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

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

(Stock Code: 0042)

Summary of Annual Results for 2014

1 IMPORTANT NOTICE

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

This summary has been extracted from the full text of the annual report of the Company. Investors should carefully read the full text of the annual report which is published at Shenzhen Stock Exchange CNINFO (www.cninfo.com.cn) and HKExnews (www.hkexnews.hk).

1.2 Except the following directors, all the other directors of the Company attended the Board meeting in person to consider and approve this annual report

Name of absent director	Title of absent director	Reason of absence	Name of proxy
Wang Yunxiao	Executive Director	Abroad	Liang Jie

1.3 **The audit committee of the board of directors of the Company has reviewed and confirmed the Company's financial report for 2014.**

1.4 **The Company's annual financial report is prepared under the PRC GAAP and is audited by Ruihua CPAs (special general partner) and it issued a standard unqualified audit report.**

1.5 **The Company's Chairman, Su Weiguo, Chief Financial Officer, Wang Shouguan and Head of Financial Section, Bai Lihai represent: guaranteeing the truthfulness, accurate and integrity of the financial report of the Annual Report.**

1.6 **The Company proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves, subject to discussion and approval of the 2014 Annual General Meeting held on 4 May 2015.**

1.7 **The consolidated turnover is RMB 197,510,000, decreasing from 2013 by RMB 1,540,000.**

1.8 **Profit attributable to equity holders of the Company is RMB 6,170,000.**

1.9 **Earnings per share attributable to equity holders of the Company is RMB 0.01.**

1.10 **Unless otherwise stated, Renminbi is the only monetary unit in this report.**

1.11 **This report is published in both Chinese and English. If there are any inconsistencies in content, the Chinese version shall prevail in all aspects.**

1.12 **The announce is made pursuant to the second paragraph of Rule 13.10B, 13.49 (1), and the 45th paragraph of Appendix 16 in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.**

2 Corporate Profile

2.1 Basic information

Stock abbreviation	Northeast Electric	
Stock code	000585	0042
Place of listing	Shenzhen Stock Exchange	Hong Kong Stock Exchange

2.2 Contact person and address

	Secretary to the Board of Directors	Representative for securities affairs
Name	Su Weiguo	Zhu Xinguang
Address	No. 1, Xintai Road, Xiongyue Town, Bayuquan District, Yingkou City, Liaoning Province, PRC (Postcode: 115009)	No. 1, Xintai Road, Xiongyue Town, Bayuquan District, Yingkou City, Liaoning Province, PRC (Postcode: 115009)
Telephone	0417-6897566	0417-6897567
Fax	0417-6897565	0417-6897565
Email	nee@nee.com.cn	nemm585@sina.com

3 Principal financial data and changes in shareholders

(I) Principal accounting data and financial indicators in the past five years prepared under the PRC GAAP

1. Principal accounting data and financial indicators

Unit: RMB

	2014	2013	Increase/decrease of the year over last year (%)	2012	2011	2010
Operating revenues (RMB)	197,513,503.68	195,974,125.82	0.79	217,220,841.81	248,679,812.93	348,449,492.28
Net profit attributable to shareholders of listed company (RMB)	6,169,105.14	9,886,802.75	-37.60	11,140,994.81	-32,197,171.37	-8,559,879.24
Net profit attributable to shareholders of listed company after extraordinary items (RMB)	4,390,358.73	3,229,217.03	35.96	680,708.05	-42,042,803.20	-8,435,362.90
Net cash flow arising from operating activities (RMB)	26,805,591.07	31,448,167.32	-14.76	-3,353,695.97	-33,808,267.97	27,303.40
Basic earnings per share (RMB/Share)	0.01	0.01	0	0.01	-0.04	-0.01
Diluted earnings per share (RMB/Share)	0.01	0.01	0	0.01	-0.04	-0.01
Earnings/net assets ratio (%)	2.16%	3.53%	-1.37	4.10%	-12.35%	2.81%
	As at the end of 2014	**As at the end of 2013**	**Increase/decrease at the end of 2014 over the end of 2013 (%)**	**As at the end of 2012**	**As at the end of 2011**	**As at the end of 2010**
Total assets (RMB)	482,595,791.02	462,731,004.91	4.29	498,205,496.54	557,054,235.74	844,337,174.25
Net assets attributable to shareholders of listed company (Shareholders' fund attributable to shareholders of listed company) (RMB)	286,188,311.72	279,693,302.29	2.32	271,782,480.71	260,663,611.50	304,735,739.20

2. Extraordinary items and the related amount

Unit: RMB

Item	2014	2013	2012	Remarks
Profit and loss on disposal of non-current assets (including the part of provision for assets impairment being written off)	139,391.69	191,898.47	76,285.56	Revenues in disposal of fixed assets
Government subsidiaries accounted for as current profit and loss (excluding those closely related to the enterprise's business and enjoyed according to the State's standard quote or quantity)				
Profit and loss from debt restructuring		5,511,900.00	6,993,929.00	
Gains/losses from fair value changes of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, except effective hedging activities related to the Company's normal operations	574,069.12	237,991.33		Banking interest income
Reversal of account receivable provision by single devaluation test	1,226,648.28		5,250,022.47	The recovery of bad debt
Other non-operating income and expense other than the above items	-106,416.11	61,015.21	-736,876.50	
Other profit and loss items falling within the definition of extraordinary profit and loss		687,351.18		
Effect of income tax	54,946.57	32,570.47	1,123,073.77	
Effect of minority interests (after tax)				
Total	1,778,746.41	6,657,585.72	10,460,286.76	--

3. There is no difference in net profit prepared under PRC GAAP and HKFRS.

(II) Shareholdings of the shareholders

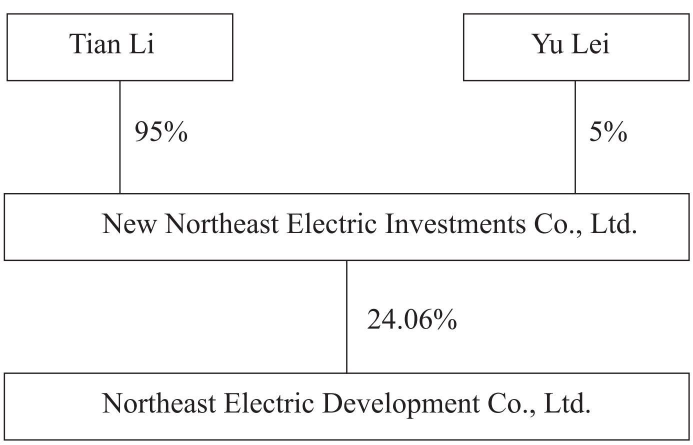
Total number of shareholders at the end of the reporting period was 80,047.

Shareholdings of the top ten shareholders

Unit: Share

Name of shareholders	Nature of shareholder	Shareholding percentage	Number of shares held	Number of untradeable shares	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign natural person	29.39%	256,695,998		0
New Northeast Electric Investments Co., Ltd.	Domestic non-state-owned legal person	24.06%	210,113,872	19,022	192,000,000
Zheng Tianfa	Domestic natural person	0.74%	6,488,674		0
Shenzhen Zhongda Software Development Co., Ltd	Domestic non-state-owned legal person	0.41%	3,550,000		0
Mou Xiuqing	Domestic natural person	0.31%	2,703,855		
Hu Li	Domestic natural person	0.25%	2,166,760		0
Chen Meiyan	Domestic natural person	0.24%	2,053,576		0
Li Xinhua	Domestic natural person	0.20%	1,713,539		0
Xu Yipin	Domestic natural person	0.19%	1,647,295		0
Wang Dawei	Domestic natural person	0.19%	1,620,170		0
Connections or parties acting in concert among the aforesaid shareholders	So far as the Company is aware, there is no connected relationship among the top ten shareholders or are parties acting in concert as required in "Methods of Information Disclosure of Shareholding Changes of Listed Companies". As at the Latest Practical Date disclosed in annual report, the Company confirmed that the public float is sufficient based on the public information known to the directors.				

(III) Framework of asset rights and controlling relationship between the Company and the actual controller



4 REPORT OF THE DIRECTORS

(I) MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the growth in electricity demand in China slowed down, and the electrical transmission and transformation equipment manufacturing industry experienced stress from both structural excess capacity and decreased product price. In face of an adverse situation of fierce market competition, rising manufacturing cost and declining gross profit, the board of directors of the Company has proactively adopted reasonable countermeasures to ensure stable and orderly business operations.

