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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: 00042)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

This announcement is made pursuant to Rule 13.49(1) of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) and Paragraph 45 of Appendix D2 thereto.

Financial Highlights (prepared in accordance with the IFRS Accounting Standards)

Throughout 2024, the consolidated revenue of the Company and subsidiaries is approximately RMB156.44 million, representing an increase of approximately RMB46.01 million from 2023.

Loss attributable to the equity holder of the Company is RMB10.11 million.

Loss per share attributable to the equity holder of the Company is RMB1.16 cents.

The Board of Directors has resolved not to declare the dividends at the end of 2024.

The Board of Directors (the “**Board**”) and the directors (the “**Directors**”) of Northeast Electric Development Company Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 prepared in accordance with the IFRS Accounting Standards, together with the comparative figures for the year ended 31 December 2023.

I. Highlights of the Audited Annual Results

Consolidated financial statements and related notes are prepared under IFRS Accounting Standards

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024 (Prepared in accordance with IFRS Accounting Standards)

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	3	156,441	110,430
Cost of sales and services		(110,359)	(59,196)
Gross profit		46,082	51,234
Other income	5	3,038	2,340
Other gains and loss	6	1,760	9,047
Distribution and selling expenses		(25,896)	(44,134)
Administrative and other operating expenses		(31,136)	(25,133)
Impairment losses under expected credit loss model, net of reversal	7	(3,400)	1,046
Finance costs	8	(517)	(397)
Loss for the year	9	(10,069)	(5,997)
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(131)	(199)
Total comprehensive expense for the year		(10,200)	(6,196)

		2024	2023
	<i>Note</i>	RMB'000	<i>RMB'000</i>
(Loss) profit for the year attributable to:			
Owners of the Company		(10,111)	(5,956)
Non-controlling interests		42	(41)
		<u>(10,069)</u>	<u>(5,997)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(10,242)	(6,155)
Non-controlling interests		42	(41)
		<u>(10,200)</u>	<u>(6,196)</u>
Loss per share			
	12	RMB cents	RMB cents
Basic		(1.16)	(0.68)

Consolidated Statement of Financial Position

At 31 December 2024 (Prepared in accordance with IFRS Accounting Standards)

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		32,678	35,678
Right-of-use assets		18,011	18,196
Interest in an associate		-	-
Financial assets at fair value through profit or loss		19,071	19,084
Equity instruments at fair value through other comprehensive income		-	-
Deferred tax assets		1,747	1,727
		71,507	74,685
Current assets			
Inventories		32,560	21,186
Trade and bills receivables	13	34,822	40,521
Prepayments, deposits and other receivables		16,774	19,362
Contract assets		7,959	4,517
Pledged bank deposits		3,620	5,715
Cash and cash equivalents		15,215	6,444
		110,950	97,745
Assets classified as held for sale		-	9,100
		110,950	106,845
Current liabilities			
Trade payables	14	43,004	44,972
Contract liabilities		24,929	13,001
Other payables and accruals	15	246,642	244,274
Bank borrowing		-	1,000
Deferred income		1,925	1,925
Tax payables		2,332	2,332
Lease liabilities		6,989	6,910
		325,821	314,414
Net current liabilities		(214,871)	(207,569)
Total assets less current liabilities		(143,364)	(132,884)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities		
Contract liabilities	1,625	-
Provisions	34,355	34,355
Deferred income	28,335	30,260
Deferred tax liabilities	1,747	1,727
	<hr/> 66,062	<hr/> 66,342
NET LIABILITIES	(209,426)	(199,226)
	<hr/> <hr/>	<hr/> <hr/>
Capital and deficits		
Share capital	873,370	873,370
Reserves and accumulated losses	(1,084,830)	(1,074,588)
	<hr/>	<hr/>
Deficits attributable to owners of the Company	(211,460)	(201,218)
Non-controlling interests	2,034	1,992
	<hr/>	<hr/>
TOTAL DEFICITS	(209,426)	(199,226)
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (Prepared in accordance with IFRS Accounting Standards)

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

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 北京海鴻源企業管理諮詢有限公司 Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.* (formerly known as 北京海鴻源投資管理有限公司 Beijing Haihongyuan Investment Management Co., Ltd.*) (“**Beijing Haihongyuan**”).

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.

* The English name is for identification purpose only.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“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 RMB10,111,000 during the year ended 31 December 2024 and, as at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately RMB214,871,000 and the Group’s total liabilities exceeded its total assets by approximately RMB209,426,000, while the Group has cash and cash equivalents of approximately RMB15,215,000.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION *(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 17 January 2025, the Group has entered into an equity transfer agreement with an independent third party to dispose of its entire equity interest in Northeast Electric Development (Hong Kong) Company Limited, a wholly-owned subsidiary of the Company, at the consideration of RMB4 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 RMB30 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;

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

(Continued)

4. Regarding the settlement of compensation for litigation amounted to RMB94,078,000 as set out in Note 15 of this announcement, 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. Regarding the liabilities arising from guarantees issued to bankers of former subsidiary amounted to RMB14,465,000, on 12 December 2024, the Intermediate People's Court of Jinzhou City Liaoning 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 Intermediate People's Court of Jinzhou City Liaoning 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;

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

(Continued)

6. 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;
7. 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
8. 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.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION *(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.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

Except as described below, the application of the amendments to IFRS Accounting Standards 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.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year (Continued)

Impacts on application of 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 Group has applied the amendments for the first time in the current year.

