict control of costs to further achieve cost reduction and benefit increase.

Non-operating income: Mainly due to the elimination of the current accounts.

Non-operating expense: Mainly due to the elimination of the current accounts.

Net profit: A year-on-year loss reduction of RMB10.17 million, mainly due to the adjustment of the Company's hotel business operation premise in the previous year and the gradual recovery of the existing hotel business and busbar business operations, as well as the strengthening of internal budget management and the strict control of costs to further achieve cost reduction and benefit increase.

(2) Income components

Unit: RMB'000

Item	Amount for the current period	Amount for the previous period	Increase/decrease in the reporting period compared with the same period of last year %
Incomes from primary business	107,746	129,159	-16.58%
Income from other business	2,685	9,583	-71.99%
Cost of primary business	58,252	64,617	-9.85%
Cost of other business	-	-	-

Analysis by product category:

Unit: RMB'000

Category/item	Operating income	Operating cost	Gross margin %	Increase/decrease in the operating income compared with that in the same period of last year %	Increase/decrease in the operating cost compared with that in the same period of last year %	Percentage point(s) of increase/decrease in the gross margin compared with that in the same period of last year
Sales of enclosed busbar products	51,471	47,587	7.55%	2.83%	2.88%	Drop of 0.04 percentage points
Hotel catering accommodation industry	56,171	10,564	81.19%	-28.99%	-42.47%	Rise of 4.40 percentage points
Information Service	104	101	2.88%	-	-	-

Reason for changes in income compositions:

Revenue from other business: Mainly due to the adjustment of the hotel premises.

(3) Major customers

Unit: RMB'000

No.	Customer	Sales amount	Percentage of annual sales %	Related party or not
1	Shenmu XX Thermoelectricity Co., Ltd.	15,135	12.54%	No
2	Zhongye South City XX Engineering Technology Co., Ltd.	12,661	10.49%	No
3	Jingneng XX Energy Co., Ltd.	4,740	3.93%	No
4	Huadian XX Power Generation Co., Ltd.	4,370	3.62%	No
5	China Electric Power Engineering Group XX Electric Power Design Institute Co., Ltd.	4,349	3.60%	No
Total		41,255	34.19%	-

(4) Major suppliers

Unit: RMB'000

No.	Supplier	Purchase amount	Percentage of annual purchase %	Related party or not
1	Shenyang XX Copper Co., Ltd.	11,756	15.62%	**No**
2	Xuzhou XX Aluminium Co., Ltd.	6,400	8.50%	**No**
3	Shenyang XXX Aluminium Co., Ltd.	5,711	7.59%	**No**
4	Liaoning XX Electric Power Equipment Manufacturing Co., Ltd.	3,065	4.07%	**No**
5	Guangdong XX Electric Power Science & Technology Co., Ltd.	1,691	2.25%	**No**
Total		28,623	38.02%	–

2. Cash flows

Unit: RMB'000

Item	Amount for the current period	Amount for the previous period	Increase/decrease in the reporting period compared with the same period of last year %
Net cash flows from operating activities	-4,687	-5,105	-
Net cash flows from investing activities	-1	7,365	-
Net cash flows from financing activities	2,459	-9,403	-

Analysis of cash flows:

Net cash flow from investment activities: Mainly due to the policy compensation received for the relocation of the new factory of the subsidiary Fuxin Busbar in the previous year, and the absence of cash flow from the relevant business in the current year.

Net cash flows from financing activities: Mainly due to the year-on-year decrease in the amount of funds borrowed in the current year, and the significant decrease in rental paid for the leased place as a result of the adjustment of the hotel business operation premise of the subsidiary Garden Lane Flight Hotel in the previous year.

3. R&D investment

R&D personnel of the Company

	2023	2022	Changes of Proportion
Number of R&D personnel	10	10	-
Proportion of R&D personnel	3.1%	2.6%	Rise of 0.5 percent point

R&D investment of the Company

	2023	2022	Changes of Proportion
Amount of R&D investment (RMB'000)	2,218	2,761	-19.65%
Proportion of R&D investment to operating incomes	2.01%	1.99%	Rise of 0.02 percent point
Capitalization of R&D investment (RMB'000)	-	-	-
Proportion of capitalization of R&D investment to total R&D investment	-	-	-

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

(3) **Structural analysis of assets and liabilities**

Unit: RMB'000

Item	End of the current period		End of the last year		Increase/decrease in the reporting period compared with the same period of last year %
	Amount	Percentage of total assets %	Amount	Percentage of total assets %	
Monetary fund	12,159	7.05%	15,129	8.26%	-19.63%
Notes receivable	2,191	1.27%	-	-	-
Accounts receivable	38,330	22.23%	56,565	30.87%	-32.24%
Inventory	21,186	12.29%	19,728	10.77%	7.39%
Fixed assets	35,678	20.69%	39,129	21.36%	-8.82%
Construction in progress					
Intangible assets	11,286	6.55%	11,550	6.30%	-2.29%
Other receivables	13,550	7.86%	9,440	5.15%	43.54%
Other non-current financial assets	19,084	11.07%	19,084	10.42%	-
Right-of-use assets	6,910	4.01%	6,910	3.77%	-

Reasons for significant changes of items

Accounts receivable: Mainly attributable to the Company's great efforts on collection of accounts receivables, resulting in better sales returns than last year.

Other receivables: Mainly attributable to the substantial increase in the sales contract of busbar products in the current year, resulting in a corresponding increase in bid security and an increase in the current accounts.

(4) Investment analysis

1. Major subsidiaries and investees

√Applicable□Not applicable

Unit of the amount: RMB

Name	Type	Principal business	Registered capital	Total assets	Net asset	Operating income	Net profit
Northeast Electric Development (HK) Company Limited	Subsidiary	Trading	$20,000,000.00	73,250,760.07	57,616,299.66	-	-54,321.97
Gaocai Technology Co., Ltd.	Subsidiary	Investment	$1	87,464,548.68	5,951,502.36	-	-12,703.45
Shenyang Kaiyi Electric Co., Ltd.	Subsidiary	Manufacturing of electrical equipment	1,000,000.00	50,292,487.89	-58,878,565.33	-	-842,769.84
Fuxin Enclosed Busbar Co., Ltd.	Subsidiary	Manufacturing of enclosed busbars	$8,500,000.00	109,895,122.23	-37,978,266.38	51,478,988.60	-6,295,248.47
Hainan Garden Lane Flight Hotel Management Co., Ltd.	Subsidiary	Hotel business	50,000,000.00	72,884,242.81	-141,239,118.21	58,847,356.01	-4,035,580.27
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	Subsidiary	Electric power engineering	10,000,000.00	13,263,609.22	6,877,872.15	-	-418.55
NEE Business Travel (Hainan) Information Consulting Co., Ltd.	Subsidiary	Information Consulting Service	1,500,000.00	2,579.15	-420.85	103,773.58	-420.85
HNA Tianjin Center Development Co., Ltd.	Investee	Property leasing and hotel catering	269,887,709.00	3,089,417,685.63	406,666,085.3	92,009,986.24	-1,433,602.01
Chongqing HNA Hotel Investment Company Limited	Investee	Property leasing and hotel catering	50,000,000.00	134,647,175.15	34,826,528.00	8,136,450.00	-1,817,895.99

Analysis of business of main investees

√Applicable□Notapplicable

Company name	Relevance to the Company's business	Purpose of investment
Chongqing HNA Hotel Investment Co., Ltd.	Property leasing and hotel catering	Investment
HNA Tianjin Center Development Co., Ltd.	Property leasing and hotel catering	Investment

Significant assets and equity disposal

√ Applicable □ Not applicable

Connected transaction on transfer of investment in Chongqing HNA Hotel Investment Co., Ltd. for 30% equity therein. Based on the need to integrate resources, supplement working capital, and promote sustainable operations, after deliberation at the eighth Board meeting of the tenth session of NEE on 12 January 2024, the subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd. ("**Garden Lane Hotel**") and the related party Tysan Land (Shanghai) Limited ("**Tysan Land (Shanghai)**") were approved to sign the Agreement on Transfer of Equities in Chongqing HNA Hotel Investment Co., Ltd. ("**Chongqing Hotel**"). Garden Lane Hotel transferred its investment in Chongqing Hotel for 30% equities therein to Tysan Land (Shanghai) at RMB9.1 million in cash (as detailed in the announcement dated 12 January 2024). On 8 March 2024, the equity transfer was registered with the administration for industry and commerce as a change.

(7) 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**".

(I) Substantial Connected Transactions of the Company for 2023

1. Pursuant to the Listing Rules of the Hong Kong Stock Exchange, the Connected Transaction of the Company for 2023 is as Follows:

(1) As disclosed in the Disclosable Connected Transaction dated 12 January 2024: Disposal of Equities in a Joint Venture, the subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd. ("**Garden Lane Hotel**") and the related party Taisheng Real Estate (Shanghai) Co., Ltd. ("**Taisheng**") signed the Agreement on Transfer of Equities in Chongqing HNA Hotel Investment Co., Ltd. ("**Chongqing Hotel**");

(2) As disclosed in the Connected Transaction Announcement on the Signing of the Supplementary Agreement to the Premise Leasing Contract dated 22 January 2024, Garden Lane Hotel (the "**Lessee**") entered into a supplementary agreement to the lease contract with Dalian Changjiang Plaza Co., Ltd. (the "**Lessor**"), a related party.

Save for the above transactions, there were no other disclosable connected transactions.

2. Pursuant to the Listing Rules of the Hong Kong Stock Exchange, the continuing connected transactions of the Company for 2023 are as follows:

As at 31 December 2021, the Group's deposits with HNA Group Finance Co., Ltd and the rent receivables and other receivables from companies within the scope of the HNA Group Bankruptcy Reorganization Plan (the "**Reorganization Plan**") amounted to RMB18,788,000 (net of provision for losses). In April 2022, the court made a ruling on the completion of the Reorganization Plan and the HNA Group Bankruptcy Reorganization Specialized Service Trust (the "Trust") was established for the purpose of implementing the Reorganization Plan and for the benefit of all the creditors of the HNA Group's 321 companies. Pursuant to the Reorganization Plan, Hainan HNA No. 2 Trust Management Service Co., Ltd. was established and acted as the holding company of the 321 companies, with the Trust serving as the controlling shareholder of Hainan HNA No. 2 Trust Management Service Co., Ltd.

According to the results of the Reorganization Plan, the Group, as one of the court-approved creditors, received the unlisted ordinary trust shares with a fair value of approximately RMB19,084,000 in June 2022, which were used to settle the Group's deposits with HNA Group Finance Co., Ltd (i.e., cash deposited with financial institutions), as well as other receivables of the Company under the Reorganization Plan. The difference between the aggregate carrying value of cash deposited with financial institutions, rent and other receivables of RMB18,788,000 and the fair value of the unlisted ordinary trust shares, which was approximately RMB296,000, was recognized as income from the reorganization of the HNA Group during the year ended 31 December 2022.

During the Reporting Period, there was no continuing connected transaction.

The independent non-executive Directors of the Company unanimously confirmed that the continuing connected transactions of the Company in 2023 were carried out:

(1) in the ordinary course of business of the Company;

(2) based on normal commercial terms or better terms; and

(3) based on the terms of the relevant transaction agreements, and the relevant terms were fair and reasonable, and in the interests of all the shareholders of the listed company as a whole;

In respect of the above continuing connected transactions (the "**Transactions**") specified in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange, the annual auditor has performed the relevant verification procedures for the transactions for the year ended 31 December 2023 and stated that: (1) it was not aware that the Transactions were carried out without the approval of the Board; (2) it was not aware of any matters which would make them believe that the Transactions were inconsistent with the pricing policies of the Group in any material aspects in connection with the Transactions where the Group provided commodities and services; (3) it was not aware of any matters which would make them believe that the Transactions were inconsistent with the terms of the transaction agreements in any material aspects; (4) it was not aware of any matters which would make them believe that the annual accumulative amount of any of the Transactions exceeded the annual cap set by the Company.

The Board and all the Directors confirm that the Company has complied with the disclosure provisions in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

Except for the connected transactions disclosed above, there is no connected transaction involving joint external investment, non-operational creditor's rights and debts, or other connected transactions which are not exempted from the annual reporting requirements.

(II) Significant Litigations and Arbitrations

1. The Company won the litigation on the application made by Fushun Electric Porcelain Manufacturing Co., Ltd. (the "Fushun Electric Porcelain") for adjudicating NEE as a person subject to enforcement, and the court of final appeal ruled to dismiss the plaintiff's claim in accordance with the law.

The plaintiff, Fushun Electric Porcelain, and the third party, New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (the "**Insulation Switches Company**"), had a contract dispute, and the Fushun Intermediate People's Court ruled that Insulation Switches Company should pay Fushun Electric Porcelain the processing fee of RMB11,258,221.34 and interest. Because Insulation Switches Company failed to perform, the plaintiff Fushun Electric Porcelain applied to add its shareholders Shenyang High Voltage Switchgear Co., Ltd. (the "**Shenyang High Voltage Switchgear**") and Northeast Electric as the persons subject to enforcement. Hainan First Intermediate People's Court ruled to add Shenyang High Voltage Switchgear as the person subject to execution, and rejected its request to add Northeast Electric as the person subject to execution.

On 13 July 2022, NEE received an indictment filed by Fushun Electric Porcelain, claiming that "**the shareholder damages the Company's creditors' interests and liability disputes**", requiring Northeast Electric to bear joint and several liability for Shenyang High Voltage Switchgear's debts. On 30 December 2022, the First Intermediate People's Court of Hainan Province issued a civil judgment (2022) Qiong 96 Min Chu No. 599. The court found that this case constitutes a duplicate lawsuit and dismissed the plaintiff's lawsuit in accordance with the law. Fushun Electric Porcelain immediately filed an appeal. On 28 June 2023, the Hainan Provincial High Court issued a civil ruling (2023) Qiong Min Zhong No. 280. The court found that it constituted a duplicate prosecution, and the final ruling rejected the appeal and upheld the original ruling. For details, please refer to the Announcements dated 15 July 2022, 8 February 2023 and 30 June 2023.

2. 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

Since there is no assets available for execution and the remaining assets are not eligible for disposal on 10 March 2023, the First Intermediate People's Court of Hainan Province issued the enforcement ruling No. 2 ((2021) Qiong 96 Zhi No. 120) that ruled the execution procedures are terminated and the execution can be resumed when there are assets available for execution.

3. **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

As at 31 December 2023, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved by the Board on 28 March 2024, 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 meeting of shareholders (2022: Nil). There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

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

As of 31 December 2023, a total of seven subsidiaries of the Company was included in the scope of consolidation, and one more subsidiary was included in the scope of consolidation as compared with those in the previous year. The additional subsidiary was NEE Business Travel (Hainan) Information Consulting Co., Ltd., which was incorporated on 3 March 2023 and is 51% owned by the subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd.

Notes made by the Board on the "non-standard audit report" issued by the accounting firm for the Reporting Period

Northeast Electric Development Co., Ltd. (hereinafter refer to as "**NEE**" or "**the Company**") appointed Zhongxingcai Guanghua Certified Public Accountants LLP as the Company's domestic auditor for 2023 ("**Domestic Auditor**"). The auditor has issued an unqualified audit report with paragraphs on material uncertainty related to going concern on the Company's financial statements for the year 2023. The Company's overseas auditor Wilson & Partners CPA Limited ("Overseas Auditor") issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern. Details are set out in "Independent Auditor's Report" section.

I. Matters Involved in Audit Opinions extract from Domestic Auditor's report ("Matters")

Material Uncertainty Related to Going Concern

We draw your attention to Note II.2 to the financial statements, which indicates that as at 31 December 2023, NEE recorded accumulated net loss of RMB2,017,913,400, and equity attributable to shareholders of the parent of RMB-209,675,300, the current liabilities exceeded its current assets by RMB214,101,200, and the Company faced compensation of RMB94,078,100 for resolved litigation cases. These matters indicate there are major uncertainties regarding the Company as a going concern, however, without any effect on the published audit opinions.

II. The Board's Opinion on Matters and Specific Measures to Eliminate the Matters and Its Influence

The Board of the Company believes that the aforesaid audit opinions gave a fair and true 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, and promote its healthy development, the Company plans to take the following measures to improve its ability to continue as a going concern:

In recent years, driven by the rapid growth of various types of power generation, power consumption and transmission terminals, the power transmission and transformation equipment industry in which the Company operates has also ushered in a period of rapid development. Due to the long-term driving effect of China's strategic goals of carbon peaking and carbon neutrality, it is expected that the intensity of various policies will not be easily weakened in the future, and the high growth of the power transmission and transformation equipment industry is still sustainable.

Hotel and tourism industry: With the continuous recovery of the economy and the implementation of national policies to expand domestic demands and to promote consumption, China's tourism industry has entered a rapid recovery process, and the hotel industry will also usher in comprehensive growth.

1. Development strategy of the Company

In 2024, the domestic economy will continue to recover steadily, and the Company will seize the opportunity of an improving market situation, 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 vigorously promote the introduction of strategic investors to issue H shares. 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 orienting new business and market expansion, in an effort to form a new synergistic pattern, and reshape the industry structure of the Company.

2. 2024 operation plan and key tasks

In 2024, facing the negative factors of its own difficulties and external competition, the Company will actively exert its subjective initiative by strengthening the recovery of receivables, seeking financial support, using the capital market to introduce strategic investors, and strictly controlling costs, etc., to improve the assets quality, strengthen the continuous operation capacity of its main business, strive to maintain stability in the internal and external operating environments, and plan the injection into the future new business and the industrial development direction.

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 healthy development and increase a new business growth point, the Company will improve its ability to continue as a going concern by the following measures:

(1) 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, we will 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 Group's main business. On the basis of the growth of the Company's existing primary business on a comparable basis in 2023, it is expected that there will still be a certain increase in 2024.

(2) Allocate human resources reasonably, and strengthen cost control. Now NEE has had a flat organizational structure for management, effectively reducing operating costs. In the meantime, NEE strengthens overall budget management and cost control, strictly controls all expenses and expenditures, reduces operating costs, and maximizes the profitability of the main business.

(3) Research and develop new products and enhance the gross profit margin. 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, while ensuring the traditional busbar products, the Company will also 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 to ensure 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.

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 Reorganization

During the Reporting Period, the actual controller remained unchanged, namely that there was no actual controller of NEE; and the controlling shareholder of NEE remained unchanged, namely Beijing Haihongyuan Investment Management Co., Ltd.

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 2023, 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 strict 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

Each of the members of the tenth Board of Directors and the tenth Board of Supervisors has entered into service contracts with the Company for a term beginning on 30 December 2022 and ending on the expiration of the term of office on 30 December 2025;

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's Board 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 10th Board of the Company in each accounting year shall not exceed that of the last session namely RMB6 million (after tax) on average during their terms of office. The total remuneration of all Supervisors of the 10th Supervisory Committee of the Company in each accounting year shall not exceed that of the last session namely RMB800,000 (after tax) on average during their terms of office.

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 local authorities of Ministry of Human Resource and Social Security 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 2023, the Group had contributions to defined contribution pension scheme of RMB3,683,000. Please refer to the notes to the financial statements for details of the implementation policies of employee remuneration and pension scheme.

Top five individuals with the highest remuneration

The top five individuals with the highest remuneration of the Group for the year 2023 included two director(s). 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 2023 and the year 2022.

Remuneration band:	Number of employees for the year 2023	Number of employees for the year 2022
HKD0 – HKD500,000	3	3
HKD500,001- HKD1,000,000	2	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

According to the requirement of Rule A.2.1 of the Corporate Governance Code set out in the Appendix C1 to the Listing Rules, all directors should actively participate in continuous professional development to develop and refresh their knowledge and skills, so as 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.