During the reporting period, the Company achieved operating income of RMB 197,510,000, nearly the same as the year-ago period; operating profit of RMB 9,260,000, representing an increase of RMB 2,270,000 as compared to the same period last year; and the net profit of RMB 6,060,000, representing a decrease of RMB 3,600,000 as compared to the same period of last year. The major reason is that, there was extraordinary profit & loss due to gain on restructuring of debt in the previous period, but there was none in the current period.

During the reporting period, the Company's main operation conditions are summarized as follows:

(1) The Company upgraded the equipment by implementing technical transformation.

During the reporting period, the Company strengthened the efforts to transform and update the manufacturing equipment to cope with fierce market competition.

After completion of the phase I technological transformation of power capacitor manufacturing equipment in 2013, the Company commenced the phase II transformation in this period. Under the phase II transformation project, air-conditioning units of the electrical branch, epoxy self-leveling floor of the clean room, and air shower were upgraded and transformed to improve the electrical performance and quality of power capacitors.

Meanwhile, the upgrading and transformation of the existing enclosed busbars also started to eliminate potential safety hazards to equipment, improve product quality, reputation and productivity, enhance the comprehensive competitiveness of the product, and promote sustainable and stable development of the Company.

(2) The Company built up an effective internal control system by further improving the internal control regulation.

In accordance with the requirements issued by five ministries including China Securities Regulatory Commission and Ministry of Finance, and with the consideration of actual operation and development conditions, the Company keeps modifying and improving the management system to promote the construction of the internal risk prevention system. As at 31 December 2014, all rules and regulations covering all business activities of the Company were modified and well implemented.

(3) The Company improved the financial structure by tightening up the settlement of account receivables.

During the reporting period, the Company strengthened the management and monitoring of internal financial management by following up key projects and tailoring reasonable targets and specific measures for specific projects, thus solving the receivables collection issues, preventing financial risk and improving the operation performance.

(4) The Company increased the asset use efficiency by strengthening the management of fixed assets.

During the reporting period, to further standardize and strengthen asset management and increase the asset use efficiency and management level, and to prevent the loss of assets, the Company enhanced the management of the entire process that covers fixed asset acquisition, custody, use, disposal and scrapping to ensure appropriate management and efficient operation of fixed assets, so as to maintain and increase the value of assets.

(5) The Company strengthened the post-evaluation management of investment project.

During the reporting period, the Company completed the phase I and phase II technological transformation of power capacitor manufacturing equipment. To be specific, the Company strengthened the budget management and extended its control over fixed assets and upgrading and transformation projects during project implementation, and correctly evaluated the reasonability and scientific nature of investment projects through post-evaluation management. After serious summarization and in-depth analysis, relevant correction measures were formulated and then implemented to resolve problems.

(6) The Company assured safe development by enhancing safe production management.

During the reporting period, the Company strengthened organizational leadership, cautiously implemented safe production responsibility, enhanced onsite safety management, strictly monitored violations, and proactively inspected hidden dangers and resolved problems with relevant measures taken. In general, the Company witnessed a favorable condition of safe production. No safety incident ever occurred.

(7) The Company promoted the human resource management level.

The Company diversified its sources of recruitment, improved a mechanism of instructing new employees by experienced ones and exchanging roles, and devised a clear career development path and promotion system for the employees to further enhance their initiatives.

(II) Operation of the Company during the reporting period

1. Scope of principal operations and its operation

(1) The Company and its subsidiaries are the major bases of manufacturing, research and export of electrical transmission and transformation equipment in China and the major supplier of electrical transmission and transformation equipment in China. The Company's principal business is the manufacture and sale of system protection and transmission equipment including power capacitors and enclosed busbars.

(2) Operational results for the year

The Company recorded operating revenue of RMB197,513,503.68, total profit of RMB9,294,393.47 and the net profit of RMB6,058,122.16.

2 Analysis of major controlling company and investee company

√ Applicable □ Not applicable

(1) Operation of major controlling company and investee company

Name	Industry	Major products or services	Registered capital	Percentage of share (%)	Total assets (RMB)	Net assets (RMB)	Operating revenues (RMB)	Operating profit (RMB)	Net profit (RMB)
Northeast Electric (Hong Kong) Limited	Trading	Trading	US$20,000,000	100	178,638,586.18	82,961,099.19	630.08	-551,179.13	-553,148.13
Great Talent Technology Limited	Investments	Investments	US$1	100	82,834,188.13	-72,189.73	0.00	-5,664.96	-5,664.96
Northeast Electric (Beijing) Limited	Sales	High-voltage switches	RMB2,000,000	100	72,057,189.52	-2,164,124.28	23,068,376.02	4,246,445.00	4,214,253.22
Shenyang Kaiyi Electric Co., Ltd.	Manufacture and sales	Electronic equipment	RMB1,000,000	100	161,157,326.08	-6,443,052.65	0.00	-1,302,647.11	-1,028,291.47
Fuxin Enclosed Busbars Co., Ltd.	Manufacture	Enclosed busbars	US$8,500,000	100	109,238,727.84	64,504,069.88	58,201,686.71	528,177.01	526,525.81
New Northeast Electric (Jinzhou) Power Capacitors Co., Ltd.	Manufacture	Power capacitor	US$15,450,000	100	203,528,813.26	156,888,350.05	114,048,056.20	6,637,565.60	4,802,280.42
Jinzhou Jinrong Electric Co., Ltd.	Manufacture	Dry-type capacitor	RMB3,000,000	69.75	1,774,930.51	1,418,417.85	0.00	-366,885.87	-366,885.87
Great Power Technology Limited	Investment and trading	Investment and trading	US$12,626	20.8	185,853,271.97	185,740,054.57	0.00	-34,799.17	-34,799.17
Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd.	Manufacture	Manufacture of switches controlling equipment	US$168,000,000	6.89	2,844,365,903.11	914,030,944.17	1,919,320,317.61	37,940,848.41	36,977,987.85

3. Acquiring and disposing subsidiaries are nothappened during the reporting period

Nil.

(III) Analysis of principal businesses

1. Summary

Unit: RMB

	2014	2013	Changes	Reason for changes
Operating incomes	197,513,503.68	195,974,125.82	0.79%	Performed more sales contracts
Operating costs	149,168,407.74	138,487,244.09	7.71%	The increase of sales
Operating expenses	16,326,228.43	15,781,817.05	3.45%	The increase of sales
Administrative expenses	27,725,953.49	29,255,459.55	-5.23%	Management control enhancement
Finance costs	195,284.85	2,799.96	6874.56%	Decrease in interest incomes

Company's review of the development strategy disclosed before and the progress of the operating plan during the reporting period

Company's undisclosed development strategy and operating plan in prior periods.

Reasons for the difference of less or more than 20% between the actual operating results and the current year's profit forecast disclosed publicly

□ Applicable √ Not applicable

The main changes in the business model

□ Applicable √ Not applicable

2. Incomes

During the reporting period, No significant changes in revenue this year compared with the same period

Is the revenues from the physical goods of the Company more than the revenue from the provision of labor services?

√ Yes □ No

Unit: RMB

By industry	Item	2014	2013	Year-on-year increase/decrease (%)
	Sales volume	113,828,241.04	108,143,445.45	5.26
	Production volume	84,443,111.43	66,067,880.75	27.81
Power capacitor	Stock volume	9,090,573.97	9,521,488.78	-4.53
	Sales volume	58,182,658.51	62,427,820.64	-6.80
	Production volume	42,682,363.72	49,098,602.85	-13.07
Enclosed busbars	Stock volume	720,711.26	2,985,696.07	-75.86
	Sales volume	23,068,376.02	25,315,555.65	-8.88
	Production volume	21,716,512.82	23,414,068.39	-7.25
High-voltage switches	Stock volume	512,820.51	0	

for change related data up more than 30% compared to the period

□ Applicable √ Not applicable

The company 's major orders in hand

□ Applicable √ Not applicable

during the report period, significant changes or adjustments related to the case about Products or services

□ Applicable √ Not applicable

Major customers

Total sales of the top five customers (RMB)	126,690,034.61
Proportion of total sales of the top five customers over total sales for the year (%)	64.14%

The top five customers

√ Applicable □ Not applicable

No.	Name	Sales (RMB)	Percentage over the annual total amount of sales (%)
1	Shenyang Kaidi Insulation Technology Co. Ltd..	53,210,361.78	26.94
2	Yinkou Hongyue Machining Co. Ltd..	24,305,834.98	12.31
3	Beijing electric power Co.	23,068,376.02	11.68
4	Yingkou Chongzheng Electric Equipment Co., Ltd.	17,643,923.34	8.93
5	Shenhua Guoneng Energy group Co., Ltd. Beijing Materials Company	8,461,538.49	4.28
Total	——	126,690,034.61	64.14