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:

- 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 classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. 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.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year *(Continued)*

Impacts on application of 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)*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that 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, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the 2020 and 2022 Amendments has no material impact on the classification of the Group’s liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i> ³
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ⁴

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 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of other above-mentioned amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

3. REVENUE

(i) Disaggregation of revenue for contracts with customers

Segments	For the year ended 31 December 2024		Total <i>RMB'000</i>
	Production and sales of power transmission equipment and related accessories <i>RMB'000</i>	Hotel operations and provision of related catering services <i>RMB'000</i>	
Types of goods and services			
Sales of enclosed busbars	99,253	-	99,253
Hotel operations			
- Hotel rooms revenue	-	29,632	29,632
- Catering and other ancillary services	-	27,556	27,556
Total	99,253	57,188	156,441
Geographical markets			
The PRC	99,253	57,188	156,441
Timing of revenue recognition			
At a point in time	99,253	27,556	126,809
Over time	-	29,632	29,632
Total	99,253	57,188	156,441

3. REVENUE (Continued)

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

	For the year ended 31 December 2023		
Segments	Production and sales of power transmission equipment and related accessories <i>RMB '000</i>	Hotel operations and provision of related catering services <i>RMB '000</i>	Total <i>RMB '000</i>
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

3. 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 transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Provision of sales of enclosed busbars		
-Within one year	123,481	63,918
-More than one year	101,027	74,558
	<u>224,508</u>	<u>138,476</u>

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.

4. 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 2024

	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Investment holding	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	<u>99,253</u>	<u>57,188</u>	<u>-</u>	<u>156,441</u>
Segment results	<u>1,850</u>	<u>(5,503)</u>	<u>(916)</u>	<u>(4,569)</u>
Unallocated corporate expenses				<u>(5,500)</u>
Loss for the year				<u>(10,069)</u>

4. OPERATING SEGMENTS *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2023

	Production and sales of power transmission equipment and related accessories <i>RMB'000</i>	Hotel operations and provision of related catering services <i>RMB'000</i>	Investment holding <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	51,479	58,951	-	110,430
Segment results	(6,295)	(4,035)	(856)	(11,186)
Impairment loss reversed on interest in an associate				9,100
Unallocated corporate expenses				(3,911)
Loss for the year				(5,997)

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statement. 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.

4. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Segment assets</i>		
Production and sales of power transmission equipment and related accessories	121,062	106,320
Hotel operations and provision of related catering services	37,075	45,948
Investment holding	23,350	19,133
	<hr/>	<hr/>
Total operating and reportable segment assets	181,487	171,401
Unallocated assets	970	10,129
	<hr/>	<hr/>
Consolidated assets	<u>182,457</u>	<u>181,530</u>
<i>Segment liabilities</i>		
Production and sales of power transmission equipment and related accessories	88,447	76,254
Hotel operations and provision of related catering services	81,402	74,219
	<hr/>	<hr/>
Total operating and reportable segment liabilities	169,849	150,473
Unallocated liabilities	222,034	230,283
	<hr/>	<hr/>
Consolidated liabilities	<u>391,883</u>	<u>380,756</u>

4. 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 2024

	Production and sales of power transmission equipment and related accessories	Hotel operations and provision of related catering services	Investment holding	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to property, plant and equipment	189	-	-	-	189
Impairment losses on trade receivables, contract assets and deposits and other receivables recognised in profit or loss	(1,842)	(1,558)	-	-	(3,400)
Research and development expenses	(3,148)	-	-	-	(3,148)
Short-term leases – office premises	-	-	-	(58)	(58)
Depreciation and amortisation of					
- property, plant and equipment	(3,176)	-	-	-	(3,176)
- right-of-use assets	(264)	(6,910)	-	-	(7,174)
Finance costs	(167)	(233)	(117)	-	(517)

4. OPERATING SEGMENTS *(Continued)*

Other segment information *(Continued)*

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to property, plant and equipment	10	-	-	-	10
Impairment losses on trade receivables, contract assets and deposits and other receivables reversed (recognised) in profit or loss	1,338	(116)	-	(176)	1,046
Impairment losses reversed on interest in an associate	-	-	-	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)

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.

4. 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer I	N/A ²	15,135 ¹
Customer II	N/A ²	12,661 ¹

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.

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income from banks	90	71
Government grants <i>(Note)</i>	2,913	2,244
Sundry income	35	25
	<u>3,038</u>	<u>2,340</u>

Note: During the current year, the Group recognised government grants amounted to i) RMB988,000 (2023: RMB319,000) in respect of subsidies received for technology-based small and medium-sized enterprises in the PRC; and ii) RMB1,925,000 (2023: RMB1,925,000) in respect of deferred income amortised relating to cost of acquisition and construction of the Group's new factory in Fuxin.

6. OTHER GAINS AND LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Gain from deregistration of branches	1,756	-
Gain (loss) on disposal of property, plant and equipment	4	(53)
Impairment loss reversed on interest in an associate	-	9,100
	<hr/>	<hr/>
	1,760	9,047
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment losses recognised (reversed) on		
– trade receivables	2,960	(1,575)
– contract assets	39	99
– deposits and other receivables	401	430
	<hr/>	<hr/>
	3,400	(1,046)
	<hr/> <hr/>	<hr/> <hr/>

8. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on		
– bank borrowing	118	73
– other payables	166	91
– lease liabilities	233	233
	<hr/>	<hr/>
	517	397
	<hr/> <hr/>	<hr/> <hr/>

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Staff costs, including directors' emoluments		
Salaries and other benefits	26,500	25,044
Contributions to defined contribution retirement schemes	3,344	3,683
	<hr/>	<hr/>
Total staff costs	29,844	28,727
	<hr/>	<hr/>
Auditor's remuneration	900	800
Cost of inventories recognised as an expense*	86,760	54,378
Depreciation and amortisation of		
- Property, plant and equipment	3,176	3,398
- Right-of-use assets	7,174	7,173
Research and development costs recognised as an expense	3,148	2,218
	<hr/> <hr/>	<hr/> <hr/>

* Included in cost of inventories recognised as expense there was no reversal of impairment loss on inventories and no write down of inventories to their net realisable values for the year ended 31 December 2024 (2023: reversal of impairment loss on inventories of approximately RMB60,000).