Replacement 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.

Upon consideration and approval at the 2nd meeting of the tenth session of the Board held on 19 January 2023 and the first extraordinary general meeting on 15 February 2023, the Company appointed the Zhongxingcai Guanghua Certified Public Accountants LLP as the domestic auditor for financial statements and internal control of the Company for the year 2023, and appointed Ting Ho Kwan & Chan Certified Public Accountants as the overseas auditor for the year 2023 for a period of one year, and authorized the Board to determine their remuneration.

According to the Announcement on the Resignation of the Overseas Auditor issued by Northeast Electric Development Co., Ltd. (hereinafter refer to as "**NEE**", the "**Company**" or "**the Company**") on 12 October 2023, Ting Ho Kwan & Chan Certified Public Accountants resigned as the overseas auditor of the Company with effect from 12 October 2023. At the seventh meeting of the tenth session of the Board of Directors held on 13 November 2023, the Company deliberated and approved the Resolution on the Appointment of an Overseas Auditor. As a result, the Board of Directors appointed Wilson & Partners CPA Limited (hereinafter refer to as "**Wilson & Partners**" or the "**Overseas Auditor**") as our new overseas auditor to fill the casual vacancy following the resignation of Ting Ho Kwan & Chan Certified Public Accountants and until the conclusion of the next annual general meeting.

Zhongxingcai Guanghua Certified Public Accountants LLP was engaged as the domestic auditor for the Company's annual financial report in 2023, 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 2023, and issuing audit opinions on its effectiveness. The total annual audit fee charged was RMB300,000. Meanwhile, Wilson & Partners CPA Limited charged an annual audit fee of RMB500,000.

The remuneration (excluding tax) paid to the accounting firm for auditing the 2023 annual report was as follows:

Unit of the amount: RMB

Item	**Year 2023**	**Year 2022**
Auditor's remuneration		
— Annual auditing service fees (including internal control auditing service fees)	800,000.00	700,000.00
— Other service fees	-	–
Total	800,000.00	700,000.00

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 existed 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 of the Company. As at the date of this Report, the Committee comprises Mr. Wang Hongyu, Mr. Li Zhengning, and Mr. Fang Guangrong and Mr. Mi Hongjie, 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 four 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 four meetings were held by the Audit Committee to scrutinize the Company's annual and interim financial reports respectively. All members attended the meetings to hear reports on the Company's internal control and issued related auditing reports and put forward their views. Especially in the annual report audit period, the Audit Committee has in-depth communication with the auditor, including discussion about key audit matters, going concern issues, and other important events or transactions that occurred during the period.

The tenth 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 2023, 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 all business operations 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 C1 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 2023.

(I) Shareholding structure (unit: shares)

Unit: shares

Nature of shares		At the beginning of the period			At the end of the period	
		Number of shares	Percentage (%)	Changes in the period	Number of shares	Percentage (%)
Shares not subject to trading moratorium	Total number of shares not subject to trading moratorium	867,370,978	99.31%	0	867,370,978	99.31%
	Including: Controlling shareholders and de facto controller	81,494,850	9.33%	0	81,494,850	9.33%
	Directors, supervisors and senior management	0	0%	0	0	0%
	Core employees	0	0%	0	0	0%
Shares subject to trading moratorium	Total number of shares subject to trading moratorium	5,999,022	0.69%	0	5,999,022	0.69%
	Including: Controlling shareholders and de facto controller	0	0%	0	0	0%
	Directors, supervisors and senior management	0	0%	0	0	0%
	Core employees	0	0%	0	0	0%
	Total number of shares	873,370,000	–	0	873,370,000	–
	Number of ordinary shareholders	35,250				35,250

(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 or decrease during the Reporting Period	Number of shares subject to trading moratorium	Number of shares not subject to trading moratorium	Shares pledged or frozen Status of shares	Shares pledged or frozen Number of shares
HKSCC Nominees Limited	Overseas legal person	29.44%	257,099,899	–14,000	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
Wang Juan	Domestic natural person	1.16%	10,093,600	7,475,200	0	6,960,310		
Qin Jianming	Domestic natural person	1.06%	9,246,600	8,565,600	0	6,255,600		
Yang Bozhong	Domestic natural person	0.96%	8,400,000	8,400,000	0	5,530,912		
Zhu Xinghu	Domestic natural person	0.93%	8,101,700	8,101,700	0	5,132,388		
Zhao Rui	Domestic natural person	0.80%	6,960,310	0	0	5,079,067		
Yu Jun	Domestic natural person	0.57%	5,010,000	2,660,000	0	4,974,489		
Yang Youhong	Domestic natural person	0.57%	5,000,000	5,000,000	0	4,058,571		
Shi Yubo	Domestic natural person	0.51%	4,418,036	590,100	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

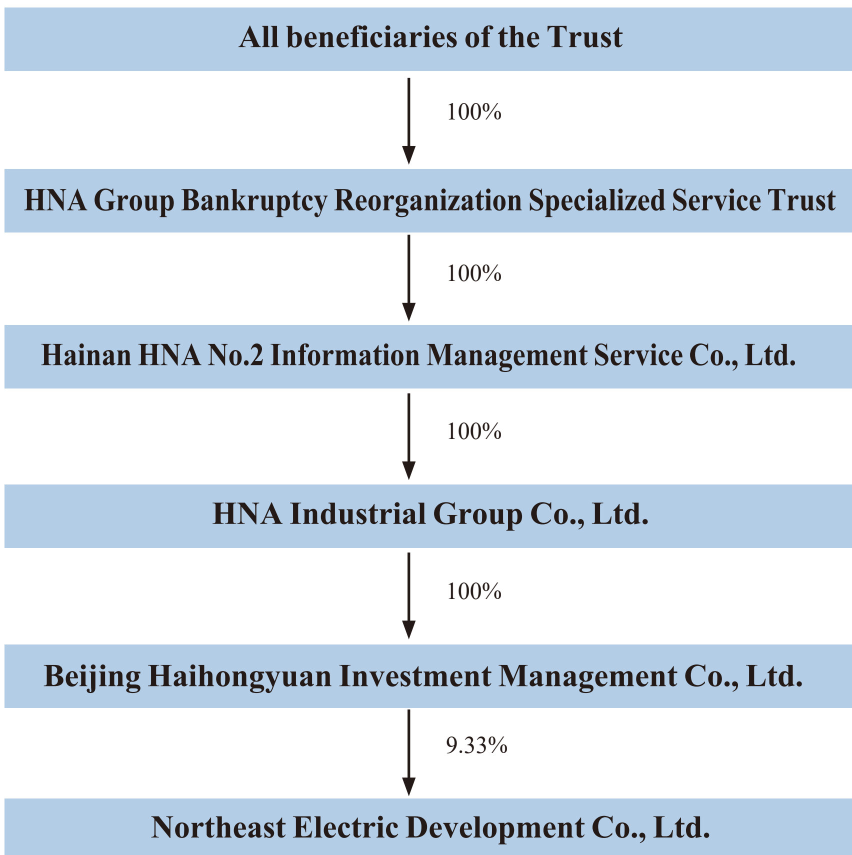
As of 31 December 2023, the Company did not issue any convertible securities, options, warrants or any other similar rights.

(7) The pledge procedures in respect of 81,494,850 domestic shares not subject to trading moratorium held by Beijing Haihongyuan Investment Management Co., Ltd. were completed with the 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

The controlling shareholder of the Company did not change, and the Company had no de facto controller during the Reporting Period.

Due to the implementation of the Reorganization Plan for the Substantive Merger and Reorganization of 321 Companies including HNA Group Co., Ltd., the de facto controller of NEE was changed from Hainan Province Cihang Foundation to no de facto controller; The controlling shareholder of NEE remains unchanged, still as Beijing Haihongyuan Investment Management Co., Ltd.. For details, please refer to the Suggestive Announcement on Change of Actual Company Controller disclosed by the Company on 27 April 2022.



(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 during the period (shares)	Number of shares held at the end of the period (shares)	Total pre-tax remuneration from the Company (RMB'000)
Su Weiguo	Chairman, President	Incumbent	Male	62	3 January 2023	30 December 2025	0	0	0	646
Liu Jiangmei	Director	Incumbent	Female	50	30 December 2022	30 December 2025	0	0	0	0
He Wei	Director	Incumbent	Female	37	30 December 2022	30 December 2025	0	0	0	0
Ding Jishi	Director,Secretary to the Board	Incumbent	Male	39	30 December 2022	30 December 2025	0	0	0	0
Mi Hongjie	Director	Incumbent	Male	31	29 December 2021	30 December 2025	0	0	0	0
Zhu Xinguang	Director	Incumbent	Male	54	30 December 2022	30 December 2025	0	0	0	527
Fang Guangrong	Independent Director	Incumbent	Male	69	11 March 2019	30 December 2025	0	0	0	0
Wang Hongyu	Independent Director	Incumbent	Male	52	29 June 2020	30 December 2025	0	0	0	98
Li Zhengning	Independent Director	Incumbent	Male	44	2 June 2021	30 December 2025	0	0	0	98
Fan Siyao	Shareholder representative supervisor, Chairman of Supervisory Committee	Incumbent	Male	32	30 December 2022	30 December 2025	0	0	0	0
Yang Qing	Shareholder representative supervisor	Incumbent	Male	42	23 August 2021	30 December 2025	0	0	0	207
Xing Meixia	Employee representative supervisor	Incumbent	Female	36	30 December 2022	30 December 2025	0	0	0	111
Mi Hongjie	Chief Financial Officer	Resigned	Male	31	29 October 2021	2 August 2023	0	0	0	0
Dang Zhaozhao	Chief Financial Officer	Resigned	Male	38	2 August 2023	12 January 2024	0	0	0	0
Liu Kejia	Chief Financial Officer	Incumbent	Male	47	12 January 2024	30 December 2025	0	0	0	0
Total										**1,687**

The breakdown of the remuneration of Directors, Supervisors and senior management for the year 2023 is as follows:

Unit: RMB

Name	Emolument	Wage and allowance	Bonus	Housing provident fund	Social insurance※	Total pre-tax remuneration
Su Weiguo	–	646,250.00	–	66.00	–	**646,316.00**
Liu Jiangmei	–	–	–	–	–	–
He Wei	–	–	–	–	–	–
Ding Jishi	–	–	–	–	–	–
Mi Hongjie	–	–	–	–	–	–
Zhu Xinguang	–	430,900.00	–	58,098.24	37,649.28	**526,647.52**
Wang Hongyu	98,000.00	–	–	–	–	**98,000.00**
Fang Guangrong	–	–	–	–	–	**–**
Li Zhengning	98,000.00	–	–	–	–	**98,000.00**
Fan Siyao	–	–	–	–	–	**–**
Xing Meixia	–	84,950.57	–	14,539.44	10,896.00	**110,386.01**
Yang Qing	–	178,798.00	–	11,355.36	17,057.28	**207,210.64**
Total	**196,000.00**	**1,340,898.57**	**–**	**101,116.32**	**48,545.28**	**1,686,560.17**

※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 at the beginning of the period	Type of change	Position at the end of the period	Reason for change
Mi Hongjie	Director and Chief Financial Officer	Resigned	Director	Work adjustment
Dang Zhaozhao	None	Incumbent	Chief Financial Officer	Operational needs
Dang Zhaozhao	Chief Financial Officer	Resigned	None	Work adjustment
Liu Kejia	None	Incumbent	Chief Financial Officer	Operational needs

(III) Employment

1. Directors of the 10th session of the Board

(1) Non-independent Directors

Mr. Su Weiguo, born in 1962, with Chinese nationality and without the right of permanent residence abroad, is a senior economist 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, and the section chief of business management department, assistant to 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 the Chairman and President of NEE.

Ms. Liu Jiangmei, born in 1974, with Chinese nationality and without the right of permanent residence abroad, graduated from Tangshan University with a bachelor's degree in business management, Beihang University with a master's degree in public relations management, and Tsinghua University with a master's degree in economic management. She used to be the HR manager of the Beijing Office of American 7xi Industrial Investment Co., Ltd., the deputy general manager of the Beijing Office of Sunwave Communications Co., Ltd., and the executive director and general manager of Beijing GuoshiJingwei Technology Co., Ltd. Currently, she is the chairman of Beijing GuoshiJingwei Technology Co., Ltd., the executive director of Lhasa GuoshiJingwei Culture Communication Co., Ltd., and the Director of NEE.

Ms. He Wei, born in 1987, with Chinese nationality and without the right of permanent residence abroad, graduated from Electronic Information Engineering of Southwest Petroleum University with a bachelor's degree. She used to be the commercial director of the Hotel Business Department of Beijing Sankuai Online Technology Co., Ltd., the general manager of the Enterprise Department of Beijing Fanyu Jingtai Technology Co., Ltd., and the general manager of ZhongcaiChengfa Group Co., Ltd.. She is now the Chairman of Beijing Xiangeqing Delicious Food Technology Co., Ltd. (北京湘鄂情味道美食科技有限公司), the director and president of People's Industrial Development (Qingdao) Co., Ltd., the executive director of Beijing Qingfengye Technology Co., Ltd., and the Director of NEE.

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 holds the qualification certificate of secretary of the board of directors. 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 NEE. He currently serves as a director of Caissa Tosun Development Co., Ltd. (000796.SZ) and the director and secretary to the Board of NEE.

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), 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 Board Office of CCOOP (000564.SZ) and Director of NEE.

Mr. Zhu Xinguang, born in 1970, with Chinese nationality and without the right of permanent residence abroad. As a senior engineer, he graduated from the Department of Electrical Engineering of Shenyang University of Technology in 1992 with a bachelor's degree in engineering. He was a technician in the design department of Shenyang High Voltage Switchgear Co., Ltd., secretary, deputy director, director and securities affairs representative of the general manager's office of NEE. He is currently the Director of NEE, director of the office of the Board of Directors and representative of securities affairs.

(2) Independent Directors

Mr. Fang Guangrong, born in 1955, with Chinese nationality and without the right of permanent residence abroad, graduated from Ningxia University with 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 seventh session of the Chinese Institute of Certified Public Accountants, the president of Hainan Institute of Certified Public Accountants, an independent director of Caissa Tosun Development Co., Ltd. (000796.SZ), and an Independent Director of NEE.

Mr. Wang Hongyu, born in 1972, with Chinese nationality and without the right of permanent residence abroad, successively graduated from Wuhan University and Hong Kong University of Science and Technology with a master's degree. He holds the senior accountant certificate and the independent director qualification certificate. He once served as a senior manager at Asia Pacific (Group) Certified Public Accountants, the chief financial officer of DuPont Protein (Luohe) Co., Ltd., 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 NEE.

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 (北京浩天律師事務所) and an Independent Director of NEE.

(3) Members of the Special Committees Under the 10th Session of the Board

As at the date of this report, the members of each special committee of the 10th session of the Board are as follows:

① **Strategic Development Committee**

Chairman: Mr. Su Weiguo

Members: Mr. Fang Guangrong, Ms. Liu Jiangmei, Mr. Mi Hongjie, Mr. Ding Jishi

② **Nomination Committee**

Chairman: Mr. Wang Hongyu

Members: Mr. Su Weiguo, Mr. Fang Guangrong

③ **Remuneration Committee**

Chairman: Mr. Fang Guangrong

Members: Mr. Su Weiguo, Mr. Li Zhengning, Mr. Wang Hongyu

④ **Investment Management Committee**

Chairman: Mr. Su Weiguo

Members: Mr. Fang Guangrong, Ms. He Wei, Mr. Ding Jishi, Mr. Zhu Xinguang

⑤ **Audit Committee**

Chairman: Mr. Wang Hongyu

Members: Mr. Li Zhengning, Mr. Fang Guangrong, Mr. Mi Hongjie

2. Supervisors of the 10th session of the Supervisory Committee

(1) Shareholder representative Supervisors

Mr. Fan Siyao, born in 1992, with Chinese nationality and without the right of permanent residence abroad, graduated from Northwestern Polytechnical University with a bachelor's degree in mathematics and applied mathematics. He was the director of standardized operation of the board office of Xi'an Minsheng Group Co., Ltd., the senior director of the board office of Supply and CCOOP Group Co., Ltd., and the business assistant of the securities business department of HNA Group Headquarters. He is currently the manager of the securities management center of the enterprise management department of Hainan HNA No.2 Information Management Service Co., Ltd., the chairman of the Supervisory Committee and the shareholder representative Supervisor of NEE.

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 senior engineer. He served as a technician, the deputy director of Technical R&D Department of Fuxin Enclosed Busbars Co., Ltd. He is currently the deputy chief engineer at Fuxin Enclosed Busbars Co., Ltd. and a shareholder representative Supervisor of NEE.

Ms. Xing Meixia, born in 1988, with Chinese nationality and without the right of permanent residence abroad. She graduated from Nanjing University of Aeronautics and Astronautics with a bachelor's degree in management and a senior secretary professional qualification certificate and an administrator certificate. She used to be the domestic customer specialist of the domestic call center of the marketing department of Hainan Airlines Holding Co., Ltd. She is now the employee representative Supervisor and the business manager of the Human Resources Administration Department of NEE.

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 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, and the section chief of business management department, assistant to 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 the Chairman and President of NEE.

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 holds the qualification certificate of secretary of the board of directors. 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 director of Caissa Tosun Development Co., Ltd. (000796.SZ) and the Director and secretary to the Board of NEE.

Mr. Liu Kejia, born in 1977, with Chinese nationality and without the right of permanent residence abroad, graduated from Nanjing University of Aeronautics and Astronautics with a bachelor's degree in business administration. He has been certified as a Senior International Finance Manager (SIFM) and a qualified professional Intermediate Tax Accountant. He previously served as the Manager of the Finance Department of Chongqing HNA Hotel Investment Co., Ltd. under HNA Group and the Chief Financial Officer of Hainan HNA China Travel Business Management Co., Ltd. He currently serves as the Chief Financial Officer of NEE and the financial director of Hainan Garden Lane Flight Hotel Management Co., Ltd.

4. Joint Company Secretary

Mr. Chen Yiping, born in 1977, with Chinese Hong Kong nationality, graduated from the Hong Kong Polytechnic University with a bachelor's degree in accounting (honours). Mr. Chen Yiping has more than 20 years of rich working experience in auditing, financial management, company secretarial management and corporate governance. At present, he is the director of Tianhao Certified Public Accountants Co., Ltd., a certified public accountant in Hong Kong, and the Joint Company Secretary of NEE.

(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)	308
Total number of employees on the payroll (person)	318
Total number of employees receiving remuneration in the current period (person)	318
Number of retired employees for whom the parent company and main subsidiaries need to pay expenses (person)	0

Occupational structure

Occupational structure category	Number of employees involved in the occupational structure (person)
Production staff	211
Salespersons	24
Technical staff	23
Financial staff	22
Administrative staff	38
Total	**318**

Education level

Education level category	Number (person)
Bachelor degree and above	59
College	98
Senior high school and below	161
Total	**318**

The Company has formulated two versions of "**Corporate Governance Report**" in accordance with different requirements of securities regulatory authorities in Mainland China and the Listing Rules of the Hong Kong Stock Exchange in terms of form and content, respectively. To avoid undue repetitions and keep the presentation lucid, a cross-referencing approach has been adopted.

Part 1: Corporate Governance Report (Prepared in Accordance with the Requirements of Securities Regulatory Authorities in Mainland China)

1. Basic Status of Corporate Governance

During the reporting period, the Company, in strict compliance with provisions of the Company Law, Securities Law and other laws and regulations as well as relevant normative documents, improved its corporate governance structure and regulated its daily operation on an ongoing basis to further upgrade the level of normalization. As of the end of the reporting period, the Company's actual corporate governance met the requirements of normative documents on the governance of listed companies published by CSRC. No significant difference existed.