The note of other major customers

□ Applicable √ Not applicable

3. Costs

By industry

Unit: RMB

		2014		2013		
By industry	**Item**	**Amount**	**As a percentage of operating costs (%)**	**Amount**	**As a percentage of operating costs (%)**	**Year-on-year increase/ decrease (%)**
Manufacture of transformation equipments	Operating	149,130,956.13	100	138,420,271.28	100	7.74

By product

Unit: RMB

		2014		2013		
By product	**Item**	**Amount**	**As a percentage of operating costs (%)**	**Amount**	**As a percentage of operating costs (%)**	**Year-on-year increase/ decrease (%)**
Enclosed busbars	Operating	42,683,342.05	28.62	47,982,020.65	34.66	-11.04
Power capacitor	Operating	84,731,101.26	56.82	67,024,182.24	48.42	26.42
High-voltage switches	Operating	21,716,512.82	14.56	23,414,068.39	16.92	-7.25
Total		149,130,956.13	100.00	138,420,271.28	100.00	8.13

Note

By product	2014 Direct material	2014 Direct labor	2014 Manufacture expenses	2013 Direct material	2013 Direct labor	2013 Manufacture expenses
Enclosed busbars	92.48%	3.14%	4.38%	83.84%	5.14%	4.88%
Power capacitor	79.32%	2.70%	17.98%	76.97%	3.42%	19.61%

Major suppliers

Total purchases attributable to the top five suppliers (RMB)	55,377,697.93
Proportion of total purchases attributable to the top five suppliers over total purchases for the year (%)	42.09%

The top five suppliers

√ Applicable □ Not applicable

No.	Name	Purchase (RMB)	Percentage over the annual total purchase (%)
1	New Northeast Group Electric High-Voltage Equipment Co., Ltd. (Shengyang)	21,025,641.03	15.98
2	Dandong Changxing Electric Appliance Co., Ltd.	12,210,982.91	9.28
3	Shenyang Taihua Copper Co., Ltd.	10,293,481.74	7.82
4	Sichuan Dongfang Insulation Materials Co., Ltd.	5,978,268.93	4.54
5	Tianjin Taihua Copper Co., Ltd.	5,869,323.32	4.46
Total	——	55,377,697.93	42.09

Note: None of directors, associates or any shareholders holding 5% or above of the Company hold any interest in suppliers or customers as disclosed above.

The other notes of Other major suppliers.

□ Applicable √ Not applicable

4. Expenses

	2014	2013	Changes	Reasons for changes
Operating expenses	16,326,228.43	15,781,817.05	3.45%	The increase of sales
Administrative expenses	27,725,953.49	29,255,459.55	-5.23%	Strict control on costs
Financial expenses	195,284.85	2,799.96	6874.56%	Decrease in interest incomes
Income tax expenses	3,236,271.31	3,082,370.47	4.99%	Increase of subsidiaries' current taxable income

5. R&D expenditure

The R&D expenditure of this year is RMB 172,703.61. The research project is the nonsegregated phase bus duct of nuclear power and aims to make a breakthrough in the nuclear power bus. It accounts for 0.06% of the audited net assets of the last period and 0.09% of the audited income of the last period.

6. Cash flows

Unit: RMB

Item	2014	2013	Year-on-year increase/decrease (%)
Subtotal of cash inflows from operating activities	224,406,284.59	245,028,153.18	-8.42
Subtotal of cash outflows from operating activities	197,600,693.52	213,579,985.86	-7.48
Net cash flows from operating activities	26,805,591.07	31,448,167.32	-14.76
Subtotal of cash inflows from investment activities	56,307,135.79	25,658,924.66	119.44
Subtotal of cash outflows from investment activities	63,790,467.27	23,168,124.28	175.34
Net cash flows from investment activities	-7,483,331.48	2,490,800.38	-400.44
Subtotal of cash inflows from financing activities	9,000,000.00	8,000,000.00	12.5
Subtotal of cash outflows from financing activities	8,665,058.33	8,609,006.67	0.65
Net cash flows from financing activities	334,941.67	-609,006.67	-155.00
Net increase in cash and cash equivalents	19,657,705.95	33,313,242.11	-40.99

Reasons for a year-on-year change of more than 30% for the relevant amounts:

√ Applicable □ Not applicable

1. Purchase of bank financial products in the current year leads to increase in the cash inflow and outflow of investment activities.

2. The cash flow variation generated from financing activities arises from the loan increase.

Explanation on reasons for material differences between the Company's cash flow from operating activities and net profits for the year

□ Applicable √ Not applicable

(IV) Analysis of Assets and Liability

1. Significant changes in assets

Unit: RMB

	End of 2014		End of 2013			
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)	Increase/ decrease (%)	Explanation for significant change
Monetary assets	124,218,516.86	25.74	107,965,560.91	23.33	2.41	Beijing company's receivables faster than its' payment.
Account receivables	123,555,550.88	25.60	121,290,113.35	26.21	-0.61	
Inventories	33,991,443.14	7.04	32,079,932.08	6.93	0.11	
Long-term equity investments	38,633,931.35	8.01	38,508,920.68	8.32	-0.31	
Fixed assets	62,214,706.66	12.89	67,580,392.95	14.60	-1.71	Increase in depreciation
Construction in progress	302,146.04	0.06	0	0	0.06	Increase in technological transformation
Notes receivable	2,300,000.00	0.48	40,000.00	0.01	0.47	Increase in electronic acceptance bills
Prepayments	8,736,075.46	1.81	1,448,055.55	0.31	1.50	Caused by prepayment of equipment transformation
Interest receivable			33,066.67	0.01	-0.01	All the current-period interest
Non-current asset due within 1 year	33,874.27	0.01	2,694,021.76	0.58	-0.57	Arising from amortization of rental fee

2. Significant change in liabilities

Unit: RMB

	2014		2013			
	Amount	**As a percentage of total assets (%)**	**Amount**	**As a percentage of total assets (%)**	**Increase/ decrease (%)**	**Explanation for significant change**
Short-term borrowings	9,000,000.00	1.86	8,000,000.00	1.73	0.13	The increase of borrowings
Taxes payable	1,943,688.03	0.40	5,062,951.40	1.09	-0.69	Due to decrease in VAT payable

(V) REASONS ON SIGNIFICANT CHANGE IN PROFIT CONSTITUENTS, PRINCIPAL BUSINESS AND ITS STRUCTURE AND PROFITABILITY OF THE PRINCIPAL BUSINESS COMPARED TO THE PREVIOUS REPORTING PERIOD:

There are no material changes in principal business and its structure and profitability of the principal business.

(VI) INVESTMENTS DURING THE REPORTING PERIOD

During the reporting period, the Company had neither raised capital nor situation under which the usage of raised capital prior to the reporting period needed to extend to the reporting period.

During the reporting period, the Company had no main projects invested by non-raised capital.

(VII) PROSPECT OF THE COMPANY'S FUTURE DEVELOPMENT

1. Industry competitive landscape and development trend

After years of rapid growth, the momentum toward the development of power sectors in China flattens out. Data from China Electricity Council indicates that investment in power engineering construction of China's major electricity enterprises in 2014 reached RMB 776,400 million, representing an increase of 0.5% as compared to the same period of last year, but was well below expectations. Of which, the investment in power supply engineering construction was RMB 364,600 million and that in power grid project was RMB 411,800 million, representing a decrease of 5.8% and an increase of 6.8% respectively as compared to the same period of last year. It is anticipated that the power investment in 2015 will enjoy a slight but stable increase.

In recent years, the overall world economy has witnessed a slow recovery. In face of increasing downward economic pressure, the growth of the demand for electrical transmission and transformation slows down. Excess capacity of the industry, intensified market competition, fluctuations in raw material prices, and rising expenses including manpower cost, have dragged the electrical transmission and transformation industry into a perfect competition landscape. Meanwhile, the industry a low-profit era during which the companies compete with each other by lowering prices due to similarity in products and need to enhance their competitiveness through brand promotion, quality service and intelligent operation.

2. Development strategies of the Company

The Company will proactively face the complicated and severe situation and continue to give priority to efficiency. Meanwhile, the Company will speed up technological innovation, product innovation and market innovation so as to elevate its core competitiveness and influence, thus promoting and leading the growth of the industry in an all-around manner.

3. Business plan for the following year

In 2015, the Company will continue to implement an annual operation strategy of prudent operation and will focus on the following aspects:

(1) Strengthening the market development and keeping broadening the sales model. Most customers of the Company are from the electrical power sector and the petrochemical industry. A relatively concentrated customer base is susceptible to external factors, including economic status and policy change. The Company is to optimize the market layout and speed up the adjustment of product mix and market structure, and to attract new customers while at the same time keeping existing ones, thus consolidating and increasing the market share.