10. INCOME TAX EXPENSE

No provision for the PRC Enterprise Income Tax and Hong Kong Profits has been made as the Group has no assessable profits derived from or arising in the PRC and Hong Kong during the year ended 31 December 2024 and 2023.

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.* has been accredited as a “High and New Technology Enterprise” by the relevant authorities in Liaoning province for a term of three years which will be expired in 2026 (2023: 2026), 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 English name is for identification purpose only.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculation of basic loss per share	<u><u>(10,111)</u></u>	<u><u>(5,956)</u></u>
	2024	2023
	<i>'000</i>	<i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of calculation of basic loss per share	<u><u>873,370</u></u>	<u><u>873,370</u></u>

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

13. TRADE AND BILLS RECEIVABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	42,446	44,061
Less: allowances for expected credit losses	(7,624)	(5,731)
	<hr/>	<hr/>
	34,822	38,330
Bills receivable	-	2,191
	<hr/>	<hr/>
	34,822	40,521
	<hr/> <hr/>	<hr/> <hr/>

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB55,700,000.

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.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0-365 days	18,639	17,967
1-2 years	7,925	16,135
2-3 years	5,737	5,207
3-4 years	2,501	1,116
Over 4 years	20	96
	<hr/>	<hr/>
	34,822	40,521
	<hr/> <hr/>	<hr/> <hr/>

14. TRADE PAYABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>43,004</u>	<u>44,972</u>

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0-365 days	30,588	27,914
1-2 years	1,594	14,225
2-3 years	8,539	1,244
Over 3 years	<u>2,283</u>	<u>1,589</u>
	<u>43,004</u>	<u>44,972</u>

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

15. OTHER PAYABLES AND ACCRUALS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Compensation for litigation	94,078	94,078
Amounts due to former subsidiaries	49,596	49,596
Amount due to a director	4	4
Amount due to an associate	363	355
Amount due to a substantial shareholder, Beijing Haihongyuan	4,405	4,239
Amounts due to related companies	38,909	34,424
Accrued charges and other payables	50,776	53,793
Other tax payables	4,699	2,697
Employment benefits payables	3,812	5,088
	<hr/>	<hr/>
	246,642	244,274
	<hr/> <hr/>	<hr/> <hr/>

II. CORPORATE INFORMATION

- (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: Zhu Xinguang (acts as a legal representative)

- (3) Executive Directors: Zhu Xinguang (acts as chairman), Liu Jiangmei, He Wei, Ding Jishi, Mi Hongjie

- (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

Authorized Representative of the H-share Issuer: Zhu Xinguang

Joint company secretary and authorized representative to accept service of process and notice in Hong Kong: 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: Internet Finance Building A, 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: dbdqshbgs@hnagroup.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: 18 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

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

III. HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Summary of financial data in the past five years prepared in accordance with IFRS Accounting Standards

Items	IFRS Accounting Standards				
	2024	2023	2022	2021	2020
1. Revenue (RMB'000)	156,441	110,430	161,003	119,485	79,797
2. (Loss)/profit before tax (RMB'000)	(10,069)	(5,997)	(25,515)	17,466	67,016
3. (Loss)/profit attributable to owners of the Company (RMB'000)	(10,111)	(5,956)	(25,142)	17,629	63,977
4. Total assets (RMB'000)	182,457	181,530	181,481	197,239	157,896
5. Total liabilities (RMB'000)	391,883	380,756	374,511	364,776	343,125
6. Total deficits (RMB'000)	(209,426)	(199,226)	(193,030)	(167,537)	(185,229)
7. Basic (loss)/earnings per share (RMB)	(0.01)	(0.01)	(0.03)	0.02	0.07
8. Net liabilities per share (RMB)	(0.24)	(0.23)	(0.22)	(0.19)	(0.21)
9. Shareholders' interest ratio (%)	(114.78)%	(109.75)%	(106.36)%	(84.94)%	(117.31)%
10. Current ratio (%)	34.05%	33.98%	34.25%	41.95%	36.72%
11. Gearing ratio (%)	214.78%	209.75%	206.36%	184.94%	217.31%

2. Primary financial information and financial indicators prepared in accordance with Corporate Accounting Standards (“CAS”)

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	156,441	110,430	41.67%
Gross profit rate %	30.06%	47.25%	Drop of 17.19 percentage points
Net profit attributable to shareholders of the parent company	-1,011	-15,057	-
Net profit attributable to the shareholders of the parent company after deduction of non-recurring gains and losses	-9,131	-13,691	-
Weighted average return on net assets (calculated in accordance with net profit attributable to shareholders of the parent company) (%)	N/A	N/A	-
Weighted average return on net assets (calculated in accordance with net profit attributable to the shareholders of the parent company after deduction of non-recurring gains and losses) (%)	N/A	N/A	-
Basic earnings per share (RMB)	0.0011	-0.0173	-

Unit: RMB'000

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	182,457	172,430	5.82%
Total liabilities	390,735	380,112	2.79%
Net assets attributable to shareholders of the parent company	-210,313	-209,675	-
Net assets per share attributable to shareholders of the parent company	-0.24	-0.24	-
Gearing ratio (parent company)	3815.83%	332.30%	-
Gearing ratio (consolidated)	214.15%	220.44%	-
Current ratio	0.34	0.31	-
Interest coverage ratio	-1.43	-36.99	-

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	1,283	-4,687	-
Accounts receivables turnover	4.50	2.33	-
Inventory turnover	3.43	2.85	-