(1) Shareholders and general meeting

The Company strictly complied with the provisions and requirements of the Company Law, Articles of Association and Rules of Procedure for General Meeting to convene general meetings and normalize its voting procedure, and ensure that all shareholders, especially minority shareholders, can enjoy equal status and fully exercise their rights.

(2) Relationship between substantial shareholders and the listed company

The Company's substantial shareholders strictly complied with the Company Law, Articles of Association and Code of Conduct of Substantial Shareholders to normalize their behaviors, exercised their rights according to law, as well as assume their corresponding obligations. During the reporting period, they did not, directly or indirectly, interfere with the Company's decision-making or business activities by circumventing the general meeting. The Company's Board of Directors, Supervisory Committee and relevant departments could work normally and independently.

(3) Directors and the Board of Directors

In compliance with the Company Law, Articles of Association and Rules of Procedure for the Board Meeting, the Company's Directors worked, attended relevant meetings in a conscientious manner, actively participated in trainings, and familiarized themselves with relevant laws and regulations. The Company strictly complied with the election procedure as specified in the Articles of Association to complete the election at expiration of terms of office. During the reporting period, the Company had nine directors, of whom there were three independent directors. Each of the elected directors had participated or committed to participating in relevant trainings organized by securities regulators. The composition of the Board of Directors met requirements of relevant laws, regulations and the Articles of Association. The independent directors, in accordance with the provisions of Working Rules of Independent Directors and other rules, fulfilled their duties independently, attended the Company's board meetings and general meeting, and expressed their independent opinions on the Company's significant matters so as to ensure the Company's normal operation.

(4) Supervisors and Supervisory Committee

The Company's Supervisory Committee worked under relevant provisions of the Company Law, Articles of Association, and Rules of Procedure for Meeting of Supervisory Committee, and its supervisors were recommended, elected and appointed in accordance with relevant laws and regulations. The supervisors earnestly fulfilled their duties, and supervised the Company's financial situation and the legality and compliance of significant matters, thus safeguarding the legal rights and interests of the Company and its shareholders.

(5) Information disclosure and transparency

Pursuant to Information Management Rules, the Company strengthened its management of investor relations and conscientiously fulfilled its information disclosure obligation, thus ensuring truthful, accurate, complete and timely information disclosure, as well as enabling all of the Company's shareholders to have equal chances for information.

(6) Stakeholders

In accordance with Information Management Rules, the Company strengthened the confidentiality of internal information and the management of owners of inside information, prevented insiders misusing the right of information, revealing inside information for insider dealings. The Company could fully respect and safeguard the legal rights and interests of the stakeholders, and realize the coordination and balance of interests among shareholders, staff and society so as to jointly push the Company's stable and sound growth.

(7) Performance appraisal and incentive and restraint mechanisms

The Company has established a series of performance appraisal and incentive and restraint mechanisms. Its appointment of senior management was open and transparent, meeting the requirements of relevant laws and regulations.

(8) Establishment and implementation of internal audit system

The executive office of Audit Committee under the Company's Board is internal audit department. The internal audit department exercises its rights of audit supervision within the authorized scope of Audit Committee. Guided by the Management System for Internal Control Supervision and Inspection and according to law, the department checked the Company's accounting books and related assets, and analyzed and evaluated its capital operation, utilization of assets and other financial operation, therefore ensuring the truth and integrity of the Company's assets. The execution of internal audit enabled the Company to avoid operation risks and enhance its economic benefit.

2. The Company's Independence from its Controlling Shareholders on Business, Personnel, Assets, Organization Structure, and Finance

The Company operated independently and steadily from its controlling shareholders in terms of business, personnel, assets, organization structure and finance.

With respect to business, the Company' business has been absolutely independent from that of its controlling shareholders. The Company has been responsible for its own operation and management, profits and losses, independent of any shareholders or any other related parties. It has a complete and independent business structure.

With respect to personnel, the Company has an independent and complete human resources management system. Pursuant to relevant policies in PRC, the Company has established a sound personnel management system, and implemented the labor contract system to all the staff so as to systemize and normalize the personnel management. Independent management has been carried out in staff's social security and remuneration.

With respect to assets, the Company's assets have been complete and separated from those of controlling shareholders. None of the Company's capital, assets or other resources has been utilized without payment by any controlling shareholders, de facto controllers or any other enterprises under their control.

With respect to organization structure, the Company's organization structure has been sound, and absolutely independent from that of its controlling shareholders. The Board, Supervisory Committee and general manager have operated independently, having no affiliation with the function department of any controlling shareholders. The Company has established and improved its decision-making system and internal control system to realize effective operation.

With respect to finance, the Company has set up an independent financial department, and established an independent financial accounting and management system. It has opened accounts in banks and paid taxes according to law independently.

3. Information on General Meetings Convened

The Company convened its annual general meeting for 2022 by a combination of on-site voting and online voting on 29 June 2023, details of which are set out in the Announcement on the Poll Results of the 2022 Annual General Meeting issued on 29 June 2023.

The Company convened its first extraordinary general meeting in 2023 by a combination of on-site voting and online voting on 15 February 2023, details of which are set out in the Announcement on the Poll Results of the First Extraordinary General Meeting for 2023 issued on 15 February 2023.

4. Performance of Duties by Independent Non-executive Directors

During the reporting period, the independent directors did not raise objections to relevant matters of the Company. The independent directors, in strict accordance with the Articles of Association and Working Rules of Independent Directors and other laws and regulations, kept an eye on the standard operation of the Company, independently performed their duties, presented their valuable and professional advices on such matters as the improvement of the Company's system and its daily operation and decision making, issued independent and fair opinions about the engagement of annual report auditor, related transactions, and the election and appointment of Directors, Supervisors and senior management during the reporting period, thus playing their due role in improving the Company's supervision mechanism and safeguarding the legal rights and interests of the Company and its shareholders.

Attendance of independent non-executive directors at board meetings and general meetings in this year was as follows:

	Attendance of independent directors at board meetings and general meetings						
Name of independent directors	Number of board meeting required to be attended during the reporting period	Number of board meeting attended in person	Number of board meeting attended via communications	Number of board meeting attended by proxy	Number of absence from board meetings	Failure to attend in person at two consecutive board meetings	Number of attendance at general meetings
Fang Guangrong	7	0	7	0	0	No	1
Wang Hongyu	7	0	7	0	0	No	2
Li Zhengning	7	0	7	0	0	No	1

5. Performance of Duties by Special Committees under the Board during the Reporting Period

The Company has set up Strategic Development Committee, Nomination Committee, Remuneration Committee, Audit Committee and Investment Management Committee, each of which operates normatively according to their respective rules of procedure.

(1) Performance of Duties by Strategic Development Committee

Duties and major work of the committee include consideration and assessment of the Company's development, financial budget, investment and business operations.

As of the disclosure date of this report, Mr. Su Weiguo serves as Chairman, and members are Mr. Fang Guangrong, Ms. Liu Jiangmei, Mr. Mi Hongjie, Mr. Ding Jishi. During the reporting period, the committee convened one committee meeting, which was attended by all members of the committee. At the meeting, the committee reviewed the future development program and other matters of the Company.

(2) Performance of Duties by Nomination Committee

Duties and major work of the committee include assessment of performance of directors and senior management, nomination of candidates for directors, independent directors and senior management, as well as regular review of the structure, membership of the Board of Directors and performance of work of directors.

As of the disclosure date of this report, Mr. Wang Hongyu serves as Chairman, and members are Mr. Su Weiguo and Mr. Fang Guangrong. During the reporting period, the committee convened one committee meetings, which were attended by all members of the committee.

(3) Performance of Duties by Remuneration Committee

Duties and major work of the committee include formulation of remuneration policies for directors and senior management and approval of terms of directors' service contracts.

As of the disclosure date of this report, Mr. Fang Guangrong serves as Chairman, and members are Mr. Su Weiguo, Mr. Li Zhengning and Mr. Wang Hongyu. During the reporting period, the committee convened one committee meeting, which was attended by all members of the committee.

(4) Performance of Duties by Investment Management Committee

Duties and major work of the committee include consideration and assessment of the Company's strategic plans on annual investment return. As of the disclosure date of this report, Mr. Su Weiguo serves as Chairman, and members are Mr. Fang Guangrong, Ms. He Wei, Mr. Ding Jishi, Mr. Zhu Xinguang. During the reporting period, the committee convened two committee meetings, which was attended by all members of the committee.

(5) Performance of Duties by Audit Committee

Duties and main work of the committee include review of the Company's financial reports, appointment of independent auditors, approval of audit and audit-related services as well as monitoring of internal control and risk management procedure, financial report procedure and management policies.

The committee convenes at least four meetings every year to jointly review the accounting principles adopted, internal control system and relevant financial affairs, ensuring the integrity, fairness and accuracy of the financial statements and other related materials. During the year, the committee convened four meetings, which were attended by all members. At these meetings, the annual report, interim financial report were audited respectively, the internal control report was debriefed, and relevant auditors' report and opinions were issued. Especially during the audit period of annual report, the Audit Committee deeply communicated with the audit institution, discussed on key audit matters, continuous operation issues, and other important events or transactions occurred in the period. As of the disclosure date of this report, Mr. Wang Hongyu serves as Chairman, and members are Mr. Li Zhengning, Mr. Fang Guangrong and Mr. Mi Hongjie.

6. Performance of Duties by Supervisory Committee

During the year, the Supervisory Committee of the Company earnestly performed supervisory duties, and carried out effective supervision and verification on the Company's decision-making process in operation, operation, finance, assets disposal, appropriation of non-operating funds and related transactions pursuant to laws and regulations of PRC and the Articles of Association. No objection was raised during the supervision on these matters.

7. Appraisal and Incentives to Senior Management

The Company has established a series of performance appraisal and incentive and restraint mechanisms. Its appointment of senior management was open and transparent, meeting the requirements of relevant laws and regulations. The Company's Remuneration Committee under the Board, in accordance with the Company's remuneration management system and annual performance appraisal, has established remuneration standards based on positions and duties of directors, supervisors and senior management.

8. Internal Control

During the reporting period, details about the internal control are set out in "**Self-assessment Report on Internal Control**" and "**Audit Report on Internal Control**" issued by the auditor.

The Audit Report on Internal Control issued by the auditor is in line with the Board's opinions about the Self-assessment Report on Internal Control.

Part 2: Corporate Governance Report (Prepared in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)

1. Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining an overall high level of corporate governance by unswervingly continuing to improve its corporate governance practices and procedures, and it has always been well aware of the importance of assumption of responsibility and communication with shareholders. The Company adopts Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as its corporate governance code. Through the establishment of a sound and effective board of directors, a comprehensive internal control system and a stable corporate structure, the Company is committed to disclosing data completely and transparently, enhancing operational stability, and consolidating and increasing value and profits for shareholders.

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 confirmed that the Company had remained compliant with the principles and code provisions of Corporate Governance Code as set out in Appendix C1 of the Listing Rules ("**Code Provision**") during the period from 1 January 2023 to 31 December 2023, except for the following deviation:

Pursuant to CG Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation. In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure from time to time to ensure that appropriate action is being taken as and when appropriate.

2. Model Code for Securities Transactions by Directors

The Company takes the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") under the Appendix C3 to the Listing Rules as a code of conduct for directors' securities transactions; after accepting specific enquiries, all members of the Board of the Company confirmed that they had complied with the Model Code during their tenure as directors of the Company.

The Board has formulated guidelines on the trading of securities of listed companies by "**directors and relevant employees**". The Board of Directors has given written notices in advance to insiders (including the Company's directors, supervisors, senior management and controlling shareholders, de facto controllers as well as connected parties, as defined in the Listing Rules) stating that purchase and sales of shares of the Company shall comply with relevant regulations and forbidding the insider to purchase or sell the shares with inside information: no transactions of the company securities shall be carried out during the price-sensitive time within sixty days, a lock-up period from 30 January 2023 to 30 March 2023, prior to results report.

All directors confirmed that: During the reporting period, they adhered to the guidelines, and neither they nor their related parties conducted securities transactions of the Company.

3. The Board

All directors of the Board, in the best interests of the Company, lead and supervise the Company and assume joint and individual responsibility to all shareholders of the Company regarding the management, monitoring and operation of the Company.

Functions of the Board

The Board is responsible for convening general meetings, reporting to the general meeting and implementing the resolutions of the general meeting in a timely manner, determining the Company's business plan and investment plan, and supervising and guiding the senior management of the Company. The Board is also responsible for monitoring the Company's operating and financial performance, formulating the Company's annual financial budget plan, final settlement plan and preparation of financial accounts.

Composition of the Board

The composition of the Board is in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. On the reporting date, the Board consisted of six executive directors and three independent non-executive directors, which is shown as follows:

Executive directors:

Su Weiguo	Chairman of the Board, member of Nomination Committee, member of Remuneration Committee, chief member of Investment Management Committee, chief member of Strategy Committee
Liu Jiangmei	Member of Strategy Committee
He Wei	Member of Investment Management Committee
Ding Jishi	Member of Strategy Committee , member of Investment Management Committee
Mi Hongjie	Member of Audit Committee
Zhu Xinguang	Member of Investment Management Committee

Independent non-executive directors:

Li Zhengning	Member of Audit Committee, member of Remuneration Committee
Fang Guangrong	Member of Audit Committee, chief member of Remuneration Committee, member of Nomination Committee, member of Investment Management Committee, member of Strategy Committee
Wang Hongyu	Chief member of Audit Committee, member of Remuneration Committee, member of Investment Management Committee

There are no financial, business, family or other significant/related relationships between the members of the Board of the Company.

The Company has appointed three independent non-executive directors, representing one third of the Board.

Independent non-executive director, Mr. Wang Hongyu is expertised in accounting and financial management.

Attendance of the Board Meetings and General Meetings

In 2023, the Board of the Company held 7 meetings, the Company held 2 general meetings. In 2023, the attendance of directors at board meetings and general meetings was as follows:

Number of meetings	Board meeting 7			General meeting 2	
Members of the Board Note 1	**Number of attendance in person**	**Number of attendance by proxy**	**Attendance rate** Note2	**Number of attendance in person**	**Attendance rate** Note2
Executive directors					
Su Weiguo	7	0	7/7	2	2/2
Liu Jiangmei	7	0	7/7	0	0/0
He Wei	7	0	7/7	0	0/0
Ding Jishi	7	0	7/7	2	2/2
Zhu Xinguang	7	0	7/7	2	2/2
Mi Hongjie	7	0	7/7	0	0/0
Independent non-executive directors					
Li Zhengning	7	0	7/7	1	1/2
Fang Guangrong	7	0	7/7	1	1/2
Wang Hongyu	7	0	7/7	2	2/2

Note 1: During the year, the changes in the members of the Board of Directors of the Company are set out in section "**(2) Change in Directors, Supervisors and Senior Management**" of "**8. Directors, Supervisors, Senior Management, and Employees**".

Note 2: The number of attendance by proxy is not included when the attendance rate is calculated. The attendance rate of departed and appointed directors during the year is calculated based on the number of board meetings and general meetings held during their respective term of office.

Responsibilities and Authorities of the Board and Management

The responsibilities and authorities of the Board and management are clearly defined. The powers of the Board are set out in Article 153 of the Articles of Association. For an overview, please refer to section "**Functions of the Board of Directors**" in "**Part 2: Corporate Governance Report**"; the management conducts day-to-day operations and management and reports to the Board, providing the Board and its special committees with sufficient data in a timely manner to ensure that they make informed decisions. In addition, each director has the right to request further data from the management of the Company.

Service contracts for directors: Details are set out in the relevant disclosure information of "Other Major Events" under "Important Matters" in section V.

Training and sustainable development of directors

After a director is appointed, the Company provides relevant inaugural materials and then provides information to help the director understand the business and operations of the Company on a regular basis. From time to time, the Company sends updated materials in connection with relevant new laws and regulations, internal publications and others to the directors and organizes continuing professional training for directors (with the expense borne by the Company) to help them fully understand the duties of directors as stipulated in the relevant laws and regulations such as the Listing Rules and timely and comprehensively learn the operations of the Company.

The relevant records of training for directors are listed below:

	Training content	
Member of the Board	**Reading materials such as laws, regulations and rules**	**Lectures or training**
Executive directors		
Su Weiguo	√	√
Liu Jiangmei	√	√
He Wei	√	√
Ding Jishi	√	√
Mi Hongjie	√	√
Zhu Xinguang	√	√
Independent non-executive directors		
Li Zhengning	√	√
Wang Hongyu	√	—
Fang Guangrong	√	—

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development and has established the board diversity policy. The remuneration committee and the nomination committee will regularly review the structure, size, and composition of the Board (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) in support of the Company's strategy. The Company has now completed the implementation of board diversity policy. The Company has made proper information disclosure on board composition (including gender, ethnicity, age and length of service) according to laws and regulations and listing rules.

4. The Chairman and the Chief Executive Officer

The Chairman of the Board and the president are both chaired by Mr. Su Weiguo.

The primary role of the Chairman is to lead the Board and to ensure that it works effectively in discharging its responsibilities by setting the overall strategy and making major development decisions of the Company and monitoring their implementation and ensuring the creation of value for Shareholders.

The General Manager who also serves as the Chief Executive Officer of the Company is responsible for the day-to-day operation and management of the Company's business, formulating different business and financial targets and management rules, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board, including the building of a strong corporate culture within the Company.

5. Independent non-executive directors

As at the date of issue of this Report, there are three independent non-executive directors (being Mr. Li Zhengning, Mr. Wang Hongyu and Mr. Fang Guangrong), with a term of office up to 30 December 2025.

The Company has, in accordance with the provision of Rule 3.13 of the Listing Rules, required each of the independent non-executive directors to submit their annual confirmation of independence, and considered the independence of independent non-executive directors.

6. Performance of Duties by Special Committees

Details of performance of duties by special committees are set out in "**5. Performance of Duties by Special Committees under the Board During the Reporting Period**" of "**Part 1: Corporate Governance Report**".

7. Remunerations of Auditor

On 15 February 2023, the general meeting considered and approved the appointment of Zhongxingcai Guanghua Certified Public Accountants LLP as the Company's domestic auditor in 2023 and Ting Ho Kwan & Chan Certified Public Accountants as the Company's 2023 overseas auditor (collectively referred to as the "**Audit Institutions**"), and authorized the Board to determine the auditor's remuneration. At the seventh meeting of the tenth session of the Board of Directors held on 13 November 2023, the Company deliberated and approved the Resolution on the Appointment of an Overseas Auditor. As a result, the Board of Directors appointed Wilson & Partners CPA Limited ("Wilson & Partners" or the "Overseas Auditor") as our new overseas auditor to fill the casual vacancy following the resignation of Ting Ho Kwan & Chan Certified Public Accountants and until the conclusion of the next annual general meeting. As determined, the remuneration is RMB800,000 in total.

8. Secretary of the Company

Mr. Chan Yee Ping (Michael) is engaged by the Company as the joint company secretary to assist the Company in dealing with the compliance matters relating to the Hong Kong Listing Rules. Mr. Chan Yee Ping is the Company's external personnel, and he can contact and communicate with Mr. Su Weiguo, the internal contact and the authorised representative of the Company in his day-to-day work.

According to Rule 3.29 of the Hong Kong Listing Rules, the secretary of the Board has taken no less than 15 hours of relevant professional trainings during the reporting period.

9. Shareholders' Rights and Investor Relations

Shareholders' rights

The Company adopts various measures to facilitate and ensure the smooth exercise of shareholders' rights in strict compliance with relevant laws and regulations such as the Company Law, Securities Law, and Hong Kong Listing Rules in accordance with pertinent requirements under the Articles of Association of the Company.