(2) The Company will reinforce the management of technological transformation project and complete the technological transformation project that was set up in 2014, so that the project may be put into production as early as possible to increase the production level and the product competitiveness.

(3) The Company will put more investment into new product R&D and emphasize the cutting-edge technologies in the industry. New product development will be implemented as scheduled and controlled by the annual development plan to diversify our product mix.

(4) The Company will put efforts in budget management to improve product profitability by reducing the costs of management and technology and withstanding the impact caused by increased costs and reduced product prices.

(5) The Company will strengthen the financial management to further enhance the financial control and risk prevention capabilities. Through the strengthened credit management of accounts receivable, process management and aging structure management, the Company will speed up the turnover of accounts receivable and inventory, thus increasing the operational efficiency and lowering the operational risk.

(6) The Company will intensify the control over product quality to ensure continuous improvement of quality management and quality-related work, so as to improve the quality and increase the efficiency.

(VIII) Company's fund demands for existing business maintenance and completion of ongoing investment projects

In 2015, the Company's fund resource for meeting actual business requirements involves various aspects such as bank financing and its own fund. The Company will implement optimized fund use plan and adopt an austerity policy to strictly control the costs and speed up the collection of accounts receivable, so as to provide sufficient financial support for the long-term stable and healthy development of the Company.

(IX) Main risks and countermeasures

1. Macro-economic risks and industry risks

The Company's main business is relatively concentrated and its industry is an industry of adequate market competitions. Various factors, such as national macro policies, aggravated macro-economic risks, energy development strategy, industry structure and market structure adjustment, industry resource integration, and changes in market supply and demands, may impact the Company's profitability. Despite the optimistic forecasts of future market status, there is a slowdown in power demand which could have an impact on the sustainable development of the Company.

Countermeasures: The Company will strengthen the analysis on macro economy, grasp national, industry and regional related policies in a timely manner, proactively align its industry, product and market structures, and improve the capacity for independent innovation, and strengthen the ability to resist market risks to guarantee the reasonableness and effectiveness of its decisions on production, operation and strategic development.

2. Market competition risks

The Company's industry is an industry of adequate market competitions. With the rapid development of technology and equipment of domestic electrical transmission and transformation equipment enterprises, and the unstable economic recovery in the global market, a slowdown market demand further intensified the competition in the industry, increased the downward product price, and made it harder for the Company's to operate and make profit.

Countermeasures: The Company will keep up with the market trend and adopt differentiation strategy to speed up product structure adjustment and customer resource optimization. In addition, it will rationally allocate resources by raising the proportion of the manufacturing of high value-added products to increase the product gross margin. The manufacturing cost and expenses will also be strictly controlled.

3. Risks of fluctuation in raw materials

Raw materials account for quite a part of the total manufacturing cost of the Company's product. Dramatic changes in the supply of major raw materials or great price fluctuation could directly affect the Company's production cost and profitability level.

Countermeasures: The Company will strengthen its strategic cooperation with suppliers to reduce the purchasing cost, and promote technological innovation and production innovation to enhance the profitability and reduce the risk caused by price fluctuation of raw materials to the Company.

4. Technical risks

Regeneration of technology speeds up as the market competition intensifies. If the Company cannot maintain continuous innovation and grasp the development tendency of the product, technology and industry in a timely manner, the competitiveness of the Company will be undermined and the sustainable development may be impeded.

(X) Social responsibilities:

The Company attaches importance to social responsibilities and constantly improves corporate governance. In practice, it pursues harmonious development between the enterprise and the employees, society and nature, pays back the community through concrete actions, and creates a harmonious corporate development environment. The most fundamental social responsibility of the Company is to guarantee the interests of shareholders, especially minority stockholders.

The Company defines the shareholders' meeting convening, holding and voting procedures in strict accordance with provisions and requirements of the Articles of Association and the Rules of Procedure of Shareholders' Meeting, and adopts a legitimate and effective manner to enable more shareholders to attend the shareholders' meeting and to ensure shareholders' information, participation and voting rights regarding major issues of the Company. The Company seriously performs the obligation of information disclosure and treats all the investors in line with the principles of fairness, justice and openness.

The Company reinforces investor relations management in accordance with the Regulations on Investor Relations Management, specifying that the board secretary of the Company is the person responsible for investor relations management and shall organize and carry out routine management of investor relations. During the reporting period, the Company strengthens communications with investors by using the interaction platform of investor relations and receiving calls, and promotes sustainable and healthy development of the Company jointly.

Do the listed company and its subsidiaries fall into the badly polluted industry defined by the environmental protection authority of the state: Nil.

Are the listed company and its subsidiaries involved in other major social security problems: Nil.

Any administrative penalty received by the Company during the reporting period: Nil.

(XI) Analysis of the Company's financial status under the Hong Kong Financial Reporting Standards

The Company's cash liquidity, financial resources, capital structure and assets pledged during the reporting period:

At the end of the year, the balance of monetary fund was RMB124,218,516.86.

There is no obvious seasonal principle in the Company's funding requirements.

The funds are mainly satisfied by: firstly, the cash flow from the Company's inflow of operating cash; secondly, the borrowings from financial institutions.

At the end of the year 2014, the Company had bank loans amounting to RMB9,000,000, representing 1.86% of the total assets. These bank loans bear floating interest rate.

The debt equity ratio of the Company was 1.03% (debt equity ratio= total bank loan/total share capital reserve * 100%).

At the end of the year 2014, the Company had fixed asset and land with net book value of RMB8,590,000 as security.

Please refer to Notes to the Consolidated Financial Statements for contingencies.

5 Financial reports prepared under the PRC GAAP

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Current Assets:		
Cash and deposits	124,218,516.86	107,965,560.91
Financial asset designated to be measured by fair value and which change is recorded in current incomes	-	-
Trading financial assets	-	-
Notes Receivable	2,300,000.00	40,000.00
Accounts Receivable	123,555,550.88	121,290,113.35
Prepayment	8,736,075.46	1,448,055.55
Interest Receivable	-	33,066.67
Dividend	-	-
Other Receivable	7,977,176.93	10,142,841.62
Inventory	33,991,443.14	32,079,932.08
Assets held for sale	-	-
Non-current asset due within 1 year	33,874.27	2,694,021.76
Other current asset	1,044,995.24	-
Total current assets	**301,857,632.78**	**275,693,591.94**
Non-current Assets:		
Financial assets available for sale	65,914,483.62	65,719,454.27
Held-to-maturity investments	-	-
Long-term receivables	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	**2014-12-31**	**2013-12-31**
Long-term equity investments	38,633,931.35	38,508,920.68
Investment in real estate	-	-
Fixed Assets	62,214,706.66	67,580,392.95
Construction in progress	302,416.04	-
Material - construction	-	-
Liquidation of fixed assets	-	-
Productive biological assets	-	-
Oil and gas assets	-	-
Intangible Assets	4,200,189.29	4,335,679.37
Development expenditures	-	-
Goodwill	-	-
Long-term deferred expenses	215,200.00	170,229.08
Deferred tax assets	9,257,231.28	10,722,736.62
Other non-current assets	-	-
Total non-current assets	**180,738,158.24**	**187,037,412.97**
Total Assets	**482,595,791.02**	**462,731,004.91**
Current Liabilities:		
Short-term Borrowings	9,000,000.00	8,000,000.00
Financial Liabilities designated to be measured by fair value and which change is recorded in current incomes	-	-
Trading financial liabilities	-	-
Notes Payable	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	**2014-12-31**	**2013-12-31**
Accounts Payable	64,400,948.54	50,492,644.44
Receipts in advance	8,342,234.23	9,283,263.47
Employee compensation	2,464,590.18	2,316,818.27
Taxes Payable	1,943,688.03	5,062,951.40
Interest Payable	-	-
Dividends	40,017.86	40,017.86
Other Payables	49,065,850.82	46,580,874.56
Liabilities held for sale	-	-
Non-current liabilities due within 1 year	-	-
Other Liabilities	-	-
Total current liabilities	**135,257,329.66**	**121,776,570.00**
Non-current liabilities:		
Long-term Borrowings	-	-
Bonds Payable	-	-
Incl: Premium		
Perpetual		
Long-term Payables	-	-
Long-term Payable - Salaries&Benefits	-	-
Special Payables	-	-
Estimated Liabilities	60,721,078.25	60,721,078.25
Deferred Revenue	-	-
Deferred Liabilities - Income Tax	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Other Non-Current Liabilities	-	-
Total Non-Current Liabilities	**60,721,078.25**	**60,721,078.25**
Total Liabilities	**195,978,407.91**	**182,497,648.25**
Shareholders' Equity:		
Share Capital	873,370,000.00	873,370,000.00
Other Equity Instruments	-	-
Incl: Premium	-	-
Perpetual	-	-
Capital reserve	883,422,403.92	883,422,403.92
Less: Treasury Stock	-	-
Other Comprehensive Income	-36,666,972.81	-36,992,877.10
Special Reserve	-	-
Surplus Reserve	108,587,124.40	108,587,124.40
Provision for general risk	-	-
Accumulated losses	-1,542,524,243.79	-1,548,693,348.93
Total equity attributable to the equity holders of the Company	286,188,311.72	279,693,302.29
Minority interests	429,071.39	540,054.37
Total shareholders' equity	**286,617,383.11**	**280,233,356.66**
Total liabilities and shareholders' equity	**482,595,791.02**	**462,731,004.91**