Unit: RMB'000

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	5.82%	-5.88%	-
Growth rate of operating income	41.67%	-20.41%	-
Growth rate of net profit	-	-	-

3. Reasons for the differences in accounting information under domestic and foreign accounting standards

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 a consideration of RMB9.1 million. In accordance with CAS, this disposal of assets is an event in 2024. The impairment losses on interest in an associate were reversed to its fair value of RMB9.1 million for the year ended 31 December 2024, which was reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the current year. However, in accordance with IFRS Accounting Standards, when the Group is committed to a sale plan involving loss of control of a subsidiary, the criteria for classification of all the assets and liabilities of that subsidiary as held for sale have been met on 31 December 2023. The equity interest in the 30% long-term equity investment in Chongqing HNA Hotel Investment Company Limited (the “Associate”) was reclassified as assets held for sale, and the impairment losses on interest in an associate were reversed to its fair value of RMB9.1 million for the year ended 31 December 2023, which had no impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the current year. Therefore, there was a difference of RMB9.1 million in both loss for the year and net liabilities in the financial statements disclosed in accordance with domestic and foreign accounting standards for the reporting period.

IV. REPORT OF THE DIRECTORS (Financial information prepared in accordance with CAS)

(1) Overview

Industry overview

Power industry. In 2024, with the economy and society returning to normal operations in China, the macro-policies have been effective, and the overall performance of the domestic economic showed a stable and growing trend. As the reform of the electricity system continues to deepen and market mechanisms gradually improve, the electric power and electrical equipment industry is exhibiting characteristics of stable growth, structural optimization, and rapid development. According to the 2024 national electricity industry statistics released by the National Energy Administration, the total electricity consumption across the country reached 9.85 trillion kilowatts, representing a year-on-year growth of 6.8%; the total installed capacity of power generation on a consolidated basis in China reached 3.35 billion kilowatts, representing a year-on-year growth of 14.6%. 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. The government continues to increase its investment in the electric power sector. The national action plan titled “**Accelerating the Construction of a New Electric Power System (2024-2027)**” aims to sustain investments in energy and electricity infrastructure upgrades, significantly driving and enhancing technology innovation, industrial upgrading, and market expansion within the transmission and transformation equipment manufacturing sector.

Hotel and tourism industry. In 2024, China’s hospitality and tourism industry continues to experience robust growth, building on the strong performance of the previous year. According to the domestic tourism statistics released by the Ministry of Culture and Tourism, the number of domestic trips in 2024 was 5.615 billion, representing an increase of RMB0.724 billion over the same period last year or a year-on-year growth of 14.8%. Furthermore, Domestic tourists spent RMB5.75 trillion, representing an increase of RMB0.84 trillion over the last year or a year-on-year growth of 17.1%.

Main business that the Company engaged in during the year ended 31 December 2024 (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

The year of 2024 marks a pivotal stage in China’s “**14th Five-Year Plan**” as the economy begins its recovery. The electric power industry continues to experience sustained growth, particularly in the renewable energy sector which is developing rapidly. Macroeconomic policies underscore the government’s strong commitment to driving the transformation of the energy structure and achieving green, low-carbon development objectives. As the domestic economy rebounds, the Company has focused on its annual operational goals by enhancing business management, reducing costs, increasing efficiency, and reinforcing innovation-driven strategies. Our busbar business has benefited from favorable national policies within the electric power sector, allowing us to seize development opportunities presented by the construction of a new electric power system in China. We are accelerating the transformation and upgrading of our product structure and steadily advancing our positioning in new product areas, particularly targeting pumped storage projects and foreign clients. In 2024, busbar product orders reached a historical high, with industrial output nearly doubled, significantly contributing to sales of enclosed busbar that exceeded expectations and enhancing the market position of our busbar business. Simultaneously, our hotel operations have seen a resurgence in confidence as the macroeconomic environment stabilizes. The demand for business travel and leisure tourism is gradually increasing and leading to a recovery in the hotel and catering industry.

During the Reporting Period, the operating income for the whole year was RMB156.44 million, representing a year-on-year increase of RMB46.01 million, mainly due to the increase in sales order volume and delivered quantity from the subsidiary of the Company, Fuxin Busbar during the Reporting Period; the net profit attributable to shareholders of the Company was RMB-1.01 million, representing a year-on-year loss reduction of RMB14.05 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-9.13 million, representing a year-on-year loss reduction of RMB4.56 million.

(2) Main Activities

The main activities in the Reporting Period are as follows:

(I) Production and operation

1. Seizing the favorable policies and achieving a breakthrough in operating revenue

In 2024, the Company expanded its productive capacity and marketing by fully seizing the opportunities of the development of power market boosted by macroeconomic policies. During the Reporting Period, the busbar business adhered to the principle of leading the work with innovation and ensuring the results through practical efforts. The Company has always focused on order receipt and payment collection, new product R&D, large-scale production to ensure timely delivery, as well as cost reduction and increase efficiency. The output value of the busbar business exceeded RMB100 million, and all budget targets were surpassed. The new orders amounted to RMB180 million, the value of new order contracts increased by 40% over the last corresponding period, providing a guarantee for continuous operation in the future.

2. The hotel business ran stably and operating gross profit increased

In 2024, China's tourism and accommodation industry showed a recovery trend. With the successive introduction of visa-free entry policies, the demand for business travel and leisure travel is released. The Company has firmly grasped the recovery opportunity of the hotel market, and taken marketing measures such as targeted market, tourism market expansion, and online market development. In 2024, the revenue from hotel catering and accommodation business was RMB57.19 million, representing a year-on-year decrease of 2.82%, and the gross profit margin of the hotel-related business increased by 0.25 percentage points. The hotel business gradually rebounded to normal level.