Procedures for Shareholders' Requirement to Convene an Extraordinary General Meeting ("EGM")

The following set out the procedures for Shareholders to convene an extraordinary general meeting of the Company:

Shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Board for the convening of an EGM, and such proposal shall be made in writing to the Board. The Board shall, in accordance with laws, administrative regulations, and these Articles, provide written feedback within ten days after receiving the proposal with respect to whether it agrees with the proposal to convene an EGM.

In the event that the Board agrees to convene an EGM, a notice of the general meeting shall be provided within five days of such resolution by the Board. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Board disagrees with the convening of an EGM, or fails to provide any feedback within ten days after receiving the proposal, shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Supervisory Committee for the convening of an EGM, and such proposal shall be made in writing to the Supervisory Committee.

In the event that the Supervisory Committee agrees to convene an EGM, a notice of convening a general meeting shall be provided within 5 days after receiving the proposal. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Supervisory Committee did not provide a notice of convening a general meeting within the specified timeframe, the Supervisory Committee shall be considered to be unwilling to convene and preside over the general meeting. The shareholders that, either individually or jointly, hold over 10% of shares of the Company for a period of 90 consecutive days or more may at their sole discretion convene and preside over the EGM.

Procedures by Which Enquiries May be Made by Shareholders

A shareholder requesting information such as the Articles of Association, register of shareholders and minutes of shareholders' meetings or inspecting relevant information should provide written documentation to the Company to evidence the type and number of shares of the Company that he/she holds. Upon verification of the shareholder's identities, the Company will provide the copy as per the shareholder's request within seven days upon receipt of reasonable charges. In addition, the shareholders can also review the copy of minutes of general meetings free of charge during the business time.

The shareholders can also make enquiries or questions in writing to the securities affairs representative and the secretary of the Board by various methods such as phone, mail, site visit and internet platform. The Office of the Board, whose contact information is set out in "**BASIC INFORMATION OF THE COMPANY**" of this report, is responsible for the day-to-day communication with shareholders,

For the consideration of and voting on a proposal in a general meeting, the shareholders are entitle to make enquiries and suggestions to the proposal. The shareholder shall first introduce his/her identity as a shareholder and his/her shareholding. The chairman of the general meeting shall in person or appoint an attendee to reply to or give an explanation to such enquiries or suggestions.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

When the Company convenes a general meeting, the Board, the Supervisory Committee, and shareholders that, either individually or jointly, hold more than 1% of shares of the Company have the right to make proposals to the Company and can make and deliver the temporary proposals to the convener in writing ten days prior to the general meeting. The convener shall give a supplementary notice of the general meeting within two days after receiving such proposals, and announce the contents of the temporary proposals. Other than circumstances stipulated in the above provision, proposals already listed in the notice of the general meeting shall not be altered and new proposals shall not be added following the issuance of the announcement of the notice of the general meeting by the convener.

Investor Relations

In order to further maintain the accuracy and timeliness of the Articles of Association of the Company, the Board announced that the amendments to the Articles of Association in accordance with the relevant laws and the listing rules with reference to the actual circumstances of the Company were necessary. The proposed amendments to the Articles of Association were approved and effective at 2020 Annual General Meeting held on 2 June 2021 by special resolution. For details about the Articles of Association, please refer to the Company's announcement dated 28 March 2024.

The latest version of Articles of Association is available for inspection at the Company's website and the website of Hong Kong Stock Exchange.

10. Risk Control and Internal Control

The Board of Directors of the Company is responsible for reviewing the Company's risk management and internal control systems to ensure its effective implementation. The Board of Directors has delegated to the internal audit department the responsibility for reviewing the effectiveness of the risk management and internal control systems of the Company and its subsidiaries. The Board shall reasonably ensure operations in compliance with laws and regulations, security of assets, and truthfulness and completeness of financial reports and relevant information, enhance the efficiency and effectiveness of operations, and promote the realization of development strategies. Additionally, the Board shall ensure the adequacy of resources, staff qualifications and experience for accounting, internal audit and financial reporting functions, and of the courses and budget for staff training.

During the year, in accordance with relevant laws and regulations, the internal audit department of the Company reviewed for four times the control over financial, operational and compliance matters of the Company and its subsidiaries and whether the risk management and internal control systems had been operating effectively and what further improvements could be made, and reported their findings to the Board of the Company.

In accordance with the provisions and requirements of Basic Code of Corporate Internal Control and its supporting guidelines and with reference with the internal control systems and evaluation policies of the Company, the Company conducted an effective assessment on the Company's internal control for this year in respects of specific operations such as outward investment, guarantee business, funds raising, procurement, asset management, sales, capital activities, and comprehensive budgeting, and the Company itself and Fuxin Enclosed Busbars Co., Ltd. which were also under internal control, based upon day-to-day and special monitoring of internal control, and drew a conclusion in terms of the effectiveness of internal control: during the reporting period, the Company has established and implemented internal control measures of the businesses and matters which fell into the scope of evaluation, achieving the Company's target of internal control.

Zhongxingcai Guanghua Certified Public Accountants LLP issued a standard and unqualified internal control audit report, and is of the view that as at 31 December 2023, the Company maintained effective internal control related to financial reporting and non-financial reporting in accordance with Basic Code of Corporate Internal Control and relevant requirements in all material aspects.

11. The Supervisory Committee provided audit opinion on the related matters of the Company

(1) The Company's legal operation

The Supervisory Committee opines that during the reporting period, the Company has established a fairly comprehensive corporate governance framework and internal control system. Decision-making procedure of the Annual General Meeting and each of the board meetings are lawful. Directors, independent directors, managers and other senior management strictly observe the law in performing their duties. They had no acts in breach of discipline, law, Articles of Association nor had damaged interests of the Company.

(2) The Company's financial status and the consideration of 2023 Financial Report

The Supervisory Committee opines that during the reporting period, the financial department of the Company has established a sound internal control and management system by attentively performing related accounting system and codes of the State to integrate operation and financial management, so as to protect interests of investors. The 2023 financial report truly reflected the Company's financial status and operating results. The auditors' report issued by the Company's auditor is true, accurate and objective in all material aspects, which truly reflected the Company's financial status and operating results in 2023.

(3) Asset acquisitions and disposals

The external investment, equity acquisition, and asset acquisition and sale matters (if any) of the Company in the reporting period were all prepared based on the general commercial terms and according to the normal way, and the pricing terms are fair and reasonable; the supervisory committee agrees with the resolution of the Board of Directors; all the transactions are fair and reasonable to all the shareholders and do not damage the legitimate interests of minority shareholders.

(4) Connected transaction

The Supervisory Committee opines that no insider dealings between the associates of the Company and connected transactions that damage the interests of some of the shareholders or the Company are found.

(5) Self-assessment of the Company's internal control

According to related regulations of the Internal Control Guidance for Listed Companies, the Supervisory Committee of the Company published the following opinions on internal control of the Company:

1) In accordance with relevant provisions of China Securities Regulatory Commission and stock exchange, the Company, under the basic principles of internal control, has established and improved the internal control systems covering all the links of the Company based on its own real situation, ensuring its normal business activities and protecting the security and integrity of its assets.

2) The Company has a whole internal control organization with an internal audit department and complete staff, ensuring full and effective implementation and supervision of key internal control activities.

In summary, Fan Siyao, Yang Qing and Xing Meixia, members of the Supervisory Committee, opine that the self-assessment of internal control of the Company is full, true and correct, which reflected the real situation of the Company's internal control.

X. Financial Reports

Financial statements prepared in accordance with the PRC GAAP

Unit: RMB

Item	31 December 2023	31 December 2022
Current assets:		
Monetary funds	12,158,690.85	15,129,411.41
Deposit reservation for balance		
Loans to other banks		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	2,190,953.98	
Accounts receivable	38,330,429.55	56,564,861.44
Receivables financing		
Prepayments	4,324,824.87	1,776,539.33
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	13,549,959.28	9,440,013.71
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	21,185,633.00	19,727,531.07
Contract assets	4,516,811.38	
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,487,133.24	2,169,915.37
Total current assets	**97,744,436.15**	**104,808,272.33**

Unit: RMB

Item	31 December 2023	31 December 2022
Non-current assets:		
Loans and advances issued		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Other equity instrument investments		
Other non-current financial assets	19,083,585.02	19,083,585.02
Investment properties		
Fixed assets	35,678,380.20	39,128,810.30
Construction in progress		
Biological assets held for production		
Oil and gas assets		
Right-of-use assets	6,909,571.79	6,909,571.79
Intangible assets	11,286,259.63	11,550,265.75
Development expenditure		
Goodwill		
Long-term deferred charges		
Deferred income tax assets	1,727,392.95	1,727,392.95
Other non-current assets		
Total non-current assets	**74,685,189.59**	**78,399,625.81**
Total asset	**172,429,625.74**	**183,207,898.14**

Unit: RMB

Item	31 December 2023	31 December 2022
Current liabilities:		
Short-term borrowings	1,000,000.00	
Central bank borrowings		
Loans from other banks		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	44,972,106.04	45,516,404.94
Receipts in advance		
Contract liabilities	13,582,689.39	15,671,256.88
Financial assets sold under repurchase agreements		
Absorption of deposit and interbank deposit		
Client money received for acting as securities trading agent		
Client money received for acting as securities underwriter agent		
Employment benefits payable	5,087,814.80	5,957,965.52
Taxes and fees payable	2,815,002.87	3,487,729.94
Other payables	234,938,640.33	226,920,695.23
Including: Interests payable		
Dividends payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	6,909,571.79	6,909,571.79
Other current liabilities	2,539,859.62	1,582,262.50
Total current liabilities	**311,845,684.84**	**306,045,886.80**

Unit: RMB

Item	31 December 2023	31 December 2022
Non-current liabilities:		
Insurance policy reserve		
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	34,354,500.00
Deferred income	32,184,681.66	34,109,883.30
Deferred income tax liabilities	1,727,392.95	1,727,392.95
Other non-current liabilities		
Total non-current liabilities	**68,266,574.61**	**70,191,776.25**
Total liabilities	**380,112,259.45**	**376,237,663.05**

Unit: RMB

Item	31 December 2023	31 December 2022
Owners' equity (or 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	-258,359,537.13	-258,161,242.03
Designated reserves	643,182.40	
Surplus reserves	108,587,124.40	108,587,124.40
General risk reserve		
Retained earnings	-2,017,913,378.36	-2,002,856,391.50
Total equity attributable to owners of the Parent (or shareholders' equity)	**-209,675,270.81**	**-195,063,171.25**
Minority interests	1,992,637.10	2,033,406.34
Total owners' equity (or shareholders' equity)	**-207,682,633.71**	**-193,029,764.91**
Total liabilities and owners' equity (or shareholders' equity)	**172,429,625.74**	**183,207,898.14**

Legal representative: Su Weiguo   Chief Financial Officer: Liu Kejia   Head of Financial Department: Lin Bin

Unit: RMB

Item	31 December 2023	31 December 2022
Current assets:		
Monetary funds	2,051.94	2,406.66
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Prepayments		
Other receivables	4,183,583.42	249,713,804.62
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	620,824.01	609,433.66
Total current assets	**4,806,459.37**	**250,325,644.94**

Unit: RMB

Item	31 December 2023	31 December 2022
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	13,467.40	16,557.28
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	**56,449,940.43**	**56,453,030.31**
Total asset	**61,256,399.80**	**306,778,675.25**

Unit: RMB

Item	31 December 2023	31 December 2022
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Receipts in advance		
Financial assets sold under repurchase agreements		
Employment benefits payable	3,616,321.99	3,512,586.03
Taxes and fees payable	228,273.88	102,732.41
Other payables	164,771,339.24	165,834,980.51
Including: Interests payable		
Dividends payable		
Contract liabilities	581,743.59	581,743.59
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	**169,197,678.70**	**170,032,042.54**

Unit: RMB

Item	**31 December 2023**	**31 December 2022**
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	34,354,500.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	**34,354,500.00**	**34,354,500.00**
Total liabilities	**203,552,178.70**	**204,386,542.54**

Unit: RMB

Item	31 December 2023	31 December 2022
Owners' equity (or 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
General risk reserve		
Retained earnings	-2,121,122,603.53	-1,876,434,691.92
Total owners' equity (or shareholders' equity)	**-142,295,778.90**	**102,392,132.71**
Total liabilities and owners' equity (or shareholders' equity)	**61,256,399.80**	**306,778,675.25**

Unit: RMB

Item	2023	2022
I. Total operating income	**110,430,118.19**	**138,741,652.81**
Including: Operating income	110,430,118.19	138,741,652.81
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating costs	**127,421,932.94**	**166,462,759.89**
Including: Operating cost	58,251,542.30	64,617,436.61
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	944,761.17	839,686.65
Selling expenses	44,134,278.94	67,881,060.72
Administrative expenses	20,867,864.96	29,544,868.81
Research and development expenses	2,218,108.60	2,760,545.05
Financial costs	1,005,376.97	819,162.05
Including: Interest expense	397,453.60	735,858.54
Interest income	70,956.38	62,217.33
Add: Other income	2,270,007.90	2,892,247.98
Investment income (loss presented with "-" prefix)		401,847.78
Including: Investment income from associates and joint ventures (loss presented with "-" prefix)		
Gain on derecognition of financial assets measured at amortised cost (loss presented with "-" prefix)		
Gains on foreign exchange (loss presented with "-" prefix)		
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)	1,144,664.27	-1,598,963.49
Asset impairment loss (loss presented with "-" prefix)	-98,909.57	-42,179.58
Gain on disposal of assets (loss presented with "-" prefix)	-53,416.45	-5,105.45

Unit: RMB

Item	2023	2022
III. Operating profit (loss presented with "-" prefix)	**-13,729,468.60**	**-26,073,259.84**
Add: Non-operating income	1,640,562.94	827,623.01
Less: Non-operating expenses	3,008,850.44	270,009.93
IV. Total profits (total loss presented with "-" prefix)	**-15,097,756.10**	**-25,515,646.76**
Less: Income tax expenses		-246,278.07
V. Net profit (net loss presented with "-" prefix)	**-15,097,756.10**	**-25,269,368.69**
Including: Net profit of the mergee before the merger		
A. Classified by business continuity:	-15,097,756.10	-25,269,368.68
1. Net profit from continued operations (net loss presented with "-" prefix)	-15,097,756.10	-25,269,368.68
2. Net profit from discontinued operations (net loss presented with "-" prefix)		
B. Classified by ownership:	-15,097,756.10	-25,269,368.68
1. Profits and losses attributable to minority shareholders (net loss presented with "-"prefix)	-40,769.24	-127,641.36
2. Net profit attributable to owners of the Parent (net loss presented with "-"prefix)	-15,056,986.86	-25,141,727.32

Unit: RMB

Item	2023	2022
VI. Net after-tax other comprehensive income	-198,295.10	-224,360.00
A. Net after-tax other comprehensive income attributable to owners of the Parent	-198,295.10	-224,360.00
1. Other comprehensive income that cannot be reclassified to profit or loss		
(1) Changes arising from remeasurement of defined benefit plans		
(2) Other comprehensive income that may not be transferred to profit or loss under 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		
2. Other comprehensive income that will be reclassified to profit or loss	-198,295.10	-224,360.00
(1) Other comprehensive income that may be transferred to profit or loss under 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	-198,295.10	-224,360.00
(7) Others		
B. Net after-tax other comprehensive income attributable to minority shareholders		

Unit: RMB

Item	2023	2022
VII. Total comprehensive income	-15,296,051.20	-25,493,728.69
A. Total comprehensive income attributable to owners of the Parent	-15,255,281.96	-25,366,087.32
B. Total comprehensive income attributable to minority shareholders	-40,769.24	-127,641.36
VIII. Earning per share:		
A. Basic earning per share (RMB per share)	-0.02	-0.03
B. Diluted earning per share (RMB per share)	-0.02	-0.03

Legal representative: Su Weiguo   Chief Financial Officer: Liu Kejia   Head of Financial Department: Lin Bin

Unit: RMB

Item	2023	2022
I. Operating income		
Less: Operating cost		
Taxes and surcharges		
Selling expenses		
Administrative expenses	3,815,944.35	5,545,623.49
Research and development expenses		
Financial costs	41,329.59	4,562.41
Including: Interest expense	41,334.87	4,655.82
Interest income	5.28	93.41
Add: Other income		
Investment income (loss presented with “-” prefix)		
Including: Investment income from associates and joint ventures (loss presented with “-” prefix)		
Gain on derecognition of financial assets measured at amortised cost (loss presented with “-” prefix)		
Gains on foreign exchange (loss presented with “-” prefix)		
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)	-240,830,106.41	-3,887.50
Asset impairment loss (loss presented with “-” prefix)		
Gain on disposal of assets (loss presented with “-” prefix)		
II. Operating profit (loss presented with “-” prefix)	**-244,687,380.35**	**-5,554,073.40**
Add: Non-operating income		46,591.88
Less: Non-operating expenses	531.26	38,979.92
III. Total profits (total loss presented with “-” prefix)	**-244,687,911.61**	**-5,546,461.44**
Less: Income tax expenses		

Unit: RMB

Item	2023	2022
IV. Net profit (net loss presented with "-" prefix)	**-244,687,911.61**	**-5,546,461.44**
A. Net profit from continued operations (net loss presented with "-" prefix)	**-244,687,911.61**	**-5,546,461.44**
B. Net profit from discontinued operations (net loss presented with "-" prefix)		
V. Net after-tax other comprehensive income		
A. Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that may not be transferred to profit or loss under 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		
B. Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that may be transferred to profit or loss under 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		
7. Others		
VI. Total comprehensive income	**-244,687,911.61**	**-5,546,461.44**
VII. Earning per share:		
A. Basic earning per share (RMB per share)		
B. Diluted earning per share (RMB per share)		

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received for sales of goods and rendering of services	105,863,995.00	171,520,356.29
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from other banks		
Net increase of funds from repurchase		
Net cash receipts from agency security transaction		
Tax refund received	79,710.13	353,675.36
Other cash receipts relating to operating activities	9,640,464.35	14,378,243.32
Cash inflows from operating activities (subtotal)	**115,584,169.48**	**186,252,274.97**
Cash payments for purchase of goods and services	61,636,663.69	103,198,253.90
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of financial assets held for trading		
Net increase of loans to other banks		
Cash paid for interest, fee and commission		
Cash payments for policy bonus		
Cash paid to or on behalf of employees	32,026,120.09	52,880,140.28
Taxes and fees paid	3,946,270.58	3,132,211.46
Other cash payments relating to operating activities	22,662,450.28	32,146,872.98
Cash outflows for operating activities (subtotal)	**120,271,504.64**	**191,357,478.62**
Net cash flows from operating activities	**-4,687,335.16**	**-5,105,203.65**

Unit: RMB

Item	2023	2022
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		7,540,000.00
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities		
Cash inflows from investing activities (subtotal)		**7,540,000.00**
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets	1,390.00	174,555.00
Cash paid for investment		
Net increase of pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities		
Cash outflows for investing activities (subtotal)	**1,390.00**	**174,555.00**
Net cash flows from investing activities	**-1,390.00**	**7,365,445.00**

Unit: RMB

Item	2023	2022
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		
Cash received from issuing bonds		
Other cash receipts relating to financing activities	2,458,891.67	3,491,600.00
Cash inflows from financing activities (subtotal)	**2,458,891.67**	**3,491,600.00**
Cash paid for debt repayment		
Cash paid for dividends, profit distribution and interests		
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		12,894,666.05
Cash outflows for financing activities (subtotal)		**12,894,666.05**
Net cash flows from financing activities	**2,458,891.67**	**-9,403,066.05**
IV. Impact of change of foreign exchange rates on cash and cash equivalents	**89,786.89**	**89,307.39**
V. Net increase of cash and cash equivalents	**-2,140,046.60**	**-7,053,517.31**
Add: cash and cash equivalents opening balance	8,582,760.25	15,636,277.56
VI. Cash and cash equivalents closing balance	**6,442,713.65**	**8,582,760.25**