Legal Representative Su weiguo Chief Financial Officer Wang shouguan Chief Accounting Officer Bai lihai

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items		2014-12-31	2013-12-31
I.	**Total Operating Income**	**197,513,503.68**	**195,974,125.82**
	Incl.: Sales	197,513,503.68	195,974,125.82
II.	**Total Operating Cost**	**188,818,916.68**	**189,662,867.18**
	Incl.: Cost of Sales	149,168,407.74	138,487,244.09
	Taxes & Surcharges	1,266,151.81	1,361,456.81
	Expenses of Sales	16,326,228.43	15,781,817.05
	Administrative expenses	27,725,953.49	29,255,459.55
	Finance expenses	195,284.85	2,799.96
	Assets Impairment loss	-5,863,109.64	4,774,089.72
	Plus: Income of fair value variance (loss is posed as "-")	-	-
	Return on investments (loss is posed as "-")	566,830.89	679,028.01
	Including.: return on investments to associates and related parties	-7,238.23	-8,323.17
III.	**Operational Profit (Loss is posed as "-")**	**9,261,417.89**	**6,990,286.65**
	Plus: Non-operating income	502,456.99	5,756,935.78
	Including: income of disposal of non-current assets	295,155.64	193,378.89
	Less: Non-operating expenses	469,481.41	4,022.10
	Including: loss of disposal of non-current assets	155,763.95	1,480.42
IV.	**Total Profit (Total loss is posed as "-")**	**9,294,393.47**	**12,743,200.33**
	Less: Income tax expenses	3,236,271.31	3,082,370.47
V.	**Net Profit (Net loss is posed as "-")**	**6,058,122.16**	**9,660,829.86**

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items		2014-12-31	2013-12-31
	Net profit attributable to equity holders of the Company	6,169,105.14	9,886,802.75
	Minority interests	-110,982.98	-225,972.89
VI.	**Net Other Comprehensive Income after tax**	**325,904.29**	**-1,975,981.17**
	Total Comprehensive Income Attributable to the Equity Holders of the Company	325,904.29	-1,975,981.17
	(I) Other Comprehensive Income not to be re-categorized into Profit & Loss	-	-
	1. Remeasurement of Net Liabilities/Assets Variance of Defined Benefit Plans	-	-
	2. Shares of Other Comprehensive Income not to be re-categorized into Profit & Loss from invested Parties by Equity Methods	-	-
	(II) Other Comprehensive Income to be re-categorized into Profit & Loss	325,904.29	-1,975,981.17
	1. Shares of Other Comprehensive Income to be re-categorized into Profit & Loss from invested Parties by Equity Methods	-	-
	2. Profit/Loss in fair value of available-for-sale financial assets	-	-
	3. Profit/Loss of held-to-maturity investments in re-categorized available-for-sale financial assets	-	-
	4. Effective portion of Profit/Loss from Cash Flow Hedge	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items		**2014-12-31**	**2013-12-31**
	5. Differences of Exchange for Foreign Currency Report	325,904.29	-1,975,981.17
	Net After-tax Comprehensive Income Attributable to Minority Interests	-	-
VII.	**Total Comprehensive Income**	**6,384,026.45**	**7,684,848.69**
	Total Comprehensive Income Attributable to the Equity Holders of the Company	6,495,009.43	7,910,821.58
	Total Comprehensive Income Attributable to the Minority Interests of the Company	-110,982.98	-225,972.89
VIII.	**Earnings per share**		
	(I) Basic earnings per share	0.01	0.01
	(II) Diluted earnings per share	0.01	0.01

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
I. Cash flow from operating activities	- -	
Cash received from sales of goods or rendering of services	218,307,065.02	236,379,205.01
Tax refunds received	-	181,727.09
Cash received from other operating activities	6,099,219.57	8,467,221.08
Sub-total of cash inflows from operating activities	**224,406,284.59**	**245,028,153.18**
Cash paid to goods purchased and labor service received	128,478,150.48	122,361,114.15
Cash paid to and for employees	28,868,446.35	27,130,504.33
Payments of taxes and surcharges	17,905,812.74	21,191,998.19
Cash payments to other operating activities	22,348,283.95	42,896,369.19
Sub-total of cash outflows for operating activities	**197,600,693.52**	**213,579,985.86**
Net Cash Flow from operating activities	**26,805,591.07**	**31,448,167.32**
II. Cash flow from investing activities		
Cash from disinvestments	55,000,000.00	25,000,000.00
Cash received from return of investments	607,135.79	204,924.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	700,000.00	454,000.00
Net cash received in disposing subsidiaries and other operating units	-	-
Cash received relating to other investing activities	-	-
Sub-total of cash inflows from investing activities	**56,307,135.79**	**25,658,924.66**
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets	10,790,467.27	11,168,095.35
Cash paid for investment	53,000,000.00	12,000,000.00

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Net cash paid for subsidiaries and other operating units	-	-
Cash paid relating to other investing activities	-	28.93
Sub-total of cash outflows	**63,790,467.27**	**23,168,124.28**
Net Cash Flow from investing activities	**-7,483,331.48**	**2,490,800.38**
III. Cash flow from financing activities		
Cash received by absorbing investment	-	-
Incl: cash received by subsidiaries from minority shareholders	-	-
Cash received from borrowings	9,000,000.00	8,000,000.00
Cash received from bond issued	-	-
Cash received relating to other financing activities	-	-
Sub-total of cash inflows	**9,000,000.00**	**8,000,000.00**
Cash paid for repayments of debts	8,000,000.00	8,000,000.00
Cash paid for distribution of dividends, profits and interest	665,058.33	609,006.67
Incl: cash paid by subsidiaries to minority shareholders	-	-
Cash paid relating to other financing activities	-	-
Sub-total of cash outflows	**8,665,058.33**	**8,609,006.67**
Net Cash Flow from financing activities	**334,941.67**	**-609,006.67**
IV. Effect of change of foreign currency rates on cash and cash equivalents	**504.69**	**-16,718.92**
V. Net increase of cash and equivalent	**19,657,705.95**	**33,313,242.11**
Plus: Balance of cash and equivalent at beginning of period	102,736,973.41	69,423,731.30
VI. Balance of Cash and equivalent by end of period	**122,394,679.36**	**102,736,973.41**

Consolidated Statement of Changes in Equity (2014)

For the year ended 31 December 2014 (Prepared in accordance with P.R.C. Accounting Rules and Regulations)

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2014													
	Shareholders' Equity attributable to shareholders of Parent Company												Minority Interests	Total Shareholder' Equity
	Share Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Others		
		Premium	Perpetual	Others										
I. Balance from last year	873,370,000.00	-	-	-	883,422,403.92	-	-36,992,877.10	-	108,587,124.40	-	-1,548,693,348.93	-	540,054.37	280,233,356.66
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections to previous errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
business combinations under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at beginning of year	873,370,000.00	-	-	-	883,422,403.92	-	-36,992,877.10	-	108,587,124.40	-	-1,548,693,348.93	-	540,054.37	280,233,356.66
III. Changes in the year (loss is "-")	-	-	-	-	-	-	325,904.29	-	-	-	6,169,105.14	-	-110,982.98	6,384,026.45
(I) Total Comprehensive Income	-	-	-	-	-	-	325,904.29	-	-	-	6,169,105.14	-	-110,982.98	6,384,026.45
(II) Increase/Decrease of Capital from Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Other Equity Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Shares paid taken into Shareholder's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2014													
	Shareholders' Equity attributable to shareholders of Parent Company												Minority Interests	Total Shareholder' Equity
	Share Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Others		
		Premium	Perpetual	Others										
(III) Distribution of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Extraction provision for general risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 .Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer-in from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer-in from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.Loss covered by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Usage of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at end of Period	**873,370,000.00**	**-**	**-**	**-**	**883,422,403.92**	**-**	**-36,666,972.81**	**-**	**108,587,124.40**	**-**	**-1,542,524,243.79**	**-**	**429,071.39**	**286,617,383.11**