In accordance with the need for the continued operation of the hotel business, Hainan Garden Lane Flight Hotel Management Co., Ltd. ("**Garden Lane Hotel**") (the "**Lessee**"), a subsidiary of the Company, entered into a supplementary agreement to the lease contract 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 2025**", and the rent standard for 2025 was still RMB7.5 million. Apart from the terms expressly adjusted in the Supplementary Agreement, the remaining terms of the original lease contract shall remain in effect.

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

In the face of the severe fund shortage, the Company overcame many uncertainties, strengthened the management of receivables collection, as well as measures such as reducing the amount of fund occupied by raw material procurement, innovating the letter of guarantee processing model 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. Revitalizing stock assets and optimizing the asset structure

During the Reporting Period, the Company revitalized stock assets, cleared current accounts, enhanced asset liquidity and optimized the asset and liability structure. On 12 January 2024, Garden Lane Hotel, the subsidiary of the Company, transferred its investment in Chongqing Hotel for 30% equities therein to the connected party Tysan Land (Shanghai) Limited at the consideration of RMB9.1 million. On 17 January 2025, the Company transferred the 100% equities of its wholly-owned subsidiary, Northeast Electric Development (Hong Kong) Company Limited to the independent third party Prosper Power Limited at the consideration of RMB4 million. Meanwhile, the Company carried out the deregistration for the branches of Garden Lane Hotel that have not been actually operated, and successively completed the deregistration of several branches and subsidiaries. This measure released the redundant resources, reduced the management costs, and improved the operational efficiency focusing on the core businesses.

5. Continuously investing in R&D to drive technological innovation

During the Reporting Period, the busbar business Company focused on the specialized and customized needs of the market and customers, continuously developed innovative products, and persistently promoted the diversification and specialization of the Company's new product R&D and technical service direction. The Company has set up a dedicated product R&D team, been equipped with R&D equipment and experimental environments, focused on strengthening the R&D of supporting new energy products, and steadily advanced the layout in the field of new energy products. During the Reporting Period, the Company applied for 5 utility model patents, completed the development of intelligent dehumidification system products for common busbars, and successfully applied it in the renovation project of common busbars, which enhanced the market competitiveness of the products, and provided a guarantee for the Company's continuous operation in the future.

6. Implementing the main responsibility for safety to ensure the safe and stable production

During the Reporting Period, the Company clarified responsibilities of the management at all levels, and identified the principal person in charge as the primary responsible person for the enterprise's safe production, strictly required them to perform the duties of the legal representative of the enterprise as the first responsible person for the safe production, incorporated the safety responsibilities into the assessment system for the management, and improved and perfected the safety responsibility system. The Company deepened the publicity and education, cultivated a safety culture, built a long-term safe production mechanism of “**clear responsibilities, prevention first and full participation**”, to effectively ensure the safe and stable operation of production activities.

(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 the Company on 12 January 2024, Hainan Garden Lane Flight Hotel Management Co., Ltd. (“**Garden Lane Hotel**”), the subsidiary of the Company, 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 consideration of 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.

(III) Progress of Material Litigations

1. Progress of the enforcement case of the liabilities arising from guarantee dispute involving Jinzhou Branch of Bank of China

On 19 May 2004, Jinzhou Power Capacitor Co., Ltd. (the “**Jinzhou Capacitor**”), the former subsidiary of the Company, entered into a RMB13 million loan contract with Bank of China Jinzhou branch (the “**BOC**”), with a maturity of 12 months in which the Company undertake the guarantee responsibility. BOC subsequently lodged a case with the district Court of Jinzhou City Liaoning Province (“**Jinzhou’s Intermediate Court**”) on 16 February 2005 under the circumstances of non-expiry of the loan contract and demanded Jinzhou Capacitor to make an early repayment and the Company undertaking the guarantee liability.

Jinzhou's Intermediate Court gave the civil judgment ((2005) Jin Min San He Chu Zi No. 21) on 20 May 2005 by which it was ruled that the Company shall undertake the joint repayment liability for the RMB13 million loan of Jinzhou Capacitor.

BOC applied to the Intermediate People's Court of Jinzhou City Liaoning Province, for filing a case and resuming compulsory enforcement on 5 September 2024. According to the enforcement ruling ((2024) Liao 07 Zhi Hui No. 69) given by the Intermediate People's Court of Jinzhou City Liaoning Province, on 12 December 2024, it has 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 Intermediate People's Court of Jinzhou City Liaoning Province then ruled the execution procedures are terminated and the execution can be resumed when the Group has assets available for execution. (For details, please refer to the announcements dated 26 September 2024 and 24 December 2024.)

(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 IFRS Accounting Standards

Share capital

During the Reporting Period, there was no change in the share capital of the Company.

Reserve

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

Distributable reserve

As at 31 December 2024, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved by the Board on 28 March 2025, 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 borrowing was RMBNil (2023: RMB1.00 million).

Working capital and financial resources

The net cash used in the Group's operating activities for the year ended 31 December 2024 was approximately RMB5.60 million (2023: RMB12.28 million).

As at 31 December 2024, the Group had bank balances (including cash and cash equivalents and pledged bank deposits) of approximately RMB18.84 million (2023: RMB12.16 million) and bank borrowing of RMBNil (2023: bank borrowing of RMB1.00 million).

As of 31 December 2024, the Group had current liabilities of RMB325.82 million, non-current liabilities of RMB66.06 million, and deficits attributable to shareholders of the Company of RMB211.46 million. Details of the capital structure of the Group are set out in the consolidated financial Statements.