Legal representative: Su Weiguo Chief Financial Officer: Liu Kejia Head of Financial Department: Lin Bin

Unit: RMB

Item	2023	2022
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	2.99	3,818,361.03
Cash inflows from operating activities (subtotal)	**2.99**	**3,818,361.03**
Cash payments for purchase of goods and services		
Cash paid to or on behalf of employees		3,257,024.74
Taxes and fees paid		131,773.53
Other cash payments relating to operating activities	357.71	445,785.69
Cash outflows for operating activities (subtotal)	**357.71**	**3,834,583.96**
Net cash flows from operating activities	**-354.72**	**-16,222.93**
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		

Unit: RMB

Item	2023	2022
III. Cash flows from financing activities:		
Cash received from investors		
Cash received from loans raised		
Cash received from issuing bonds		
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	**-354.72**	**-16,222.93**
Add: cash and cash equivalents opening balance	2,406.66	18,629.59
VI. Cash and cash equivalents closing balance	**2,051.94**	**2,406.66**

Consolidated Statement of Changes in Shareholders' Equity (31 December 2023)

For the year ended 31 December 2023 (Prepared in accordance with the PRC GAAP)

Unit: RMB

Item	2023												
	Equity attributable to owners of the Parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Minority interests	Total owners' equity
I. Closing balance of the preceding year	**873,370,000.00**				**1,083,997,337.88**		**-258,161,242.03**		**108,587,124.40**		**-2,002,856,391.50**	**2,033,406.34**	**-193,029,764.91**
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**		**-258,161,242.03**		**108,587,124.40**		**-2,002,856,391.50**	**2,033,406.34**	**-193,029,764.91**
III. Changes for the current period (decrease presented with "-" prefix)							**-198,295.10**	**643,182.40**			**-15,056,986.86**	**-40,769.24**	**-14,652,868.80**
A. Total comprehensive income							-198,295.10				-15,056,986.86	-40,769.24	-15,296,051.20
B. Owners' 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 owners' equity													
4. Others													
C. Profit distribution													
1. Withdrawn from surplus reserves													
2. Withdrawn from provision for general risks													
3. Distribution to owners (shareholders)													
4. Others													

Unit: RMB

Item	2023												
	Equity attributable to owners of the Parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Minority interests	Total owners' equity
D. Internal carry-forward of owners' 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. Changes in the defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
E. Designated reserves								643,182.40					643,182.40
1. Withdrawal during the current period								735,805.31					735,805.31
2. Usage during the current period								92,622.91					92,622.91
F. Others													
IV. Closing balance of the current year	**873,370,000.00**				**1,083,997,337.88**		**-258,359,537.13**	**643,182.40**	**108,587,124.40**		**-2,017,913,378.36**	**1,992,637.10**	**-207,682,633.71**

Consolidated Statement of Changes in Shareholders' Equity (31 December 2023)

For the year ended 31 December 2023 (Prepared in accordance with the PRC GAAP)

Unit: RMB

Item	2022												
	Equity attributable to owners of the Parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Minority interests	Total owners' equity
I. Closing balance of the preceding year	**873,370,000.00**				**1,083,997,337.88**		**-257,936,882.03**		**108,587,124.40**		**-1,977,714,664.18**	**2,161,047.70**	**-167,536,036.23**
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**		**-257,936,882.03**		**108,587,124.40**		**-1,977,714,664.18**	**2,161,047.70**	**-167,536,036.23**
III. Changes for the current period (decrease presented with "-" prefix)							**-224,360.00**				**-25,141,727.32**	**-127,641.36**	**-25,493,728.68**
A. Total comprehensive income							-224,360.00				-25,141,727.32	-127,641.36	-25,493,728.68
B. Owners' 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 owners' equity													
4. Others													
C. Profit distribution													
1. Withdrawn from surplus reserves													
2. Withdrawn from provision for general risks													
3. Distribution to owners (shareholders)													
4. Others													

Unit: RMB

Item	2022												
	Equity attributable to owners of the Parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Minority interests	Total owners' equity
D. Internal carry-forward of owners' 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. Changes in the defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to 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**				**1,083,997,337.88**		**-258,161,242.03**		**108,587,124.40**		**-2,002,856,391.50**	**2,033,406.34**	**-193,029,764.91**

Legal representative: Su Weiguo　　Chief Financial Officer: Liu Kejia　　Head of Financial Department: Lin Bin

Statement of Changes in Shareholders' Equity in the Parent (31 December 2023)

For the year ended 31 December 2023 (Prepared in accordance with the PRC GAAP)

Unit: RMB

Item	2023											
		Other equity instruments										
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Total owners' equity
I. Closing balance of the preceding year	**873,370,000.00**				**996,869,700.23**				**108,587,124.40**		**-1,876,434,691.92**	**102,392,132.71**
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**		**-1,876,434,691.92**	**102,392,132.71**
III. Changes for the current period (decrease presented with "-" prefix)											**-244,687,911.61**	**-244,687,911.61**
A. Total comprehensive income											-244,687,911.61	-244,687,911.61
B. Owners' 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 owners' equity												
4. Others												
C. Profit distribution												
1. Withdrawn from surplus reserves												
2. Withdrawn from provision for general risks												
3. Distribution to owners (shareholders)												
4. Others												

Unit: RMB

	2023											
		Other equity instruments										
Item	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Total owners’ equity
D. Internal carry-forward of owners’ 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. Changes in the defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to 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**				**108,587,124.40**		**-2,121,122,603.53**	**-142,295,778.90**

Statement of Changes in Shareholders' Equity in the Parent (31 December 2023)

For the year ended 31 December 2023 (Prepared in accordance with the PRC GAAP)

Unit: RMB

	2022											
		Other equity instruments										
Item	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Total owners' equity
I. Closing balance of the preceding year	**873,370,000.00**				**996,869,700.23**				**108,587,124.40**		**-1,870,888,230.48**	**107,938,594.15**
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**		**-1,870,888,230.48**	**107,938,594.15**
III. Changes for the current period (decrease presented with "-" prefix)											**-5,546,461.44**	**-5,546,461.44**
A. Total comprehensive income											-5,546,461.44	-5,546,461.44
B. Owners' 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 owners' equity												
4. Others												
C. Profit distribution												
1. Withdrawn from surplus reserves												
2. Withdrawn from provision for general risks												
3. Distribution to owners (shareholders)												
4. Others												

Unit: RMB

Item	2022											
		Other equity instruments										
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risk	Retained earnings	Total owners' equity
D. Internal carry-forward of owners' 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. Changes in the defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to 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**				**108,587,124.40**		**-1,876,434,691.92**	**102,392,132.71**

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To the members of
Northeast Electric Development Company Limited
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Northeast Electric Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 126 to 245, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to the owners of the Company of approximately RMB5,956,000 during the year ended 31 December 2023 and, as at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB207,569,000 and the Group's total liabilities exceeded its total assets by approximately RMB199,226,000, while the Group had cash and cash equivalents of approximately RMB6,444,000. These conditions, along with other matters as set forth in Note 3.1 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to its quantitative significance to the consolidated financial statements and the significant management judgments and estimation required in determining the impairment loss under the expected credit loss ("ECL") model. As disclosed in Note 22 to the consolidated financial statements, the Group's trade receivables amounted to approximately RMB38,330,000, net of allowance for ECL of approximately RMB5,731,000, as at 31 December 2023. As disclosed in Note 42 to the consolidated financial statements, trade receivables with significant balances and credit-impaired are assessed for ECL individually. ECL on remaining trade receivables are assessed by using provision matrix through groupings of various debtors after taking into consideration the Group's internal credit rating of trade debtors, aging and/or past due status of respective trade receivables, historical default rates and forward-looking information that is reasonable and supportable available without undue cost or effort.	Our procedures in relation to impairment assessment of trade receivables included: – Obtaining an understanding of the key controls on how the management estimates the credit loss allowance for trade receivables; – Testing the integrity of information used by management to develop the grouping in collective basis, including trade receivables aging analysis as at 31 December 2023, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents in relation to the determination of credit rating of the customers; – Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2023, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining debtors into different categories using the collective basis, and the basis of estimated loss rates applied in each category in the provision matrix with reference to historical default rates and forward-looking information; – Performing test of the information used and mathematical calculation in determining loss allowance for trade receivables; – Performing retrospective review on management estimates; – Performing test of details on the settlement of a sample of trade receivables subsequent to the end of the reporting period; and – Evaluating the disclosures regarding the impairment assessment of trade receivables in Note 42, to the consolidated financial statements.

Key Audit Matters *(Continued)*

Key audit matter

Impairment assessment of property, plant and equipment

We identified the impairment of property, plant and equipment as a key audit matter because of their significance to the consolidated financial statements and the significant management judgements and estimation required to determine the recoverable amount of property, plant and equipment.

As at 31 December 2023, property, plant and equipment used by the Group in its production and sales of power transmission equipment and related accessories business in Fuxin as a cash generating unit (the "Power Transmission CGU") amounted to approximately RMB35,151,000.

As disclosed in Notes 4 and 16 to the consolidated financial statements, determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the Power Transmission CGU. The Group's management engaged an independent qualified professional valuer to assist them to determine the recoverable amount of the Power Transmission CGU based on the fair value less cost of disposal.

Related disclosures about the impairment of property, plant and equipment are included in Notes 4 and 16 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of property, plant and equipment included:

– Obtaining an understanding of the key controls on how the management performs the impairment assessment of the Power Transmission CGU;

– Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer who determined the recoverable amount of the Power Transmission CGU based on the fair value less costs of disposal, and obtaining an understanding of their scope of work and terms of engagement;

– Evaluating and challenging the appropriateness of the valuation methodology used by the independent qualified professional valuer to calculate the fair value less costs of disposal;

– Challenging the reasonableness of key assumptions and variables adopted and critical judgements used by the management and the independent qualified professional valuer in the valuation based on our knowledge of the business and industry;

– Evaluating comparable market transactions that support the valuation of the Power Transmission CGU; and

– Assessing the appropriateness of the related disclosures included in Notes 4 and 16 to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2023.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Lau Chi Kin, Kinson.

Wilson & Partners CPA Limited
Certified Public Accountants
Lau Chi Kin, Kinson
Practising Certificate Number: P05613
Hong Kong
28 March 2024

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	5	**110,430**	161,003
Cost of sales and services		**(59,196)**	(68,784)
Gross profit		**51,234**	92,219
Other income	7	**2,340**	4,197
Other gains and losses	8	**9,047**	5,834
Distribution and selling expenses		**(44,134)**	(84,339)
Administrative and other operating expenses		**(25,133)**	(40,530)
Impairment losses under expected credit loss model, net of reversal	9	**1,046**	(2,048)
Finance costs	10	**(397)**	(848)
Loss before tax	11	**(5,997)**	(25,515)
Income tax credit	12	**-**	246
Loss for the year		**(5,997)**	(25,269)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(199)**	(224)
Total comprehensive expense for the year		**(6,196)**	(25,493)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(5,956)**	(25,142)
Non-controlling interests		**(41)**	(127)
		(5,997)	(25,269)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(6,155)**	(25,366)
Non-controlling interests		**(41)**	(127)
		(6,196)	(25,493)
Loss per share	15	**RMB cents**	RMB cents
Basic		**(0.68)**	(2.88)

Consolidated Statement of Financial Position

At 31 December 2023 (Prepared in accordance with International Financial Reporting Standards (IFRSs))

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	16	**35,678**	39,129
Right-of-use assets	17	**18,196**	18,459
Interests in associates	18	**-**	-
Financial assets at fair value through profit or loss	19	**19,084**	19,084
Equity instruments at fair value through other comprehensive income	20	**-**	-
Deferred tax assets	36	**1,727**	1,727
		74,685	78,399
Current assets			
Inventories	21	**21,186**	19,727
Trade and bills receivables	22	**40,521**	55,700
Prepayments, deposits and other receivables	23	**19,362**	13,388
Contract assets	24	**4,517**	865
Pledged bank deposits	25	**5,715**	5,180
Cash and cash equivalents	25	**6,444**	9,949
		97,745	104,809
Assets classified as held for sale	26	**9,100**	-
		106,845	104,809
Current liabilities			
Trade payables	27	**44,972**	45,516
Contract liabilities	28	**13,001**	15,090
Other payables and accruals	29	**244,274**	236,199
Bank borrowing	30	**1,000**	-
Deferred income	33	**1,925**	1,925
Tax payables		**2,332**	2,332
Lease liabilities	31	**6,910**	6,909
		314,414	307,971
Net current liabilities		**(207,569)**	(203,162)
Total assets less current liabilities		**(132,884)**	(124,763)

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Non-current liabilities			
Provisions	32	**34,355**	34,355
Deferred income	33	**30,260**	32,185
Deferred tax liabilities	36	**1,727**	1,727
		66,342	68,267
NET LIABILITIES		**(199,226)**	(193,030)
Capital and deficits			
Share capital	34	**873,370**	873,370
Reserves and accumulated losses	35	**(1,074,588)**	(1,068,433)
Deficits attributable to owners of the Company		**(201,218)**	(195,063)
Non-controlling interests	44	**1,992**	2,033
TOTAL DEFICITS		**(199,226)**	(193,030)

The consolidated financial statements on pages 126 to 245 were approved and authorised for issue by the Board of Directors on 28 March 2024 and signed on its behalf by:

Su Weiguo
Executive Director

Mi Hongjie
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023 (Prepared in accordance with International Financial Reporting Standards (IFRSs))

	Attributable to owners of the Company								
	Share capital	Capital reserve	Surplus reserve	Revaluation reserve	Translation reserve	Accumulated losses	Sub-total	Non–controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 35(a))*	*(Note 35(b))*	*(Note 35(c))*	*(Note 35(d))*				
At 1 January 2023	873,370	1,083,997	108,587	(231,194)	(26,967)	(2,002,856)	(195,063)	2,033	(193,030)
Loss for the year	-	-	-	-	-	(5,956)	(5,956)	(41)	(5,997)
Other comprehensive expense for the year:									
Exchange differences arising on translation of foreign operations	-	-	-	-	(199)	-	(199)	-	(199)
Total comprehensive expense for the year	-	-	-	-	(199)	(5,956)	(6,155)	(41)	(6,196)
At 31 December 2023	873,370	1,083,997	108,587	(231,194)	(27,166)	(2,008,812)	(201,218)	1,992	(199,226)

	Attributable to owners of the Company								
	Share capital	Capital reserve	Surplus reserve	Revaluation reserve	Translation reserve	Accumulated losses	Sub-total	Non–controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 35(a))*	*(Note 35(b))*	*(Note 35(c))*	*(Note 35(d))*				
At 1 January 2022	873,370	1,083,997	108,587	(231,194)	(26,743)	(1,977,714)	(169,697)	2,160	(167,537)
Loss for the year	-	-	-	-	-	(25,142)	(25,142)	(127)	(25,269)
Other comprehensive expense for the year:									
Exchange differences arising on translation of foreign operations	-	-	-	-	(224)	-	(224)	-	(224)
Total comprehensive expense for the year	-	-	-	-	(224)	(25,142)	(25,366)	(127)	(25,493)
At 31 December 2022	873,370	1,083,997	108,587	(231,194)	(26,967)	(2,002,856)	(195,063)	2,033	(193,030)

	2023	2022
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Loss before tax	**(5,997)**	(25,515)
Adjustments for:		
Interest income	**(71)**	(181)
Finance costs	**397**	848
Impairment loss under expected credit loss model, net of reversal	**(1,046)**	2,048
(Reversal) provision of impairment loss on inventories	**(60)**	42
Impairment loss reversed on interest in an associate	**(9,100)**	-
Depreciation and amortisation	**10,571**	17,902
Loss on disposal of property, plant and equipment	**53**	49
Government grants	**(1,925)**	(1,925)
Gain on early termination/modification of lease contracts	**-**	(5,883)
Income from reorganisation of HNA Group Co., Ltd.	**-**	(296)
Operating cash flows before movements in working capital	**(7,178)**	(12,911)
Increase in inventories	**(1,399)**	(4,973)
Decrease in trade and bills receivables	**16,754**	1,517
Increase in prepayments, deposits and other receivables	**(6,404)**	(2,260)
Increase in contract assets	**(3,751)**	(4)
(Decrease) increase in trade payables	**(544)**	13,624
(Decrease) increase in contract liabilities	**(2,089)**	2,771
Increase in other payables and accruals	**842**	11,771
Cash (used in) generated from operations	**(3,769)**	9,535
Income tax paid	**-**	(221)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(3,769)**	9,314

	2023	2022
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(535)**	(2,171)
Purchase of property, plant and equipment	**(10)**	(165)
Proceeds from disposal of property, plant and equipment	**-**	73
Interest received	**71**	181
NET CASH USED IN INVESTING ACTIVITIES	**(474)**	(2,082)
FINANCING ACTIVITIES		
New bank borrowing raised	**1,000**	-
Interest paid	**(73)**	(647)
Repayment of lease liabilities	**-**	(12,308)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**927**	(12,955)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,316)**	(5,723)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**9,949**	15,636
Effect of foreign exchange rate changes	**(189)**	36
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR,		
represented by bank balances and cash	**6,444**	9,949

1. CORPORATE INFOMRATION

Northeast Electric Development Company Limited (the **"Company"**) was formerly known as Northeast Electricity Transmitting & Transformation Machinery Manufacturing Ltd. The Company is a company limited by shares established by directed placement initiated by Northeast Electrical Transmission and Transformation Equipment Company Corporation Limited (**"NET"**), which was approved by the Shenyang Corporate System Reformation Commission under approval: Shen Ti Gai Fa [1992] 81. The Company was officially founded on 18 February 1993. Its substantial shareholder is 北京海鴻源投資管理有限公司 Beijing Haihongyuan Investment Management Co., Ltd.* (**"Beijing Haihongyuan"**). Details of the holding companies and beneficial owners of the Company are disclosed in the **SHAREHOLDING STRUCTURE AND SHAREHOLDERS** section to the annual report.

The Company, a joint stock company incorporated in the People's Republic of China (the **"PRC"**) with limited liability, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the **"Hong Kong Stock Exchange"**) (**"H shares"**).

The addresses of the registered office and the principal place of business of the Company are located at Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High-tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province and 3503, Building A, Internet Finance Building, No.3 Guoxing Avenue, Haikou City, Hainan Province, respectively.

The consolidated financial statements are presented in Renminbi (**"RMB"**), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the **"Group"**) are principally engaged in the production and sale of power transmission equipment and related accessories; hotel operations and provision of related catering services; and investment holding. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 44.

* The English name is for identification purpose only.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (**"IASB"**) for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two model Rules*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related asset.

The details of the impacts on each financial statement line item arising from the application of the amendments are set out under **"Impacts of application of amendments to IFRSs on the consolidated financial statements"** in this Note. Comparative figures have been restated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Impacts of application of amendments to IFRSs on the consolidated financial statements

The effects of the changes in accounting policies as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the consolidated statement of financial position at the end of the immediately preceding financial year, i.e. 31 December 2022 and the beginning of the comparative period, i.e. 1 January 2022, are as follows:

	31/12/2022 (Originally stated) *RMB'000*	Adjustments *RMB'000*	31/12/2022 (Restated) *RMB'000*
Deferred tax assets	-	1,727	1,727
Deferred tax liabilities	-	(1,727)	(1,727)
Total effects on net liabilities	-	-	-

	1/1/2022 (Originally stated) *RMB'000*	Adjustments *RMB'000*	1/1/2022 (Restated) *RMB'000*
Deferred tax assets	-	4,941	4,941
Deferred tax liabilities	-	(4,941)	(4,941)
Total effects on net liabilities	-	-	-

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* [1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* [2]
Amendments to IAS 1	*Non-current Liabilities with Covenants* [2]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements* [2]
Amendments to IAS 21	*Lack of Exchangeability* [3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRSs in issue but not yet effectives *(continued)*

Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRSs in issue but not yet effectives *(continued)*

Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (Continued)

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (**"Listing Rules"**) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors over the short and medium term to ensure adequate liquidity is maintained.