Consolidated Statement of Changes in Equity (2014) *(Continued)*

For the year ended 31 December 2014 (Prepared in accordance with P.R.C. Accounting Rules and Regulations)

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2013													
	Shareholders' Equity attributable to shareholders of Parent Company												Minority Interests	Total Shareholder' Equity
	Share Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Others		
		Premium	Perpetual	Others										
I. Balance from last year	**873,370,000.00**	-	-	-	**883,422,403.92**	-	**-35,016,895.93**	-	**108,587,124.40**	-	**-1,558,580,151.68**	-	**1,237,469.00**	**273,019,949.71**
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections to previous errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
business combinations under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at beginning of year	**873,370,000.00**	-	-	-	**883,422,403.92**	-	**-35,016,895.93**	-	**108,587,124.40**	-	**-1,558,580,151.68**	-	**1,237,469.00**	**273,019,949.71**
III. Changes in the year (loss is "-")	-	-	-	-	-	-	**-1,975,981.17**	-	-	-	**9,886,802.75**	-	**-697,414.63**	**7,213,406.95**
(I) Total Comprehensive Income	-	-	-	-	-	-	**-1,975,981.17**	-	-	-	**9,886,802.75**	-	**-225,972.89**	**7,684,848.69**
(II) Increase/Decrease of Capital from Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	**-471,441.74**	**-471,441.74**
1. Common Shares	-	-	-	-	-	-	-	-	-	-	-	-	-471,441.74	-471,441.74
2. Other Equity Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Shares paid taken into Shareholder's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Distribution of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2013													
	Shareholders' Equity attributable to shareholders of Parent Company												Minority Interests	Total Shareholder' Equity
	Share Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Others		
		Premium	Perpetual	Others										
1. Extraction of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Extraction provision for general risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 .Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer-in from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer-in from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.Loss covered by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Usage of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at end of Period	**873,370,000.00**	**-**	**-**	**-**	**883,422,403.92**	**-**	**-36,992,877.10**	**-**	**108,587,124.40**	**-**	**-1,548,693,348.93**	**-**	**540,054.37**	**280,233,356.66**

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	**2014-12-31**	**2013-12-31**
Current Assets:	-	-
Cash and deposits	21,532.17	19,189.62
Financial asset designated to be measured by fair value and which change is recorded in current incomes	-	-
Trading financial assets	-	-
Notes Receivable	-	-
Accounts Receivable	10,443,950.96	-
Prepayment	-	-
Interest Receivable	-	-
Dividend	-	-
Other Receivable	353,177,765.95	354,263,352.53
Inventory	-	-
Assets held for sale	-	-
Non-current asset due within 1 year	-	-
Other current asset	-	-
Total current assets	**363,643,249.08**	**354,282,542.15**
Non-current Assets:		
Financial assets available for sale	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	90,413,551.10	90,413,551.10
Investment in real estate	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Fixed Assets	81,148.52	242,267.37
Construction in progress	-	-
Material - construction	-	-
Liquidation of fixed assets	-	-
Productive biological assets	-	-
Oil and gas assets	-	-
Intangible Assets	-	-
Development expenditures	-	-
Goodwill	-	-
Long-term deferred expenses	-	-
Deferred tax assets	-	-
Other non-current assets	-	-
Total non-current assets	**90,494,699.62**	**90,655,818.47**
Total Assets	**454,137,948.70**	**444,938,360.62**
Current Liabilities:		
Short-term Borrowings	-	-
Financial Liabilities designated to be measured by fair value and which change is recorded in current incomes	-	-
Trading financial liabilities		
Notes Payable	-	-
Accounts Payable	9,347,196.00	-
Receipts in advance	665,000.00	665,000.00

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	**2014-12-31**	**2013-12-31**
Employee Compensation	8,440.44	8,671.52
Taxes Payable	163,478.89	26,387.56
Interest Payable	-	-
Dividends	-	-
Other Payables	87,312,321.52	87,442,181.86
Liabilities held for sale	-	-
Non-current liabilities due within 1 year	-	-
Other Liabilities	-	-
Total current liabilities	**97,496,436.85**	**88,142,240.94**
Non-current liabilities:	**-**	**-**
Long-term Borrowings	-	-
Bonds Payable	-	-
Incl: Premium	-	-
Perpetual	-	-
Long-term Payables	-	-
Long-term Payable - Salaries&Benefits	-	-
Special Payables	-	-
Estimated Liabilities	60,721,078.25	60,721,078.25
Deferred Revenue	-	-
Deferred Liabilities - Income Tax	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Other Non-Current Liabilities	-	-
Total Non-Current Liabilities	**60,721,078.25**	**60,721,078.25**
Total Liabilities	**158,217,515.10**	**148,863,319.19**
Shareholders' Equity:		
Share Capital	873,370,000.00	873,370,000.00
Other Equity Instruments	-	-
Incl: Premium	-	-
Perpetual	-	-
Capital reserve	979,214,788.45	979,214,788.45
Less: Treasury Stock	-	-
Other Comprehensive Income	-	-
Special Reserve	-	-
Surplus Reserve	108,587,124.40	108,587,124.40
Provision for general risk	-	-
Accumulated losses	-1,665,251,479.25	-1,665,096,871.42
Total shareholders' equity	**295,920,433.60**	**296,075,041.43**
Total liabilities and shareholders' equity	**454,137,948.70**	**444,938,360.62**

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items		2014-12-31	2013-12-31
I.	**Total Operating Income**	**22,368,163.22**	**-**
	Less: Cost of Sales	20,008,408.55	-
	Taxes & Surcharges	39,780.00	-
	Expenses of Sales	-	-
	Administrative expenses	2,331,459.47	2,195,193.09
	Finance expenses	2,074.16	4,760.51
	Assets Impairment loss	-	-541,555.44
	Plus: Income of fair value variance (loss is posed as "-")	-	-
	Return on investments (loss is posed as "-")	-	949,414.89
	Including.: return on investments to associates and related parties	-	-
II.	**Operational Profit (Loss is posed as "-")**	**-13,558.96**	**-708,983.27**
	Plus: Non-operating income	-	5,514,885.10
	Incl: income of disposal of non-current assets	-	-
	Less: Non-operating expenses	141,048.87	1,467.70
	Incl: loss of disposal of non-current assets	141,048.87	-
III.	**Total Profit (Total loss is posed as "-")**	**-154,607.83**	**4,804,434.13**
	Less: Income tax expenses	-	-
IV.	**Net Profit (Net loss is posed as "-")**	**-154,607.83**	**4,804,434.13**
V.	**Net Other Comprehensive Income after tax**	**-**	**-**
	(I) Other Comprehensive Income not to be re-categorized into Profit & Loss	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items		2014-12-31	2013-12-31
	1. Remeasurement of Net Liabilities/Assets Variance of Defined Benefit Plans	-	-
	2. Shares of Other Comprehensive Income not to be re-categorized into Profit & Loss from invested Parties by Equity Methods	-	-
	(II) Other Comprehensive Income to be re-categorized into Profit & Loss	-	-
	1. Shares of Other Comprehensive Income to be re-categorized into Profit & Loss from invested Parties by Equity Methods	-	-
	2. Profit/Loss in fair value of available-for-sale financial assets	-	-
	3. Profit/Loss of held-to-maturity investments in re-categorized available-for-sale financial assets	-	-
	4. Effective portion of Profit/Loss from Cash Flow Hedge	-	-
	5. Differences of Exchange for Foreign Currency Report	-	-
VI.	Total Comprehensive Income	-154,607.83	4,804,434.13

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
I. Cash flow from operating activities		
Cash received from sales of goods or rendering of services	15,726,800.00	-
Tax refunds received	-	-
Cash received from other operating activities	18,910,010.27	11,057,560.80
Sub-total of cash inflows from operating activities	**34,636,810.27**	**11,057,560.80**
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets	14,066,000.25	-
Cash paid for investment	1,036,565.45	768,444.79
Net cash paid for subsidiaries and other operating units	310,374.26	168,403.67
Cash paid relating to other investing activities	19,209,679.60	10,132,168.59
Sub-total of cash outflows	**34,622,619.56**	**11,069,017.05**
Net Cash Flow from investing activities	**14,190.71**	**-11,456.25**
II. Cash flow from investing activities		
Cash from disinvestments	-	-
Cash received from return of investments	-	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received in disposing subsidiaries and other operating units		-
Cash received relating to other investing activities	-	-
Sub-total of cash inflows from investing activities	**-**	**-**
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets	11,902.11	-
Cash paid for investment	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Items	2014-12-31	2013-12-31
Net cash paid for subsidiaries and other operating units		-
Cash paid relating to other investing activities	-	-
Sub-total of cash outflows	**11,902.11**	**-**
Net Cash Flow from investing activities	**-11,902.11**	**-**
III. Cash flow from financing activities		
Cash received by absorbing investment	-	-
Cash received from borrowings	-	-
Cash received from bond issued	-	-
Cash received relating to other financing activities	-	-
Sub-total of cash inflows	-	-
Cash paid for repayments of debts	-	-
Cash paid for distribution of dividends, profits and interest	-	-
Cash paid relating to other financing activities	-	-
Sub-total of cash outflows	-	-
Net Cash Flow from financing activities	-	-
IV. Effect of change of foreign currency rates on cash and cash equivalents	**53.95**	**70.29**
V. Net increase of cash and equivalent	**2,342.55**	**-11,385.96**
Plus: Balance of cash and equivalent at beginning of period	**19,189.62**	**30,575.58**
VI. Balance of Cash and equivalent by end of period	**21,532.17**	**19,189.62**