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 2024, the Group's short-term bank borrowing amounted to RMBNil (2023: RMB1.00 million), and the cash and cash equivalents were RMB15.22 million (2023: RMB6.44 million). Borrowing bore variable interest rate, and no hedging instruments are hedged as at 31 December 2023.

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

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 the Company convened on 12 January 2024, the subsidiary of the Company 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. 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 2024 and 2023, the Group has no pledge of assets.

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 2024, the Group's gearing ratio (calculated as total liabilities/total assets) was 215% (2023: 210%).

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 2024, the total amount of purchases from the Group's top five suppliers was RMB52.56 million, accounting for 47.63% of the Group's total cost of sales and services.

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

The total amount of revenue to the top five customers was RMB55.85 million, accounting for 35.70% of the Group's total revenue. Among them, the revenue amount to the biggest sales customer accounted for 9.90% of the total revenue 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: China's power supply and demand will trend towards a balanced-to-loose state by 2025. This trend benefits from the continuous improvement in power production capacity. In 2024, the total installed power generation capacity nationwide reached 3.35 billion kilowatts, representing a year-on-year increase of 14.6%. It is expected that the newly added installed power generation capacity nationwide will exceed 450 million kilowatts by 2025, with the scale of newly installed renewable energy power generation capacity exceeding 300 million kilowatts. The installed power generation capacity nationwide is expected to surpass 3.8 billion kilowatts by the end of 2025, representing a year-on-year increase of approximately 14%. Meanwhile, the deepening of electricity marketization reform will also contribute to the balance of power supply and demand, market mechanisms are continuously being improved, and the market-traded electricity volume is expanding to effectively stimulate market vitality.

With steady growth in electricity generation and consumption, it is expected that the total electricity consumption nationwide will reach 10.4 trillion KWH in 2025, representing a year-on-year increase of about 6%. The overall stability of the national economy and the continuous improvement in the electrification level have driven steady and rapid growth in electricity consumption across industries in recent years. Additionally, the continuous increase in total power supply and demand provides strong support for development of the power transmission and transformation equipment manufacturing industry.

In recent years, the National Energy Administration has been promoting the construction of a unified national electricity market system and the renovation projects under the Action Plan for Accelerating the Construction of a New Type of Power System (2024 to 2027). The scale of market-based electricity trading volume continues to grow. In 2024, the power grid investment exceeded RMB500 billion, demonstrating the country's firm commitment to power grid construction. It is expected that the power grid investment will further increase in 2025, maintaining a high level of operation, and the power transmission and transformation equipment industry, where the Company operates, is also ushering 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: China's tourism market remains active with the recovery of domestic and inbound tourism markets. In 2024, the domestic high-end hotel market has basically recovered to the level of the same period in 2019, with significant recovery in popular tourist cities. In 2025, the domestic tourism market is poised for a robust recovery, and the hotel industry will also witness comprehensive growth thanks to the recovery of the domestic tourism market, the accelerated resumption of international routes, and the introduction of a series of flexible and convenient inbound policies.

2. Development strategy of the Company

In 2025, amidst a domestic economy pursuing steady progress while seeking advancement, the Company will seize the historical opportunity presented by improving market conditions and the construction of Hainan Free Trade Port to fully advance the introduction of strategic investors. The Company will prioritize brand building as its key strategy. 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. 2025 operation plan and key tasks

In 2025, facing the difficulties such as external operational pressures and internal cash flow constraints, the core task of the Group is to introduce strategic investors with all efforts with the support of the substantial shareholder. At the same time, we will continue to leverage our proactive approach to adopt measures such as strengthening collection of receivables, seeking financial support, and strictly controlling costs and expenses, fully utilize the favorable policies in the national power industry in recent years to expand the market for new busbar products, solidify the sustainable operation capabilities of the busbar business, improve asset quality, and maintain stability of the internal and external operating environments to enhance the overall sustainable operating capabilities.

The Company plans to adopt the following measures to improve sustainable operating capabilities with a view to strengthening sustainable development and profitability, improving asset quality, restoring sound development, and creating new business growth points:

- (1) By strengthening the collection of receivables and seeking external financial support, the Group can guarantee its own funding needs. Funding sources: Firstly, for the main business, we will improve cash flow by strengthening supply chain management and internal fund management, reducing capital occupation, accelerating collection of payments, increasing the credit limit for material purchases, or securing bank loans. Secondly, in addition to the transfer of 100% equity of Northeast Electric Development (HK) Company Limited at a consideration of RMB4 million, the Group will seek financial support from major shareholders to provide the necessary level of financial aid. Thirdly, NEE and its subsidiaries do not have no loans or borrowings from financial institutions or non-connected external entities, and Fuxin Busbar subsidiary of the company has a good bank credit rating and financing record, showing financing capabilities; the Group can apply for bank borrowings from loan facility to support its business development needs, ensuring sufficient funding for the next 12 months of continuous operation. By virtue of these measures, the Group can meet working capital requirements and achieve cash flow balance.

- (2) Fully utilize capital market financing channels to introduce strategic investors with all efforts. 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 2025. To this end, the major shareholder has published investment attraction information on Beijing Equity Exchange, intending to transfer 81,494,850 shares (representing 9.33% of the total share capital) of NEE.