The Group incurred a loss attributable to the owners of the Company of approximately RMB5,956,000 during the year ended 31 December 2023 and, as at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB207,569,000 and the Group's total liabilities exceeded its total assets by approximately RMB199,226,000, while the Group has cash and cash equivalents of approximately RMB6,444,000.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

These conditions, along with other matters as set forth below, indicate that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group's cash flow forecasts which cover a period of not less than twelve months from the date of the end of the reporting period.

Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operation, existing contractual debt obligation and capital expenditure requirements for at least twelve-month period from the date of the end of the reporting period. Such cash flow forecasts include the following assumptions:

1. On 12 January 2024, the Group has entered into an equity transfer agreement with 泰升房地產(上海)有限公司 Taisheng Real Estate (Shanghai) Co., Ltd.* (**"Taisheng"**), a related party of the Company, to dispose of its entire equity interest in 重慶海航酒店投資有限公司 Chongqing HNA Hotel Investment Company Limited* (**"Chongqing HNA Hotel"**) at the consideration of RMB9.1 million;

2. The substantial shareholder of the Company, Beijing Haihongyuan, has agreed to provide financial support and adequate funds to enable the Group to meet in full its financial obligations as they fall due for a period of up to twelve months from the end of the reporting period, if required;

3. The Group is currently negotiating with a local bank for a new loan facility amounted to RMB10 million. Such new loan facility is currently undergoing the final internal approval procedures of the local bank, based on the best estimate of the directors of the Company, the approval for the loan facility will be obtained in the near future;

* The English name is for identification purpose only

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

4. Regarding the settlement of compensation for litigation amounted to RMB94,078,000 as set out in Note 29(a), on 10 March 2023, the First Intermediate People's Court of Hainan Province ruled that the execution procedures cannot be proceeded, due to after the financial due diligence process, the Group has no assets available for execution and the remaining assets are not eligible for disposal. The execution procedures can be resumed only when the conditions for execution are fulfilled. The First Intermediate People's Court of Hainan Province then ruled the execution procedures are terminated and the execution procedures can be resumed when the Group has assets available for execution. Based on the best estimate of the directors of the Company, the compensation for litigation is not expected to be repaid within twelve months from the end of the reporting period;

5. The Group will 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, the Group will 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 Group's main business;

6. The Group will continue to allocate the human resources reasonably, and strengthen cost control. The Group will continue to adjust the organizational structure of the headquarters as appropriate according to the scale of operations, reduce the staffing of the headquarters, gradually change to a flat management structure, and effectively reduce operating costs. The Group will continue to optimize its 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; and

7. The Group will 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, while ensuring the traditional busbar products, the Group will also 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, promote and implement a new business cooperation, and strive to increase industrial stock and seek for more customers.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Taking into account all assumptions and plans as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group fail to achieve a combination of the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisation amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

3.2 Material accounting policy information

<u>Basis of consolidation</u>

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with IFRS 5. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates *(Continued)*

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 24 and 28.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modification (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under **"other income"**.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as **"right-of-use assets"** in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents *(Continued)*

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 25.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

<u>Contingent liabilities</u>

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

<u>Financial instruments</u>

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (**"FVTPL"**)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

<u>Financial instruments</u> *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the **"other income"** line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the **"other gains and losses"** line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (**"ECL"**) model on financial assets (including trade and bills receivables, other receivables and deposits, contract assets, pledged bank deposits and cash and cash equivalents) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (**"12m ECL"**) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of **"investment grade"** as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and other receivables and deposits where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 8) as part of the net foreign exchange gains/(losses);

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (Note 8);

- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals, bank borrowing and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (Note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial instruments

As at 31 December 2023, certain of the Group's financial assets, unquoted equity instruments amounting to RMB19,084,000 (2022: RMB19,084,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 42 for further disclosures.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 42, 22 and 24, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessment of interest in an associate

As at 31 December 2023, in view of the committed sales plan of its entire 30% equity interest in Chongqing HNA Hotel, the Group performed as assessment on reversal of impairment on Chongqing HNA Hotel, where it has to exercise judgement and make estimation. Determining whether impairment loss should be reversed requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The Group estimates the fair value less costs of disposal with reference to recent market transactions and negotiations with several interested parties on Chongqing HNA Hotel. Details of the interests in associates, assets classified as held for sale and subsequent disposal transaction are disclosed in Notes 18, 26 and 45, respectively.

As at 31 December 2023, the carrying amount of interest in Chongqing HNA Hotel amounted to approximately RMB9,100,000 (2022: RMBnil), after taking into account the reversal of impairment of approximately RMB9,100,000 (2022: RMBnil) recognised in profit or loss during the year, which have been reclassified as assets classified as held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2023.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, which is the higher of fair value less costs of disposal and value in use. In the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; in the case of fair value less costs of disposal, independent property valuer is engaged to estimate the fair value less cost of disposal; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were RMB35,151,000 and RMB18,196,000 (2022: RMB38,341,000 and RMB18,459,000), respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Notes 16 and 17, respectively.

5. REVENUE

(i) Disaggregation of revenue for contracts with customers

	For the year ended 31 December 2023		
Segments	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Total
	RMB'000	*RMB'000*	*RMB'000*
Types of goods and services			
Sales of enclosed busbars	51,479	-	51,479
Hotel operations			
- Hotel rooms revenue	-	28,408	28,408
- Catering and other ancillary services	-	30,543	30,543
Total	51,479	58,951	110,430
Geographical markets			
The PRC	51,479	58,951	110,430
Timing of revenue recognition			
At a point in time	51,479	30,543	82,022
Over time	-	28,408	28,408
Total	51,479	58,951	110,430

5. REVENUE *(Continued)*

(i) Disaggregation of revenue for contracts with customers *(Continued)*

	For the year ended 31 December 2022		
Segments	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Total
	RMB'000	*RMB'000*	*RMB'000*
Types of goods and services			
Sales of enclosed busbars	50,064	-	50,064
Hotel operations			
- Hotel rooms revenue	-	65,655	65,655
- Catering and other ancillary services	-	45,284	45,284
Total	50,064	110,939	161,003
Geographical markets			
The PRC	50,064	110,939	161,003
Timing of revenue recognition			
At a point in time	50,064	45,284	95,348
Over time	-	65,655	65,655
Total	50,064	110,939	161,003

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of enclosed busbars

For sales of enclosed busbars, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 5 to 90 days upon delivery.

Hotel operations

For income from hotel rooms revenue, revenue is recognised over time using output method when the service and facilities are provided. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

For income from provision of catering and other ancillary services, revenue is recognised when control of the goods has transferred to customers, being at the point the goods are delivered to the customer.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has no remaining (unsatisfied or partially unsatisfied) performance obligations for sales of enclosed busbars as at 31 December 2023 and 2022.

All the hotel operation services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. OPERATING SEGMENTS

Information reported to the management, being the chief operating decision maker (**"CODM"**), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Production and sales of power transmission equipment and related accessories
2. Hotel operations and provision of related catering services
3. Investment holding

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2023

	Production and sales of power transmission equipment and related accessories	**Hotel operations and provision of related catering services**	**Investment holding**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue	**51,479**	**58,951**	**-**	**110,430**
Segment results	**(6,295)**	**(4,035)**	**(856)**	**(11,186)**
Impairment losses reversed on interest in an associate *(Notes 18 and 26)*				**9,100**
Unallocated corporate expenses				**(3,911)**
Loss before tax				**(5,997)**

6. OPERATING SEGMENTS *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2022

	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Investment holding	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	50,064	110,939	-	161,003
Segment results	(6,976)	(13,168)	(87)	(20,231)
Unallocated corporate expenses				(5,284)
Loss before tax				(25,515)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represents the profit/loss from each segment without allocation of impairment losses reversed on interest in an associate, central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	2023	2022
	RMB'000	*RMB'000*
Segment assets		
Production and sales of power transmission equipment and related accessories	**106,320**	109,633
Hotel operations and provision of related catering services	**45,948**	52,217
Investment holding	**19,133**	19,687
Total operating and reportable segment assets	**171,401**	181,537
Unallocated assets	**10,129**	1,671
Consolidated assets	**181,530**	183,208
Segment liabilities		
Production and sales of power transmission equipment and related accessories	**76,254**	72,539
Hotel operations and provision of related catering services	**74,219**	84,392
Total operating and reportable segment liabilities	**150,473**	156,931
Unallocated liabilities	**230,283**	219,307
Consolidated liabilities	**380,756**	376,238

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than unallocated corporate assets.

- all liabilities are allocated to operating and reportable segments other than other unallocated corporate liabilities.

Other segment information

For the year ended 31 December 2023

	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Investment holding	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to property, plant and equipment	10	-	-	-	10
Impairment losses on trade receivables, contract assets and other receivables and deposits reversed (recognised) in profit or loss	1,338	(116)	-	(176)	1,046
Impairment losses reversed on interest in an associate *(Notes 18 and 26)*	-	-	-	9,100	9,100
Research and development expenses	(2,218)	-	-	-	(2,218)
Short-term leases – office premises	-	-	-	(210)	(210)
Depreciation and amortisation of					
- property, plant and equipment	(3,371)	-	(27)	-	(3,398)
- right-of-use assets	(264)	(6,909)	-	-	(7,173)
Finance costs	(122)	(233)	(42)	-	(397)

6. OPERATING SEGMENTS *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2022

	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Investment holding	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to property, plant and equipment	165	-	-	-	165
Impairment losses on trade and other receivables recognised in profit or loss	(261)	(1,313)	-	(474)	(2,048)
Research and development expenses	(2,761)	-	-	-	(2,761)
Short-term leases – office premises	-	-	-	(703)	(703)
Depreciation and amortisation of					
- property, plant and equipment	(3,006)	-	(27)	-	(3,033)
- right-of-use assets	(264)	(14,605)	-	-	(14,869)
Finance costs	(61)	(727)	(60)	-	(848)
Income tax credit	-	246	-	-	246

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.

6. OPERATING SEGMENTS *(Continued)*

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the year is as follow:

	2023	2022
	RMB'000	*RMB'000*
Customer I	**15,135**[1]	N/A[2]
Customer II	**12,661**[1]	N/A[2]

1 Revenue from production and sales of power transmission equipment and related accessories.

2 Revenue did not contribute over 10% of the total revenue of the Group for the corresponding reporting period.

7. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income from banks	**71**	181
Government grants *(Note 33)*	**1,925**	1,925
Income from reorganisation of HNA Group Co., Ltd.	**-**	296
Sundry income	**344**	1,795
	2,340	4,197

8. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Impairment losses reversed on interest in an associate *(Notes 18 and 26)*	**9,100**	-
Gain on early termination/modification of lease contracts	**-**	5,883
Loss on disposal of property, plant and equipment	**(53)**	(49)
	9,047	5,834

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023	2022
	RMB'000	*RMB'000*
Impairment losses (reversed) recognised on		
– trade receivables	**(1,575)**	480
– contract assets	**99**	-
– other receivables and deposits	**430**	1,568
	(1,046)	2,048

10. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on		
– bank borrowing	**73**	-
– other payables	**91**	52
– lease liabilities	**233**	796
	397	848

11. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2023	2022
	RMB'000	*RMB'000*
Staff costs, including directors' emoluments		
Salaries and other benefits	**25,044**	42,088
Contributions to defined contribution retirement schemes	**3,683**	8,762
Total staff costs	**28,727**	50,850
Auditor's remuneration		
- Current year	**800**	700
- Overprovision in prior year	**-**	(100)
Cost of inventories recognised as an expense	**54,378***	60,076*
Depreciation and amortisation of		
- Property, plant and equipment	**3,398**	3,033
- Right-of-use assets	**7,173**	14,869
Research and development costs recognised as an expense	**2,218**	2,761

* Included in cost of inventories recognised as expense was a reversal of impairment on inventories of approximately RMB60,000 and no write down of inventories to their net realisable values for the year ended 31 December 2023 (2022: written down of inventories to their net realisable values of approximately RMB42,000).

12. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Overprovision in prior years	**-**	(246)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. As 阜新封閉母線有限責任公司 Fuxin Enclosed Busbar Co., Ltd* ("**Fuxin Enclosed Busbar**") has been accredited as a "High and New Technology Enterprise" by the relevant authorities in Shenyang for a term of three years which will be expired in 2026 (2022: 2023), it is entitled to a reduced tax rate of 15%. Accordingly, the PRC EIT is calculated at 15% on the assessable profit of Fuxin Enclosed Busbar for both years.

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(5,997)**	(25,515)
Tax calculated at the domestic income tax rates of 25% (2022: 25%)	**(1,499)**	(6,379)
Tax effect of expenses not deductible for tax purpose	**184**	13
Tax effect of tax losses not recognised	**1,274**	5,296
Tax effect of deductible temporary differences not recognised	**-**	73
Utilisation of deductible temporary differences previously not recognised	**(262)**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7**	1
Income tax at concessionary rate	**630**	698
Overprovision in prior years	**-**	(246)
Others	**(334)**	298
Income tax credit for the year	**-**	(246)

* The English name is for identification purpose only.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and supervisors' emoluments

Directors' and supervisors' remunerations for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	2023			
	Fees	Salaries allowances and benefits in kind	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors				
Yang Qing	-	190	17	207
Fan Siyao	-	-	-	-
Xing Meixia	-	100	11	111
Executive directors				
Mi Hongjie	-	-	-	-
Su Weiguo	-	646	-	646
He Wei	-	-	-	-
Liu Jiangmei	-	-	-	-
Ding Jishi	-	-	-	-
Zhu Xinguang	-	489	38	527
Independent non-executive directors				
Fang Guangrong	-	-	-	-
Li Zhengning	98	-	-	98
Wang Hongyu	98	-	-	98
	196	1,425	66	1,687

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS' AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors' and supervisors' emoluments *(Continued)*

	2022			
	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors				
Wu Rongyu *(resigned on 30 December 2022)*	-	113	27	140
Xing Zenghai *(resigned on 30 December 2022)*	-	-	-	-
Yang Qing	-	109	22	131
Fan Siyao *(appointed on 30 December 2022)*	-	-	-	-
Xing Meixia *(appointed on 30 December 2022)*	-	-	-	-
Executive directors				
Guo Qianli *(resigned on 30 June 2022)*	-	-	-	-
Mi Hongjie	-	-	-	-
Shang Duoxu *(resigned on 30 December 2022)*	-	-	-	-
Su Weiguo	-	595	48	643
Wang Yongfan *(resigned on 31 May 2022)*	-	-	-	-
He Wei *(appointed on 30 December 2022)*	-	-	-	-
Liu Jiangmei *(appointed on 30 December 2022)*	-	-	-	-
Ding Jishi *(appointed on 30 December 2022)*	-	-	-	-
Zhu Xinguang *(appointed on 30 December 2022)*	-	-	-	-
Independent non-executive directors				
Fang Guangrong	-	-	-	-
Li Zhengning	120	-	-	120
Wang Hongyu	120	-	-	120
	240	817	97	1,154

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS' AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors' and supervisors' emoluments *(Continued)*

There were no arrangements under which a director waived or agreed to waive any emoluments during both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office during both years.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2022: one) directors, details of whose remuneration are set out in this note above. Details of the remuneration for the year of the remaining three (2022: four) highest paid employees who are not a director of the Company are as follows:

	2023	2022
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**874**	1,697
Retirement benefits	**148**	244
	1,022	1,941

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Five highest paid employees *(Continued)*

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2023	2022
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**3**	4

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to joint or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company for the purpose of calculation of basic loss per share	**(5,956)**	(25,142)

	2023	2022
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of calculation of basic loss per share	**873,370**	873,370

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and other equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2022	39,539	16,668	4,230	60,437
Additions	-	98	67	165
Disposals	-	(92)	(1,676)	(1,768)
Exchange adjustments	-	-	93	93
At 31 December 2022	39,539	16,674	2,714	58,927
Additions	**-**	**10**	**-**	**10**
Disposals	**-**	**-**	**(605)**	**(605)**
Exchange adjustments	**-**	**-**	**9**	**9**
At 31 December 2023	**39,539**	**16,684**	**2,118**	**58,341**
DEPRECIATION AND IMPAIRMENT				
At 1 January 2022	7,039	7,846	3,374	18,259
Provided for the year	1,990	1,011	32	3,033
Eliminated on disposals	-	(14)	(1,632)	(1,646)
Exchange adjustments	-	-	152	152
At 31 December 2022	9,029	8,843	1,926	19,798
Provided for the year	**1,990**	**1,210**	**198**	**3,398**
Eliminated on disposals	**-**	**-**	**(552)**	**(552)**
Exchange adjustments	**-**	**-**	**19**	**19**
At 31 December 2023	**11,019**	**10,053**	**1,591**	**22,663**
CARRYING VALUES				
At 31 December 2023	**28,520**	**6,631**	**527**	**35,678**
At 31 December 2022	30,510	7,831	788	39,129

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line method, at the following rates per annum:

Buildings	5%
Machinery and other equipment	5% to 33.3%
Motor vehicles	5.9% to 16.7%

Impairment assessment

As at 31 December 2023 and 2022, in view of the unsatisfied performance of the production and sales of power transmission equipment and related accessories segment; and the hotel operations and provision of related catering services segment for the periods, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets of the sales of power transmission equipment and related accessories segment with the carrying amounts of approximately RMB35,151,000 and RMB11,286,000 (2022: RMB38,341,000 and RMB11,550,000), respectively, and certain right-of-use assets of the hotel operations and provision of related catering services segment with the carrying amount of approximately RMB6,910,000 (2022: RMB6,909,000). The Group estimates the recoverable amounts of the cash generating unit of the production and sales of power transmission equipment and related accessories business (the **"Power Transmission CGU"**), and cash generating unit of the hotel operations and provision of related catering services (the **"Hotel CGU"**), to which the asset belongs when it is not possible to estimate the recoverable amount individually. The Power Transmission CGU represents the Group's owned properties, machinery and other equipment, and related leasehold lands in Fuxin. The Hotel CGU represents the Group's leased properties in Dalian.

The Power Transmission CGU

The recoverable amounts of the Power Transmission CGU are determined based on their fair value less costs of disposal. The Group engaged an independent qualified professional valuer to estimate the fair value less cost of disposal using market approach and depreciated replacement cost approach based on an estimation of the market value for the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The fair value measurement is categorised into Level 3 fair value hierarchy. The carrying amounts of the relevant assets does not exceed the recoverable amounts based on fair value less costs of disposal and no impairment has been recognised during the year ended 31 December 2023 (2022: RMBnil).

Hotel CGU

The recoverable amounts of the Hotel CGU are determined based on their value-in-use calculation. The value in use calculations used discounted future cash flow model based on financial budgets approved by management covering the remaining lease period and expected average growth rate on revenue during the remaining lease period, which were determined based on past performance of the Hotel CGU and the management's expectations for the market development. The carrying amounts of the relevant assets does not exceed the recoverable amounts based on value in use and no impairment has been recognised during the year ended 31 December 2023 (2022: RMBnil).

17. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
As at 31 December 2023			
Carrying amounts	**11,286**	**6,910**	**18,196**
As at 31 December 2022			
Carrying amounts	11,550	6,909	18,459
For the year ended 31 December 2023			
Depreciation charges	**264**	**6,909**	**7,173**
For the year ended 31 December 2022			
Depreciation charges	264	14,605	14,869

	2023 ***RMB'000***	2022 *RMB'000*
Expense related to short-term leases	**210**	703
Total cash outflows for leases	**210**	13,658
Addition to right-of-use assets	**6,910**	6,909

17. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leases hotel and land use right for its operations. Lease contracts for hotel are entered into for fixed term of 1 year (2022: 1 year). The Group does not have the option to purchase the leased properties for a nominal amount at the end of the relevant lease terms or any extension/termination options which are solely at the Group's discretion. The Group's obligations are secured by the rental deposits for such leases. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands in the PRC.

Restrictions or covenants on leases

In addition, lease liabilities of RMB6,910,000 are recognised with related right-of-use assets of RMB6,910,000 as at 31 December 2023 (2022: lease liabilities of RMB6,909,000 and related right-of-use assets of RMB6,909,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Notes 31 and 42.

Details of impairment of right-of-use assets are set out in Note 16.

18. INTERESTS IN ASSOCIATES

	2023	2022
	RMB'000	*RMB'000*
Cost of investments in associates	**42,847**	91,747
Share of post-acquisition losses and other comprehensive expense	**(42,847)**	(91,747)
	-	-

Details of each the Group's material associates at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ kind of legal entity	Issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Group	Principal activities
Great Power Technology Limited ("Great Power")	BVI/ Limited liability company	12,626 ordinary share of US$1 each	20.8%	Trading of transformers and capacitors
Chongqing HNA Hotel (Note)	The PRC/Limited liability company	RMB50,000,000	30%	Hotel management

Note: As at 31 December 2023, the Group's entire equity interest in Chongqing HNA Hotel with a carrying amount of RMB9,100,000 (2022: RMBnil) was pledged to obtain a loan from a substantial shareholder, Beijing Haihongyuan.

As at 31 December 2022, the Group held a 30% interest in Chongqing HNA Hotel and accounted for the interest in an associate. On 22 November 2023, the directors of the Company resolved to dispose of its 30% equity interest in Chongqing HNA Hotel. Negotiations with several interested parties have subsequently taken place. The Chongqing HNA Hotel, which are expected to be sold within twelve months, have been reclassified as assets classified as held for sale and are presented separately in the consolidated statement of financial position with details set out in Note 26. The net proceeds of disposal are expected to exceed the net carrying amount of the Chongqing HNA Hotel and accordingly, impairment losses reversed on interest in an associate of RMB9,100,000 has been recognised. Subsequent to the end of the reporting period, Chongqing HNA Hotel was sold to a related party at a total consideration of RMB9,100,000 and the disposal was completed on 12 January 2024, on which date the Group no longer hold any equity interest in Chongqing HNA Hotel. The directors of the Company considered the disposal of Chongqing HNA Hotel has no impact to the business operations of the Group. Details of the subsequent disposal transaction are set out in Note 45.

18. INTERESTS IN ASSOCIATES *(Continued)*

Summerised financial information of material associates

All of these associates are accounted for using the equity method in these consolidated financial statements.

	2023	2022	
	Great Power	Chongqing HNA Hotel	Great Power
	RMB'000	*RMB'000*	*RMB'000*
At 31 December			
Non-current assets	**-**	#1	-
Current assets	**97**	72,433	97
Current liabilities	**(2,839)**	(105,365)	(2,839)
Non-current liabilities	**-**	(36,006)	-
Net liabilities	**(2,742)**	(68,937)	(2,742)
Year ended 31 December			
Revenue	**-**	-	-
Profit for the year	**-**	950	-
Other comprehensive income for the year	**-**	-	-
Total comprehensive income for the year	**-**	950	-

\# Included in non-current assets of Chongqing HNA Hotel as at 31 December 2022 were pledged investment properties with carrying amount of RMB246,177,000 for the borrowings and facilities granted to the companies of HNA Group, which was adjusted to zero in view of the fact that the default of loans repayment by the companies of HNA Group. In the opinion of the directors, the recoverable amount of investment properties was minimal.

18. INTERESTS IN ASSOCIATES *(Continued)*

Summerised financial information of material associates *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2023	2022	
	Great Power	Chongqing HNA Hotel	Great Power
	RMB'000	*RMB'000*	*RMB'000*
Net liabilities	**(2,742)**	(68,937)	(2,742)
Proportion of the Group's ownership interest	**20.8%**	30%	20.8%
The Group's share of net liabilities	**(570)**	(20,681)	(570)
Cumulative unrecognised share of loss	**570**	20,681	570
Carrying amount of the Group's interest	**-**	-	-
The unrecognised share of profit for the year	**-**	285	-

19. FINANCIAL ASSETS AT FVTPL

	2023	2022
	RMB'000	*RMB'000*
Unlisted equity investment Ordinary trust shares (Note)	**19,084**	19,084

Note：

As at 31 December 2021, the Group's deposit in HNA Group Finance Co., Ltd. and rental and other receivable from the companies included in the scope of bankruptcy reorganisation plan of HNA Group (**"Reorganisation Plan"**) amounted to RMB18,788,000 (net of loss allowances). In April 2022, the Court ruled on the completion of the Reorganisation Plan, HNA Group Bankruptcy Reorganisation Specialised Service Trust (the **"Trust"**) is created for the implementation of the Reorganisation Plan and for the benefit of all the creditors of the 321 companies of HNA Group. Hainan HNA No.2 Information Management Service Co., Ltd., is established as the holding company of 321 companies pursuant to the Reorganisation Plan and the Trust is the controlling shareholder of Hainan HNA No.2 Information Management Service Co., Ltd.

According to the outcome of the Reorganisation Plan, being one of the approved creditors as approved by the Court, the Group had received unlisted ordinary trust shares with a fair value of approximately RMB19,084,000 in June 2022 for settlement of the Group's deposit in HNA Group Finance Co., Ltd. (i.e. cash at a financial institution) and rental and other receivables owed by the companies included in the Reorganisation Plan. The difference amounted to approximately RMB296,000 between the total carrying amounts of cash at a financial institution, rental and other receivables of RMB18,788,000 and the fair value of the unlisted ordinary trust shares was recognised as income from reorganisation of HNA Group during the year ended 31 December 2022.

The fair value of the unlisted ordinary trust shares is measured at Level 3 fair value hierarchy with reference to the underlying assets and liabilities held by the Trust as at the end of the reporting period. During the year ended 31 December 2023, there was no material change in the fair value of the underlying assets and liabilities held by the Trust.

Details of the fair value measurement are set out in Note 42c.

20. EQUITY INSTRUMENTS AT FVTOCI

	Notes	2023 RMB'000	2022 RMB'000
Unlisted equity securities, at fair value:			
Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd (**"Shenyang Zhaoli"**)	(a)	-	-
HNA Tianjin Center Development Co., Ltd. (**"Tianjin Center"**)	(b)	-	-
		-	-

The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Name of investee company	Place incorporation/ kind of legal entity	Class of shares held	Proportion of value of registered capital held indirectly by the Company	Principal activities
Shenyang Zhaoli	The PRC/Limited liability company	Registered capital	6.9% (Note a)	Production and sales of high-voltage electrical equipment and other accessories
Tianjin Center	The PRC/ Limited liability company	Registered capital	10.5% (Notes b and c)	Properties investment

20. EQUITY INSTRUMENTS AT FVTOCI *(Continued)*

Notes:

(a) The fair value of the unlisted equity securities is determined by the management based on the net asset value of Shenyang Zhaoli.

(b) The fair value of the unlisted equity securities is determined by the management based on the net asset value of Tianjin Center. As at 31 December 2023, the net asset value of Tianjin Center was RMB406,666,000 (2022: RMB409,046,000), however, the investment properties and property, plant and equipment with carrying amount of RMB2,666,459,000 (2022: RMB2,666,459,000) and RMB271,374,000 (2022: RMB282,987,000) were pledged for the borrowings and facilities granted to the companies of HNA Group. As a result of the default of loans repayment by the companies of HNA Group, the directors considered the pledged assets are to be confiscated for settlement of borrowings. In the opinion of directors, the recoverable amounts of investment properties and property, plant and equipment are considered to be minimal as at 31 December 2023 and 2022.

(c) As at 31 December 2023 and 2022, the Group's entire equity interest in Tianjin Center with a carrying amount of RMB nil was pledged to obtain a loan from a substantial shareholder, Beijing Haihongyuan.

Details of the fair value measurements are set out in Note 42c.

21. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**9,825**	6,760
Work-in-progress	**6,450**	7,330
Finished goods	**4,911**	5,637
	21,186	19,727

During the current year, management of the Group considered the market performance and the expected net realisable value of the inventories. As a result, the Group has made a reversal of impairment loss on inventories of approximately RMB60,000 (2022: provision of approximately RMB42,000) to their net realisable values are included in "cost of sales and services".

22. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**44,061**	63,006
Less: allowances for expected credit losses	**(5,731)**	(7,306)
	38,330	55,700
Bills receivable	**2,191**	-
	40,521	55,700

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB58,558,000.

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

The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice dates.

	2023	2022
	RMB'000	*RMB'000*
0-365 days	**17,967**	37,567
1-2 years	**16,135**	11,353
2-3 years	**5,207**	5,830
3-4 years	**1,116**	864
Over 4 years	**96**	86
	40,521	55,700

22. TRADE AND BILLS RECEIVABLES *(Continued)*

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB34,045,000 (2022: RMB48,489,000) which are past due as at the reporting date. Out of the past due balances, RMB4,285,000 (2022: RMB7,211,000) has been past due 90 days or more and is not considered as in default.

At 31 December 2023, bills receivable of RMB1,000,000 (2022: Nil) were further discounted to a bank and corporates with full recourse. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed below.

As at 31 December 2023, other than bills receivable amounting to RMB1,000,000 (2022: Nil), the Group does not hold any collateral or other credit enhancements over these balances nor does it has a legal right of offset against any amounts owed by the Group to the counterparty.

Transfer of financial assets

The following were the Group's bills receivable that were transferred to a bank by discounting those trade bills received on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the bills receivable and has recognised the cash received on the transfer as another bank borrowing amounting to RMB1,000,000.

	2023 ***RMB'000***	2022 *RMB'000*
Carrying amount of bills receivable discounted	**1,000**	-
Carrying amount of associated liabilities	**(1,000)**	-
Net position	**-**	-

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Other receivable and deposits (Note)	**96,120**	91,581
Loss allowance	**(82,570)**	(82,140)
	13,550	9,441
Prepayments	**4,325**	1,777
Other tax receivable	**1,487**	2,170
	19,362	13,388

Note: Included in other receivables and deposits as at 31 December 2023 and 2022 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 and deposits as at 31 December 2023 and 2022 was amount 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.

Details of impairment assessment of other receivables and deposits are set out in Note 42b.

24. CONTRACT ASSETS

	2023	2022
	RMB'000	*RMB'000*
Sales of enclosed busbars	**4,616**	865
Less: Impairment loss allowance	**(99)**	-
	4,517	865

As at 1 January 2022, contract assets amounted to RMB861,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. The contract assets are transferred to trade receivables when the rights become unconditional.

25. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

		2023	2022
	Note	***RMB'000***	*RMB'000*
Pledged bank deposits		**5,715**	5,180
Bank balances and cash	(a)	**6,444**	9,949
		12,159	15,129

Note (a) At 31 December 2022, a bank account of the Group of RMB1,364,000 was frozen by a court for preservation. In March 2023, the bank account has been released upon a settlement reached between the Group and the creditor with respect to the repayment schedule of balance due to that creditor.

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities (including performance guarantee) granted to the Group, and carry interest at prevailing market rate. Pledged bank deposits are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents include demand deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at prevailing market rates.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 42b.

26. ASSETS CLASSIFIED AS HELD FOR SALE

The major class of assets classified as held for sale is as follow:

	2023	2022
	RMB'000	*RMB'000*
Assets classified as held for sale:		
Interest in an associate	**9,100**	-

On 22 November 2023, the directors of the Company resolved to dispose of its 30% equity interest in Chongqing HNA Hotel. Negotiations with several interested parties have subsequently taken place. The entire equity interest in Chongqing HNA Hotel, which are expected to be sold within twelve months, have been reclassified as assets classified as held for sale and are presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the entire equity interest in Chongqing HNA Hotel and accordingly, impairment losses reversed on interest in an associate of approximately RMB9,100,000 has been recognised. Subsequent to the end of the reporting period, the Group's 30% equity interest in Chongqing HNA Hotel was sold to a related party at a total consideration of approximately RMB9,100,000 and the disposal was completed on 12 January 2024, on which date the Group no longer hold any equity interest in Chongqing HNA Hotel. The directors of the Company considered the disposal of the Group's 30% equity interest in Chongqing HNA Hotel has no impact to the business operations of the Group. Details of the subsequent disposal transaction are set out in Note 45.

27. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**44,972**	45,516

The following is an aged analysis of trade payable presented based on the invoice dates at the end of each reporting period.

	2023	2022
	RMB'000	*RMB'000*
0-365 days	**27,914**	39,929
1-2 years	**14,225**	3,335
2-3 years	**1,244**	1,142
Over 3 years	**1,589**	1,110
	44,972	45,516

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

28. CONTRACT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Sales of enclosed busbars	**8,148**	9,528
Hotel rooms operation	**4,853**	5,562
	13,001	15,090
Current	**13,001**	15,090

As at 1 January 2022, contract liabilities amounted to RMB16,309,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
Sales of enclosed busters	**9,110**	4,974
Hotel rooms operation	**4,795**	6,999
	13,905	11,973

29. OTHER PAYABLES AND ACCRUALS

	Notes	**2023** **RMB'000**	2022 RMB'000
Compensation for litigation	(a)	**94,078**	94,078
Amounts due to former subsidiaries	(b)	**49,596**	49,596
Amount due to a director	(c)	**4**	4
Amount due to an associate	(c)	**355**	350
Amount due to a substantial shareholder, Beijing Haihongyuan	(d)	**4,239**	2,680
Amounts due to related companies	(e)	**34,424**	27,383
Accrued charges and other payables		**53,793**	53,411
Other tax payables		**2,697**	2,739
Employment benefits payables		**5,088**	5,958
		244,274	236,199

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.

29. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(continued)*

(a) (continued)

The case went through trial by Beijing Higher Cour 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.

29. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(continued)*

(a) (continued)

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's 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 Shengyang 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 Shengyang 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 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 for free of charge under the coordination of the Company cannot be ascertained. Given the failure of Shenyang High-volt to pay the outstanding consideration ofUSD16,000,000 for 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.

29. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(continued)*

(a) (continued)

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 on11 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.

On 10 March 2023, the First Intermediate People's Court of Hainan Province ruled that the execution procedures cannot be proceeded, due to after the financial due diligence process, the Group has no assets available for execution and the remaining assets are not eligible for disposal. The execution procedures can be resumed only when the conditions for execution are fulfilled. The First Intermediate People's Court of Hainan Province then ruled the execution procedures are terminated and the execution can be resumed when the Group has assets available for execution.

As at the end of the reporting period, the remaining obligation due to Shenyang High-volt amounted to RMB94,078,000 (2022: RMB94,078,000) relating to the above litigations.

29. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(continued)*

(b) Included in other payables as at 31 December 2023 and 2022 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 2023 and 2022 was the amount due to another former subsidiary of RMB26,696,000. The amount is unsecured, interest-free and has no fixed repayment term.

(c) The amounts are unsecured, interest-free and have no fixed repayment terms.

(d) The amount of RMB934,000 is secured by the Group's entire equity interest in Chongqing HNA Hotel (Note 26)and Tianjin Center (Note 20), interest-bearing at 4.35% per annum and repayable on demand (2022: secured by the Group's entire equity interest in Chongqing HNA Hotel and Tianjin Center, interest-bearing at 4.35% per annum and repayable in December 2023). The remaining balance of RMB3,305,000 (2022: RMB1,746,000) is unsecured, interest-bearing at 4.35% per annum and repayable on demand (2022: unsecured, interest-bearing at 4.35% per annum and repayable in December 2023).

(e) The amounts are unsecured, interest-free and repayable on demand.

30. BANK BORROWING

The exposure of the Group's borrowing is as follows:

	2023	2022
	RMB'000	*RMB'000*
Secured bank borrowing	**1,000**	-

As at 31 December 2023, the bank borrowing was secured by bills receivable as set out in Note 22. The effective interest rates on bank borrowing is 2.1% (2022: Nil) per annum.

31. LEASE LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**6,910**	6,909

The weighted average incremental borrowing rate applied to lease liabilities is 6.18% (2022: 6.18%).

32. PROVISIONS

	2023	2022
	RMB'000	*RMB'000*
Liabilities arising from guarantees issued to bankers of former subsidiary	**34,355**	34,355

The Company has provided guarantee for the bank loan of RMB13,000,000 lent by Bank of China Jinzhou Branch to the then subsidiary, Jinzhou Power Capacitor Co. Ltd (**"Jinrong"**), and thus undertake obligation of joint guarantee. Bank of China Jinzhou Branch has filed a lawsuit in February 2005 to the district court of Jinzhou City Liaoning Province, asking for Jinrong's repayment of RMB13,000,000 and the accrued interests, along with the request that the Company undertakes joint obligation of repayment. The district court ruled in May 2005 that the Company should undertake the joint obligation of repayment of the captioned loan principal and interests. The Company has not filed an appeal and the Ruling has been effective. Intermediate Court of Liaoning Province Jinzhou City issued Enforcement Notice (2005) Jin Zhi Zi No.89 in September 2005. On 23 June 2010, the Court made Enforcement Ruling (2005) Jin Zhi Yi Zi Di No.89, sealing up high-voltage parallel connection capacitors owned by Jinrong, including 35 boxes of 140 sets of BFM6.61-299IW,24 boxes totaling 96 sets of BFM2.11.5J3- 300IW,65 boxes of 240 sets of BFM3.11.5J3-300TW. The Company has accordingly recognised estimated liabilities of RMB14,465,000. Up to the date of this report, the above mentioned principal and interests have not yet been settled.

The Company has provided another guarantee for loans of RMB17,000,000 between Jinzhou Power Capacitor Co., Ltd. and Jinzhou City Commercial Bank. The bank has launched lawsuit to the Intermediate Court of Jinzhou City against Jinrong for repayment of principal of RMB17,000,000 and accrued interests of RMB2,890,000 and asking for the Company to assume joint obligation of repayment. The court ordered the Company to assume joint liability for repayment of RMB17,000,000 and accrued interests of RMB2,890,000 by Civil Judgment (2007) Jin Min San Chu Zi Di No.00049 in June 2007. The Company did not appeal. Intermediary Court of Jinzhou City issued an order of Enforcement to the Company on 5 March 2008, ordering execution of obligations. The Company therefore has recognised an estimated liability of RMB19,890,000. Up to the date of this report, the Company has not settled the above mentioned liability.

33. DEFERRED INCOME

	2023	2022
	RMB'000	*RMB'000*
Conditional government grants	**32,185**	34,110
Less: Current portion	**(1,925)**	(1,925)
Non-current portion	**30,260**	32,185

The deferred income represented conditional government grants towards the cost of acquisition and construction of the Group's new factory in Fuxin. The amount is transferred to income over the useful lives of the relevant assets. As at 31 December 2023, an amount of RMB 32,185,000 (2022: RMB34,110,000) remains to be amortised.

34. SHARE CAPITAL

	2023		2022	
	Number of shares	***RMB'000***	Number of shares	*RMB'000*
Ordinary shares of RMB1 each authorised and fully paid:				
At the beginning and the end of the reporting period	**873,370,000**	**873,370**	873,370,000	873,370

35. RESERVES

(a) Capital reserve

Capital reserve represents i) premium on issue of shares net of issuing expenses and an amount arising as a result of the original restructuring of the Group and the impact arising from the changes in non-controlling interests without loss of control, ii) the Group acquired equity instruments at FVTOCI at zero consideration during the year ended 31 December 2018. The fair value of equity instruments at FVTOCI at the date of acquisition was RMB191,406,000. Capital reserve can only be used to increase share capital.