Company Statement of Changes in Equity (2014)

For the year ended 31 December 2014 (Prepared in accordance with P.R.C. Accounting Rules and Regulations)

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2014											
	Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Total Shareholders' Equity
		Premium	Perpetual	Others								
I. Balance carried from last year	**873,370,000.00**	-	-	-	**979,214,788.45**	-	-	-	**108,587,124.40**	-	**-1,665,096,871.42**	**296,075,041.43**
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections to previous errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at beginning of year	**873,370,000.00**	-	-	-	**979,214,788.45**	-	-	-	**108,587,124.40**	-	**-1,665,096,871.42**	**296,075,041.43**
III. Changes in the year (loss is "-")	-	-	-	-	-	-	-	-	-	-	**-154,607.83**	**-154,607.83**
(I) Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	**-154,607.83**	**-154,607.83**
(II) Increase/Decrease of Capital from Shareholders	-	-	-	-	-	-	-	-	-	-	-	-
1. Common Shares	-	-	-	-	-	-	-	-	-	-	-	-
2. Other Equity Instrument	-	-	-	-	-	-	-	-	-	-	-	-
3. Shares paid taken into Shareholder's Equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2014											
	Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Total Shareholders' Equity
		Premium	Perpetual	Others								
(III) Distribution of profit	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Extraction provision for general risk	-	-	-	-	-	-	-	-	-	-	-	-
3 .Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer-in from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer-in from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss covered by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4.Other	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Usage of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at end of Period	**873,370,000.00**	-	-	-	**979,214,788.45**	-	-	-	**108,587,124.40**		**-1,665,251,479.25**	**295,920,433.60**

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2013											
	Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Total Shareholders' Equity
		Premium	Perpetual	Others								
I. Balance carried from last year	**873,370,000.00**				**979,214,788.45**				**108,587,124.40**		**-1,669,901,305.55**	**291,270,607.30**
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections to previous errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at beginning of year	**873,370,000.00**	-	-	-	**979,214,788.45**	-	-	-	**108,587,124.40**	-	**-1,669,901,305.55**	**291,270,607.30**
III. Changes in the year (loss is "-")	-	-	-	-	-	-	-	-	-	-	**4,804,434.13**	**4,804,434.13**
(I) Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	**4,804,434.13**	**4,804,434.13**
(II) Increase/Decrease of Capital from Shareholders	-	-	-	-	-	-	-	-	-	-	-	-
1. Common Shares	-	-	-	-	-	-	-	-	-	-	-	-
2. Other Equity Instrument	-	-	-	-	-	-	-	-	-	-	-	-
3. Shares paid taken into Shareholder's Equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Distribution of profit	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-

Date: Dec. 31, 2014

Prepared by: Northeast Electric Development Co., Ltd.

Unit: RMB

Item	Year 2013											
	Capital	Other Equity Instruments			Capital Reserve	Less: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for general risk	Accumulated Losses	Total Shareholders' Equity
		Premium	Perpetual	Others								
2. Extraction provision for general risk	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer-in from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer-in from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss covered by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Usage of the special reserves	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at end of Period	**873,370,000.00**	-	-	-	**979,214,788.45**	-	-	-	**108,587,124.40**		**-1,665,096,871.42**	**296,075,041.43**

(II) Events regarding the financial report

1. Description of changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the previous year

(1) Based on "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (as amended in 2014)" and "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments" (newly amended), the company adjusts the investment of Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd. (hereinafter referred to as "Shenyang Zhaoli"). The investment for Shenyang Zhaoli should be reclassified into the account title of "Available-for-sale Financial Assets" from the account title of "Long-term Equity Investments". After the reclassification, the investment for Shenyang Zhaoli shall be subsequently measured according to the provision in Article 32 of "Accounting Standards for Business Enterprises No. 2 – Recognition and Measurement of Financial Instruments", "The equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be subsequently measured on the basis of their costs." The financial department suggests that this adjustment should be disclosed and adjusted in the Annual Report of 2014.

(2) According to provisions in the newly amended "Accounting Standards for Business Enterprises No. 9 – Employee Compensation", the level-2 account titles under the account title of employee compensation payable in 2014 need to be re-classified and adjusted. The original seven level-2 account titles including wages, welfare benefits, insurance and accumulation fund should be adjusted to four level-2 account titles of short-term compensation, post-employment benefits, dismiss welfare and other long-term benefits. This adjustment does not affect the account title of employee compensation payable in the Balance Sheet. The financial department suggests that this adjustment should be conducted in July 2014.

(3) According to provisions in the newly amended "Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements", the amount of the Company affected by exchange fluctuations in 2014 shall be presented in "Other comprehensive incomes" of the financial statements of 2014. The specific amount needs to be confirmed according to the current-period exchange rate.

(4) Effect of preceding accounting policies on items:

Affected item	31-Dec-13			1-Jan-13		
	Before adjustment	Adjustment amount	After adjustment	Before adjustment	Adjustment amount	After adjustment
1. Available-for-sale financial assets	-	65,719,454.27	65,719,454.27	-	67,500,000.00	67,500,000.00
2. Long-term equity investments	104,228,374.95	-65,719,454.27	38,508,920.68	107,224,888.88	-67,500,000.00	39,724,888.88
3. Other comprehensive income	-	-36,992,877.10	-36,992,877.10	-	-35,016,895.93	-35,016,895.93
4. Translation reserve	-36,992,877.10	36,992,877.10	-	-35,016,895.93	35,016,895.93	-

2. Description of retrospective restatement of major accounting errors in the reporting period: Nil

3. Description of changes in the consolidated statements as compared to the financial report for the previous year:Nil.

4. The board of directors and supervisory committee's explanation to "Non-Standard Auditors' Report" issued by CPAs for the reporting period: Nil

5. A preplan for distributing profits and transferring capital reserve into share capital during this reporting period: Nil.

(III) Notes to Financial Statements

1. TURNOVER

Turnover represents the sales value of goods sold less returns, discounts, rebates, value added taxes and other sales taxes, which may be analysed as follows:

	2014	**2013**
	RMB'000	RMB'000
Sales of transmission machinery	197,514	195,974

The Company recorded operating revenue of RMB197,513,503.68, including principal operations by business of RMB197,439,030.24.

2. INCOME TAX

The Company is subject to income tax at the applicable rate of 25%. It had no assessable profits in Hong Kong during the reporting period.

3. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the net profit for attributable to equity holders of the Company of RMB0.01 (2014: a profit of RMB6,169,105.14) and 873,370,000 (2014: 873,370,000) shares in issue during the year.

No diluted earnings per share are calculated as there are no dilutive potential shares for the two years ended 31 December 2014 and 31 December 2013.

4. DIVIDENDS

No dividends was paid or proposed for the year ended 31 December 2014, or reserve funds converted into capital (2013: Nil).

5. Material litigation and arbitration

Loan Contract Dispute Litigation of China Great Wall Asset Management Corp. Shenyang Office for the debt of RMB351.75 million.

On 13 January 2014, the Company received from its lawyer the civil judgment (2013) Min Er Zhong Zi No.66 by Supreme Court: to reject the appeal and upheld, it is final judgment.

On the basis of the final judgment, the Company shall not bear joint liability for the compensation, and the litigation will not have an impact on the Company's financial situation and its current profits.

Please refer to the temporary announcements dated 29 January 2013 and 14 January 2014.

To the best of the knowledge of the directors, the Company had no any material pending or threatened litigations and claims except the litigations above.

6. Questioning by the media

The Company is not involved in any matter commonly questioned by the media during this reporting period.

7. Use of capital of controlling shareholders and their subsidiaries

Controlling shareholders of the Company and its subsidiaries did not use any capital during the reporting period.

8. Matters relating to bankruptcy and reorganization

No matter relating to bankruptcy and reorganization occurs during this reporting period.