- (3) Maintain stability in the internal and external operating environments and plan long term sustainable operation goals. In order to achieve the balance of cash flow, 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, and maintain and strengthen the capacity for continuous operation. On the basis of the growth of the Company's existing primary business on a comparable basis in 2024, it is expected that there will still be a certain increase in 2025.
- (4) Develop new products to enhance market competitiveness. Taking full advantage of the favorable overall policy opportunities in the national power industry in recent years, and centering on the development of traditional busbar-type power transmission and transformation equipment, we will adjust the product structure, expand the market for new busbar products, and increase the proportion of renovation projects with higher gross profit margins and new products in sales revenue within the busbar business orders, effectively enhancing the profitability of our main business.
- (5) Rationally allocate resources and enhance cost control. The Group has adopted a flat management structure, effectively reducing labor costs. Simultaneously, we will strengthen comprehensive budget management and cost control, strictly control all kinds of expense expenditures, and reduce the operating costs.
- (6) Ensure safe production and firmly uphold the safety red line. We will strengthen organizational leadership, strictly implement accountability, and vigorously enforce the implementation of various responsibility measures to ensure safe and stable production. Refine emergency response plans and improve emergency handling capabilities, and adhere to the highest work standards, strictest work requirements, and strongest sense of responsibility to effectively implement safety precautions and create an ideal safety environment for smooth and orderly operation and development of the enterprise's safe production.

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.

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, in 2025, 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.

6. 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.

V. DISCUSSION AND ANALYSIS OF BUSINESS CONDITION (Financial information prepared in accordance with CAS)

(1) Overview

During the Reporting Period, the operating income for the whole year was RMB156.44 million, representing a year-on-year increase of RMB46.01 million, mainly due to an increase in the order volume and contract deliveries by the Company's subsidiary Fuxin Busbar during the Reporting Period. The net profit attributable to shareholders of the Company was RMB-1.01 million, representing a year-on-year loss reduction of RMB14.05 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-9.13 million, representing a year-on-year loss reduction of RMB4.56 million.

(2) Analysis of incomes and costs

1. Operating incomes and costs

(1) Profit components

Unit: RMB '000

Item	The Reporting Period		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 %	
Operating income	156,441	-	110,430	-	41.67%
Operating cost	109,417	69.94%	58,252	52.75%	87.83%
Gross profit rate%	30.06%	-	47.25%	-	Drop of 17.19 percentage points
Taxes and surcharges	943	0.60%	945	0.86%	-0.20%
Selling expense	25,896	16.55%	44,134	37.79%	-41.32%
Overhead expense	24,000	15.34%	20,868	18.90%	15.01%

Item	The Reporting Period		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 %	
R&D expense	3,148	2.01%	2,218	2.01%	41.93%
Finance expense	1,446	0.92%	1,005	0.91%	43.85%
Other income	2,808	1.79%	2,270	2.06%	23.70%
Investment gain	9,135	5.84%	-	-	-
Credit impairment loss	-3,361	-	1,145	-	-393.65%
Assets impairment loss	-39	-	-99	-	-
Gain on disposal of assets	4	-	-53	-	107.21%
Non-operating income	1,355	0.87%	1,641	1.49%	-17.41%
Non-operating expense	2,462	1.57%	3,009	2.72%	-18.17%
Net profit	-969	-	-15,098	-	-

Reasons for major changes in the item

Operating income: Mainly due to an increase in the number of contracts expected to be executed by the subsidiary Fuxin Busbar during the Reporting Period, along with concentrated delivery demands.

Operating cost: Mainly due to the significant increase in the operating income of the subsidiary Fuxin Busbar, which correspondingly led to a substantial increase in its operating cost.

R&D expense: Mainly due to the subsidiary Fuxin Busbar's efforts to enhance product competitiveness and increase investment in R&D for new products.

Finance expense: Mainly due to an increase in the guarantee fee for the issuance of letters of guarantee by the subsidiary Fuxin Busbar.

Investment gain: Mainly due to the completion of industrial and commercial registration changes for the 30% equity transaction of Chongqing Hotel and the investment gain of RMB9.1 million arising from this asset disposal in accordance with Corporate Accounting Standards.

Credit impairment loss: Mainly due to the impairment of accounts receivable from the subsidiary Fuxin Busbar and the subsidiary Garden Lane Hotel Dalian Branch.

Gain on disposal of assets: Mainly due to the disposal of scrapped assets by the subsidiary Fuxin Busbar.

(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	153,905	107,746	42.84%
Income from other business	2,537	2,685	-5.51%
Cost of primary business	109,417	58,252	87.83%
Cost of other business	-	-	-

Analysis by product category:

Available Unavailable

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	99,220	84,257	15.08%	92.77%	77.06%	Rise of 7.53 percentage points
Hotel catering accommodation industry	54,684	25,160	53.99%	-2.65%	138.18%	Drop of 27.2 percentage points

Analysis by region category:

√ Available Unavailable

Reason for changes in income compositions

Incomes from primary business: Mainly due to a significant increase in sales revenue of the subsidiary Fuxin Busbar during the Reporting Period.

Cost of primary business: Mainly due to the significant increase in the operating income of the subsidiary Fuxin Busbar, which correspondingly led to a substantial increase in its operating cost.

(3) Major customers

Unit: RMB'000

No.	Customer	Sales amount	Percentage of annual sales %	Related party or not
1	Xinjiang XX Energy Co., Ltd.	15,480	9.90	No
2	Chang'an XX Power Generation Co., Ltd.	14,483	9.26	No
3	China Coal XX Power Generation Co., Ltd.	8,772	5.61	No
4	XX Electric Power (Shenyang) Co., Ltd.	8,690	5.55	No
5	XX Group Co., Ltd.	8,420	5.38	No
Total		55,845	35.70	-

(4) Major suppliers

Unit: RMB'000

No.	Supplier	Purchase amount	Percentage of annual purchase %	Related party or not
1	Liaoning XX Electric Power Equipment Manufacturing Co., Ltd.	12,736	13.25%	No
2	Shenyang XX Aluminium Co., Ltd.	11,410	11.87%	No
3	Jiangsu XX Electrical Co., Ltd.	10,214	10.63%	No
4	Shenyang XX Copper Co., Ltd.	9,215	9.59%	No
5	Xuzhou XX Aluminium Co., Ltd.	8,984	9.35%	No
Total		52,559	54.69%	-

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	1,283	-4,687		-
Net cash flows from investing activities	8,964	-1		-
Net cash flows from financing activities	-1,588	2,459		-

Analysis of cash flows

Net cash flows from operating activities: Mainly due to a significant increase in executable contracts of Fuxin Busbar during the Reporting Period.