(b) Surplus reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to appropriate 10% of their profit-after-tax (after offsetting prior year losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(c) Revaluation reserve

The revaluation reserve represents cumulative gains and losses arising from revaluation of equity instruments at FVTOCI that have been recognised in other comprehensive income. Gains and losses arising from revaluation of equity instruments at FVTOCI will not be reclassified to profit or loss in subsequent periods.

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside the PRC. The reserve is dealt with in accordance with the accounting policy set out in Note 3.

36. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023	2022
	RMB'000	*RMB'000*
Deferred tax assets	**1,727**	1,727
Deferred tax liabilities	**(1,727)**	(1,727)
	-	-

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Right-of-use assets	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022 (audited)	-	-	-
Adjustment (Note 2)	(4,941)	4,941	-
At 1 January 2022 (restated)	(4,941)	4,941	-
Credit (charge) to profit or loss	3,214	(3,214)	-
At 31 December 2022 (restated) and 31 December 2023	**(1,727)**	**1,727**	**-**

36. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

At the end of the reporting period, the Group has unused tax losses of approximately RMB169,320,000 (2022: RMB165,427,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB153,427,000 (2022: RMB149,573,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2023	2022
	RMB'000	*RMB'000*
2023	**-**	1,203
2024	**24,582**	24,582
2025	**15,271**	15,271
2026	**21,342**	21,342
2027	**87,175**	87,175
2028	**5,057**	-
	153,427	149,573

At the end of the reporting period, the Group has deductible temporary differences of RMB89,033,000 (2022: RMB90,079,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB101,000 (2022: RMB102,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	-	40,377	40,377
Financing cash flows	-	(12,955)	(12,955)
New lease modified	-	6,909	6,909
Early termination of lease contracts	-	(9,136)	(9,136)
Interest expenses	-	796	796
Reclassified to other payables	-	(19,082)	(19,082)
At 31 December 2022	-	6,909	6,909
Financing cash flows	**927**	**-**	**927**
New lease modified	**-**	**6,910**	**6,910**
Interest expenses	**73**	**233**	**306**
Reclassified to other payables	**-**	**(7,142)**	**(7,142)**
At 31 December 2023	**1,000**	**6,910**	**7,910**

38. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreement for the use of hotel for 1 year. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB6,910,000 and RMB6,910,000 (2022: RMB6,909,000 and RMB6,909,000), respectively.

The Group's cash at a financial institution, rental and other receivables with total carrying amounts of RMB18,788,000 had been settled by ordinary trust shares during the year ended 31 December 2022. Details of the Reorganisation plan and the Trust are set out in Note 19.

39. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances during the year.

Relationship	Nature of transactions	**2023** *RMB'000*	2022 *RMB'000*
A substantial shareholder	Interest expenses	(91)	(52)
Companies controlled by holding company of the substantial shareholder	Catering service income	-	740
	Lease income – hotel room	-	20,182
	Hotel service fee	-	(500)
	Purchase of inventories	-	(33)
	Management fee	28	-
	Short-term leases - office premises	210	-
	Addition/modification of right-of-use assets *(Note 17)*	6,910	6,909
	Trade and other receivables	11,462	10,302
	Trade and other payables	65,591	54,661
	Lease liabilities	6,910	6,909

39. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2023	2022
	RMB'000	*RMB'000*
Salaries, bonus, allowances and other short-term benefits	**2,495**	2,754
Contributions to defined contribution plans	**214**	341
	2,709	3,095

40. RETIREMENT BENEFITS PLANS

Defined contribution plans

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute 1% to 16% (2022: 1% to 16%) of basic salaries of the employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

41. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2023 and 2022.

42. FINANCIAL INSTRUMENTS

42a. Categories of financial instruments

	2023	2022
	RMB'000	*RMB'000*
Financial assets		
Financial assets of FVTPL	**19,084**	19,084
Amortised cost	**66,230**	80,270
Financial liabilities		
Amortised cost	**294,459**	285,885

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, equity instruments at FVTOCI, trade and bills receivables, other receivables and deposits, pledged bank deposits, cash and cash equivalents, trade payables, other payables and accruals, bank borrowing and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to interest bearing other payable (see Note 29(d) for details), bank borrowing (see Note 30 for details) and lease liabilities (see Note 31 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and pledged bank deposits (see Note 25 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income		
Financial assets at amortised cost	**71**	181

Interest expense on financial liabilities not measured at FVTPL:

	2023	2022
	RMB'000	*RMB'000*
Financial liabilities at amortised cost	**164**	52

No sensitivity analysis is presented as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged bank deposits is insignificant.

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, other receivables and deposits, contract assets, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers/bills receivables/contract assets

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2022: 100%) of the total trade receivables and contract assets as at 31 December 2023. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade and bills receivables and contract assets are grouped based on shared credit risk characteristics by reference to the Group's aging of outstanding balances. Impairment of RMB1,476,000 is reversed (2022: RMB480,000 is recognised) during the year. Details of the quantitative disclosures are set out below in this note.

Pledged bank deposits/bank balances

Credit risk on pledged bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for the other receivables and deposits amounted to approximately RMB82,559,000 (2022: RMB81,571,000) that are considered credit-impaired, the management believes that there is no significant increase in credit risk of the remaining amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2023, the Group recognised provision of loss allowance of approximately RMB430,000 (2022: RMB1,568,000). During the year ended 31 December 2022, the Group written off of other receivables and deposits of approximately RMB609,000 (2023: RMBnil) as a result of the carrying amount of other receivables and deposits being settled by unlisted ordinary trust shares. Details are set out in Note 19.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	**2023** Gross carrying amount *RMB'000*	*RMB'000*	2022 Gross carrying amount *RMB'000*	*RMB'000*
Financial assets at amortised cost							
Trade receivables – production and sales of power transmission equipment and related accessories (Note 1)	22	Low risk	Lifetime ECL (not credit-impaired)	**11,082**		20,684	
		Watch list	Lifetime ECL (not credit-impaired)	**6,972**		8,249	
		Doubtful	Lifetime ECL (not credit-impaired)	**6,182**		7,833	
		Loss	Lifetime ECL (credit-impaired)	**1,859**	**26,095**	2,084	38,850
Trade receivables – hotel operations and provision of related catering services (Note 1)	22	Low risk	Lifetime ECL (not credit-impaired)	**17,966**		18,844	
		Watch list	Lifetime ECL (not credit-impaired)	**-**		4,599	
		Doubtful	Lifetime ECL (not credit-impaired)	**-**	**17,966**	713	24,156
Bills receivable	22	Low risk	Lifetime ECL (not credit-impaired)		**2,191**		-
Contract assets (Note 1)	24	Low risk	12m ECL		**4,616**		865
Other receivables and deposits	23	(Note 2)	12m ECL	**13,561**		9,933	
			Lifetime ECL (credit-impaired)	**82,559**	**96,120**	81,648	91,581
Pledged bank deposits	25	Low risk	12m ECL		**5,715**		5,180
Bank balances	25	Low risk	12m ECL		**6,444**		9,949

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant balances or credit impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

   As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment of trade receivables from customers and contract assets because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the Group's exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: *(Continued)*

1. *(Continued)*

Trade receivables – production and sales of power transmission equipment and related accessories

Gross carrying amount

	2023		2022	
	Average loss rate	**Trade receivables** *RMB'000*	Average loss rate	Trade receivables *RMB'000*
Within 1 year past due	**2.1%**	**11,082**	3.2%	20,684
1-2 years past due	**4.5%**	**6,972**	6.7%	8,249
2-3 years past due	**9.1%**	**4,551**	13.1%	6,362
3-4 years past due	**31.5%**	**1,631**	41.3%	1,471
Over 4 years past due	**94.8%**	**1,859**	95.9%	2,084
		26,095		38,850

Contract assets

Gross carrying amount

	2023		2022	
	Average loss rate	**Contract assets** *RMB'000*	Average loss rate	Contract assets *RMB'000*
Within 1 year past due	**2.1%**	**4,616**	0%	865

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: *(Continued)*

1. *(Continued)*

Trade receivables – hotel operations and provision of related catering services

Gross carrying amount

	2023		2022	
	Average loss rate	**Trade receivables**	Average loss rate	Trade receivables
		RMB'000		*RMB'000*
Not yet past due	**5.0%**	**4,510**	5.9%	7,663
Less than 3 months past due	**5.0%**	**680**	5.9%	3,947
3-12 months past due	**15.4%**	**11,201**	8.2%	7,234
1-2 years past due	**32.0%**	**1,575**	20.4%	4,599
2-3 years past due	**-**	**-**	57.6%	713
		17,966		24,156

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2023, the Group provided RMB3,242,000, RMB2,489,000 and RMB99,000 (2022: RMB4,682,000, RMB2,624,000 and RMBnil) impairment allowance for trade receivables for production and sales of power transmission equipment and related accessories, trade receivables for hotel operations and provision of related catering services and contract assets, respectively, based on collective assessment. Impairment allowance of RMB1,762,000 (2022: RMB1,998,000) were made on credit-impaired debtors based on the historical settlement history.

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: *(Continued)*

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2023

	Past due	**Not past due/ No fixed repayment terms**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Other receivables and deposits	**82,559**	**13,561**	**96,120**

2022

	Past due	Not past due/ No fixed repayment terms	Total
	RMB'000	*RMB'000*	*RMB'000*
Other receivables and deposits	81,648	9,933	91,581

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables - lifetime ECL (not credit– impaired) *RMB'000*	Trade receivables - lifetime ECL (credit– impaired) *RMB'000*	Contract assets - lifetime ECL (not credit– impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2022	5,033	2,335	-	7,368
- Transfer to credit-impaired	(135)	135	-	-
- Impairment losses recognised	410	70	-	480
- Write-offs	-	(542)	-	(542)
As at 31 December 2022	5,308	1,998	-	7,306
- Transfer to credit-impaired	**(243)**	**243**	-	**-**
- Impairment losses (reversed) recognised	**(1,096)**	**(479)**	**99**	**(1,476)**
As at 31 December 2023	**3,969**	**1,762**	**99**	**5,830**

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits.

	12m ECL	Lifetime ECL (credit– impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	29	81,152	81,181
- Impairment losses recognised	540	1,028	1,568
- Write-offs	-	(609)	(609)
As at 31 December 2022	569	81,571	82,140
- Transfer to credit-impaired	**(513)**	**513**	**-**
- Impairment losses recognised	**(45)**	**475**	**430**
As at 31 December 2023	**11**	**82,559**	**82,570**

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

Liquidity table

	Weighted average interest rate	On demand	Within 1 year	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
Trade payables	-	44,972	-	44,972	44,972
Other payables and accruals	-	241,577	-	241,577	241,577
Bank borrowing	2.10	-	1,000	1,000	1,000
Lease liabilities	6.18	-	7,143	7,143	6,910
		286,549	8,143	294,692	294,459

42. FINANCIAL INSTRUMENTS *(Continued)*

42b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Liquidity table (Continued)

	Weighted average interest rate %	On demand RMB'000	Within 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2022					
Trade payables	-	45,516	-	45,516	45,516
Other payables and accruals	-	227,089	6,371	233,460	233,460
Lease liabilities	6.18	-	7,143	7,143	6,909
		272,605	13,514	286,119	285,885

42c. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group instructs its internal investment team to perform the valuation. The valuation committee works closely with the investment team to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

42. FINANCIAL INSTRUMENTS *(Continued)*

42c. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key inputs	Relationship of key inputs to fair value
	2023	2022			
	RMB'000	*RMB'000*			
Assets					
Unlisted equity investment – Ordinary trust shares	**19,084**	19,084	Level 3	Fair values are derived from the fair value of the underlying assets and liabilities held by the Trust	The higher the fair value of the underlying assets and liabilities, the higher the fair value
Unlisted equity securities – Shenyang Zhaoli	**-**	-	Level 3	Net assets values as assessed by management	The higher the net asset value, the higher the fair value
Unlisted equity securities – Tianjin Center	**-**	-	Level 3	Adjusted net asset values as reported by management	The higher the adjusted net asset value, the higher the fair value

There were no transfers in different levels of the fair value hierarchy between Level 1, 2 and 3 during the reporting period.

42. FINANCIAL INSTRUMENTS *(Continued)*

42c. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(ii) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL – Ordinary trust shares	Equity instruments at FVTOCI - Shenyang Zhaoli	Equity instruments at FVTOCI - Tianjin Center	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022, 31 December 2022 and 31 December 2023	**19,084**	**-**	**-**	**19,084**

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values based on discounted cash flows analysis.

43. CONTINGENT LIABILITIES

At 31 December 2023, performance guarantees of approximately RMB7,950,000 (2022: RMB7,950,000) were given by bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantee have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantee will be released upon completion of the service contracts.

At the end of the reporting period, the management of the Group does not consider it is probable that a claim will be made against the Group.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

44.1 General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Details of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ kind of legal entity	Issued and fully paid share capital/ registered capital	Portion of ownership interest and voting rights held by the Group	Principal activities
Northeast Electric Development (Hong Kong) Company Limited	Hong Kong/Limited liability company	20,000,000 ordinary shares of US$1 each	100%	Investment holding
Great Talent Technology Limited	British Virgin Islands ("BVI")/ Limited liability company	1 share of US$1 each	100%	Investment holding
Shenyang Kaiyi Electric Co. Ltd.	The PRC/Limited liability company	RMB1,000,000	100%	Investment holding
Fuxin Enclosed Busbar	The PRC/Limited liability company	US$8,500,000	100%	Production and sales of power transmission equipment and related accessories
Hainan Garden Lane Flight Hotel Management Co., Ltd. ("Hainan Garden")	The PRC/Limited liability company	RMB50,000,000	99%	Hotel operations and provision of catering service
Northeast Electric (Chengdu) Electric Engineering Design Co. Ltd ("Northeast Electric (Chengdu)")	The PRC/Limited liability company	RMB10,000,000	50.49%	Investment holding

None of the subsidiaries had issued any debt securities of the end of the year.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

44.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non- controlling interests		Profit allocated to non- controlling interests		Accumulated non- controlling interests	
		31/12/2023	31/12/2022	**31/12/2023**	31/12/2022	**31/12/2023**	31/12/2022
				RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hainan Garden	The PRC	**1%**	1%	**(41)**	(127)	**(1,413)**	(1,372)
Northeast Electric (Chengdu)	The PRC	**49.51%**	49.51%	**-**	-	**3,405**	3,405
						1,992	2,033

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

44.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Financial information of subsidiaries with individually material non-controlling interest ("NCI")

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	2023		2022	
	Hainan Garden	**Northeast Electric (Chengdu)**	Hainan Garden	Northeast Electric (Chengdu)
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Current assets	**41,785**	**13,264**	48,262	13,264
Non-current assets	**31,100**	**-**	31,374	-
Current liabilities	**(214,123)**	**(6,386)**	(216,840)	(6,386)
Net (liabilities) assets	**(141,238)**	**6,878**	(137,204)	6,878
Non-controlling interests	**(1,413)**	**3,405**	(1,372)	3,405

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

44.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Financial information of subsidiaries with individually material non-controlling interest ("NCI") (Continued)

	2023		2022	
	Hainan Garden	**Northeast Electric (Chengdu)**	Hainan Garden	Northeast Electric (Chengdu)
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Revenue	**58,847**	**-**	110,939	-
Expenses	**(62,882)**	**-**	(123,640)	(1)
Loss and total comprehensive expense for the year	**(4,035)**		(12,701)	(1)
Attributable to non-controlling interests				
Loss and total comprehensive expense for the year	**(41)**	**-**	(127)	-
Net cash inflow (outflow) from				
- operating activities	**(4,206)**	**-**	(3,949)	(1)
- investing activities	**56**	**-**	49	-
- financing activities	**182**	**-**	167	-
Net cash outflow	**(3,968)**	**-**	(3,733)	(1)

45. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had entered into Equity Transfer Agreement with Taisheng, a related party, to dispose of its 30% equity interest in Chongqing HNA Hotel, which engaged in hotel-related businesses and property leasing in the PRC at a total cash consideration of approximately RMB9,100,000. The disposal was completed on 12 January 2024, on which date the Group no longer hold any equity interest in the Chongqing HNA Hotel.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 ***RMB'000***	2022 *RMB'000*
Non-current assets		
Property, plant and equipment	**14**	16
Interests in subsidiaries	**37,004**	41,558
	37,018	41,574
Current assets		
Prepayments and other receivables	**649**	638
Amounts due from subsidiaries	**4,154**	8,852
Cash and cash equivalent	**2**	2
	4,805	9,492
Current liabilities		
Other payables and accruals	**166,192**	167,025
Amounts due to a director	**4**	4
	166,196	167,029
Net current liabilities	**(161,391)**	(157,537)
Total assets less current liabilities	**(124,373)**	(115,963)
Non-current liability		
Provisions	**34,355**	34,355
NET LIABILITIES	**(158,728)**	(150,318)

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	2023	2022
	RMB'000	*RMB'000*
Capital and Deficits		
Share capital	**873,370**	873,370
Reserves and accumulated losses	**(1,032,098)**	(1,023,688)
TOTAL DEFICITS	**(158,728)**	(150,318)

Movement in the Company's reserves and accumulated losses

	Capital reserve	**Surplus reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 35(a))	*(Note 35(b))*		
At 1 January 2022	996,870	108,587	(2,119,345)	(1,013,888)
Loss and total comprehensive expense for the year	-	-	(9,800)	(9,800)
At 31 December 2022	996,870	108,587	(2,129,145)	(1,023,688)
Loss and total comprehensive expense for the year	**-**	**-**	**(8,410)**	**(8,410)**
At 31 December 2023	**996,870**	**108,587**	**(2,137,555)**	**(1,032,098)**

47. COMPARATIVE FIGURES

Certain comparative figures of the consolidated financial statements were reclassified to conform with the current year's presentation.

	Results of the Group for the five years ended 31 December				
	IFRSs				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	110,430	161,003	119,485	79,797	102,252
(Loss) profit before taxation	(5,997)	(25,515)	17,466	67,016	(39,682)
Income tax credit (expenses)	-	246	133	(4,351)	(451)
(Loss) profit for the year	(5,997)	(25,269)	17,599	62,665	(40,133)
	RMB cents	*RMB cents*	*RMB cents*	*RMB cents*	*RMB cents*
(Loss) earnings per share					
Basic	(0.68)	(2.88)	2.02	7.33	(4.60)

	Assets and liabilities of the Group as at 31 December				
	IFRSs				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)			
Non-current assets	74,685	78,399	73,756	73,423	293,186
Current assets	106,845	104,809	123,483	84,473	184,201
Total assets	181,530	183,208	197,239	157,896	477,387
Non-current liabilities	66,342	68,267	70,390	113,109	113,210
Current liabilities	314,414	307,971	294,386	230,016	415,284
Total liabilities	380,756	376,238	364,776	343,125	528,494
Net liabilities	(199,226)	(193,030)	(167,537)	(185,229)	(51,107)

The following documents are available at the Office of the Board of Directors for inspection:

(I) Originals of Accounting Statements bearing signatures and seals of the Legal Representative, Chief Financial Officer and Head of Financial Department (Accounting supervisor) of the Company;

(II) Originals of auditors' reports bearing seals of the accounting firm and signatures and seals of the certified public accountants;

(III) Originals of all the Company's documents and originals of announcements, which have been disclosed during the reporting period;

(IV) Original of the annual report of the Company.

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