9. No matter relating to bankruptcy and reorganization occurs during this reporting period.

During the reporting period, there is no acquisition or disposal of assets in the Company.

10. Merger

Merger does not occur during this reporting period.

11. Implementation status and influence of the Company's equity incentive

The Company does not have any equity incentive plan or its implementation information during this reporting period.

12. Connected transactions

Pursuant to the Listing Rules of Shenzhen Stock Exchange and the Listing Rules of The Stock Exchange of Hong Kong Limited in relation to the relationship of connected parties, there were no connected transactions nor claims and debts between the Company and the connected parties during the reporting period.

(1) Connected transaction relating to day-to-day operation.

Connected transaction relating to day-to-day operation of the Company does not occur during this reporting period.

(2) Connected transaction relating to asset acquisition or sales

Connected transaction relating to asset acquisition or sales of the Company does not occur during this reporting period.

(3) Connected transaction relating to joint investment

Connected transaction relating to joint investment of the Company does not occur during this reporting period.

(4) Current associated rights of credit and liabilities

The Company has non-operating current associated rights of credit and liabilities during this reporting period.

Connected Party	Association Relationship	Type of Credit/ Liabilities	Forming Reason	Non-operating Fund Occupation	Opening Balance (Unit: RMB10 K)	Total Amt Accounted for Current Period	Closing Balance (Unit: RMB10 K)
Weida High-Voltage Electric Co., Ltd.	Affiliated company	Connected party liabilities payable	Borrowing	Nil	29.52	0.1	29.62
Influence on the Company's operating performance and financial situation by current associated rights of credit and liabilities		Nil					

(5) Other connected transactions

The Company does not have any other connected transaction during this reporting period.

13. Guarantees for the controlling shareholders and their subsidiaries of the Company

The Company and its subsidiaries did not offer any guarantee for the Company's controlling shareholders and their subsidiaries during the reporting period.

14. Significant contracts and their executions

(I) During the reporting period, the Company did not enter into any trust, contractual or lease arrangement in respect of the assets of other companies nor did other companies enter into any trust, contractual or lease arrangement in respect of the assets of the Company nor have any fund management on trust or designated loan.

(II) Guarantees

During the reporting period, the Company had no new guarantees.

As at the end of the reporting period, the actual bank loan of external guarantee provided by the Company totalled RMB53,050,000, and so the real amount that the Company should assume responsibility for guarantee was RMB53,050,000, accounting for 18.97% of the audited net assets of the Company for 2014.

(1) External guarantees of the Company

As at the end of the reporting period, the Company has provided guarantee of RMB 52,900,000.00 for loans granted to Jinzhou Power Capacitor Co., Ltd,RMB 150,000 for loans granted to Shenyang Kingdom Hotel.

(2) Guarantees for the holding subsidiaries of the Company Nil.

(3) Guarantee of the Company for the guaranteed company with debt to assets ratio over 70%

As at the end of the reporting period, the guarantee of the Company for Jinzhou Power Capacitors Co., Ltd with debt to assets ratio over 70% was RMB52,900,000, accounting for 18.91% of the audited net assets of the Company for 2014, which was translated into liabilities in total in 2007.

(4) The Company hasn’t any other guarantees for its shareholder, actual controller and other parties concerned.

15. PURCHASE, SALE OR REDEMPTION OF SHARES

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

16. Report of corporate governance

(I) Code of Corporate Governance Practice

The Company's directors confirm that the Company has fully complied with the provisions of Code of Corporation Governance Practices within twelve months as at the end of 31 December 2014, and disclosed result report in accordance with these provisions. The Code of Corporation Governance Practices includes the clauses set out in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited (the"Listing Rules").

(II) Audit Committee

The Company has established the audit committee in accordance with the Rule 3.21 of Listing Rules.

The Audit Committee, together with the management, has reviewed the accounting principles, accounting standards and methods adopted by the Company, and studied matters relating to auditing, internal controls and financial reporting, including reviewed the audited annual accounts for the period of twelve months ended 31 December 2014.

The Audit Committee has given its consent to the financial accounting principles, standards and methods adopted by the Company for the audited annual records for the period of twelve months as at the end of 31 December 2014.

At the meeting held on 16 March 2015, the audit committee review and approve the 2014 annual financial records and results announcement.

(III) Independent non-executive directors

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to appointment of a sufficient number of independent non-executive directors and at least an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. During the reporting period, the Company has appointed three independent non-executive directors including one with financial management expertise.

(IV) Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code")

During the reporting period, the Company has adopted a code of behavior on terms no less exacting than the required standard set out in the "Model Code" in connection with rules governing securities transactions of directors and supervisors. It was confirmed, upon specific enquires, that no director or superior of the Company has breached the standards as required by the "Model Code" as stated in Appendix 10 to the Listing Rules in relation to securities transactions by directors.

The Board of Directors has formulated a written guideline for transactions of securities of listed companies by "directors and related employees". The Board of Directors has given written notices in advance to insiders (including the Company's directors, supervisors, senior management and controlling shareholders, actual 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 purchase or sales of shares with inside information: no transactions of the company securities shall be carried out during the price-sensitive time within sixty days prior to results announcement (the lock-up period is from 16 January to 16 March 2014).

All directors have confirmed that they and the connected person did not carry out transactions of company securities during reporting period and have complied with the guidelines.

(V) Directors' liability insurance

The requirement of "the issuer shall cover appropriate director liability insurance for directors" in Rule A.1.8 of Corporate Governance Code is changed from "the recommended best practice" to "Articles of the Code". The Company is keeping a close eye on markets and assess feasible operation plans.

17. Remunerations of Auditors

Considered and approved through the first general meeting of shareholders of 2014 convened on 17 April, 2014 appoint Ruihua CPAs (special general partner) as the auditors of the Company, with total remuneration of RMB800,000.

18. PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE OFHONG KONG LIMITED AND THE COMPANY

All information about the annual report as required by Appendix 16 to the Listing Rules will be published on the Hong Kong Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.nee.com.cn) in due course.

19 Subsequent events:

(1) Adjustment of members of special committees under the Board of Directors

In accordance with the relevant provisions as specified in "Opinions on Guiding the Establishment of Independent Director System by Listed Companies" (issued by China Securities Regulatory Commission, "Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board", and "Rule Governing the Listing of Securities on Hong Kong Exchange", the Company's Board of Directors makes the following adjustments for the members of Strategic Development Committee and Nomination Committee:

1. Members of Strategic Development Committee:

Presiding member: Mr. Su Weiguo

Members: Mr. Wang Shouguan and Mr. Liu Qingmin

Adjusted to:

Presiding member: Mr. Su Weiguo

Members: Mr. Wang Shouguan, Mr. Liu Qingmin and Mr. Liu Hongguang

2. Members of Nomination Committee:

Presiding member: Mr. Su Weiguo

Members: Mr. Wang Yunxiao and Mr. Liu Hongguang

Adjusted to:

Presiding member: Mr. Liu Hongguang

Members: Mr. Su Weiguo and Mr. Wang Yunxiao

(2) Re-election and resignation of supervisors

Due to retirement, Mr. Dong Liansheng requested to quit the positions of director and Chairman of the Supervisory Committee of the Company on 2 March, 2015. As the resignation of Mr. Dong Liansheng will cause the number of supervisors of the Company less than the quorum, the Company will promptly elect a new supervisor in compliance with the relevant requirements of the Company Law and the Articles of Association. Before the newly elected supervisor takes office, Mr. Dong Liansheng will continue to perform the duties of supervisor (please refer to the announcement dated 2 March, 2015 for details).

As approved by the 9th meeting of the Seventh Session of the Supervisory Committee held on 16 March, 2015, Mr. Liu Xuehou was nominated as the Chairman of the Seventh Session of the Supervisory Committee, and his term of office is the same as this session of Supervisory Committee until 10 March, 2016.

As approved by the 9th meeting of the Seventh Session of the Supervisory Committee held on 16 March, 2015, Mr. Zhu Xinguang was nominated as the candidate for the newly elected shareholder representative supervisor of the Eighth Session of the Supervisory Committee, and his term of office is the same as this session of Supervisory Committee until 10 March, 2016. Such proposal will be submitted to the shareholders' meeting of 2014 to be convened on 4 May, 2015 for consideration (please refer to the Company's announcement dated 16 March, 2015 for details).

By order of the Board

Su Weiguo

Chairman

Yingkou, Liaoning Province, the People's Republic of China
16 March 2015

As at the date of the Statement, the Board of Directors comprises of four executive directors, namely Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Liu Qingmin; Ms.Jiao Liyuan; and three independent non-executive directors, namely Mr. Wang Yunxiao, Ms. Liang Jie and Mr. Liu Hongguang.