Net cash flows from financing activities: Mainly due to the receipt of a 30% equity transfer payment of RMB9.1 million for the Chongqing Hotel by the subsidiary Garden Lane Hotel.

Net cash flows from financing activities: Mainly due to the payments made to connected parties during the year.

3. R&D investment

R&D personnel of the Company

	2024	2023	Changes of Proportion
Number of R&D personnel	9	10	-
Proportion of R&D personnel	3.2%	3.1%	

R&D investment of the Company

	2024	2023	Changes of Proportion
Amount of R&D investment (RMB'000)	3,148	2,218	41.93%
Proportion of R&D investment to operating incomes	2.01%	2.01%	-
Capitalization of R&D investment (RMB)	-	-	-
Proportion of capitalization of R&D investment to total R&D investment	-	-	-

(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	18,835	10.32%	12,159	7.05%	54.91%
Notes receivable	20	0.01%	2,191	1.27%	-99.09%
Accounts receivable	34,802	19.07%	38,330	22.23%	-9.21%
Prepayments	3,537	1.94%	4,325	2.51%	-18.22%
Other receivables	12,279	6.73%	13,550	7.86%	-9.38%
Inventory	32,560	17.85%	21,186	12.29%	53.69%
Contractual assets	7,959	4.36%	4,517	2.62%	76.20%
Other current assets	958	0.53%	1,487	0.86%	35.57%
Fixed assets	32,678	17.91%	35,678	20.69%	-8.41%
Right-of-use assets	6,989	3.83%	6,910	4.01%	1.15%
Intangible assets	11,022	6.04%	11,286	6.55%	-2.34%
Other non-current assets	19,071	10.45%	19,084	11.07%	-
Deferred tax assets	1,747	0.96%	1,727	0.99%	1.15%

Item	End of the current period		End of the last year		Increase/ decrease in the reporting period
	Amount	Percentage of total liabilities %	Amount	Percentage of total liabilities%	compared with the same period of last year %
Short term borrowings	-	-	1,000	0.26%	-100.00%
Accounts payable	43,004	11.01%	44,972	11.83%	-4.38%
Contract liabilities	24,929	6.38%	13,583	3.57%	83.54%
Payroll payable	3,812	0.98%	5,088	1.34%	-25.08%
Taxes payable	2,968	0.76%	2,815	0.74%	5.42%
Other payables	238,185	60.96%	234,939	61.81%	1.38%
Non-current liabilities					
due within a year	6,989	1.79%	6,910	1.82%	1.15%
Other current liabilities	2,861	0.73%	2,540	0.67%	12.66%
Estimated liabilities	34,355	8.79%	34,355	9.04%	-
Deferred income	30,259	7.74%	32,185	8.47%	-5.98%
Deferred tax liabilities	1,747	0.45%	1,727	0.45%	1.15%
Other non-current liabilities	1,625	0.42%	-	-	100%

Reasons for major changes in the item

Monetary fund: Mainly due to a significant increase in revenue from busbar products this year.

Notes receivable: Mainly due to the payment collection of notes receivable related to busbar products this year.

Inventory: Mainly due to the significant rise in raw and auxiliary material inputs arising from the substantial increase in pending delivery contracts for busbar products this year.

Contractual assets: Mainly due to the growth in busbar product revenue this year and the substantial increase in quality guarantee deposit with progress in engineering projects.

Other current assets: Mainly due to the decrease in deductible input VAT during the Reporting Period.

Short-term borrowings: Mainly due to the fact that the subsidiary Fuxin Busbar did not engage in any short-term loan activities during the Reporting Period.

Contract liabilities: Mainly due to the increase in advance payments received arising from the significant increase in newly signed sales contracts by the subsidiary Fuxin Busbar.

(4) Investment analysis

1. Major subsidiaries and investees

√ Available Unavailable

Unit: RMB

Name	Type	Principal business	Registered capital	Total assets	Net assets	Operating income	Net profit
Northeast Electric Development (Hong Kong) Company Limited	Wholly-owned subsidiary	Trading	US\$20,000,000.00	3,720,396.13	807,880.56	-	-57,999,898.43
Great Talent Technology Limited	Wholly-owned subsidiary	Investment	US\$1	89,379,604.24	6,068,700.66	-	-13,101.63
Shenyang Kaiyi Electric Co., Ltd.	Wholly-owned subsidiary	Manufacturing of electrical equipment	RMB1,000,000.00	45,543,399.05	-59,793,373.95	-	-914,808.62
Fuxin Enclosed Busbar Co., Ltd.	Wholly-owned subsidiary	Manufacturing of enclosed busbars	US\$8,500,000.00	122,251,483.57	20,018,687.38	99,252,576.07	1,850,093.89
Hainan Garden Lane Flight Hotel Management Co., Ltd.	Subsidiary	Hotel business	RMB50,000,000.00	64,595,703.32	-137,642,107.03	57,188,577.27	3,597,011.19
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	Subsidiary	Electric power engineering	RMB10,000,000.00	13,263,029.64	6,888,671.81	-	10,799.66
HNA Tianjin Center Development Co., Ltd	Investee	Property leasing and hotel catering	RMB269,887,709.00	2,624,444,051.13	84,288,073.36	83,043,910.97	7,506,516.56

Analysis of business of main investees

√Available Unavailable

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

(5) Significant assets and equity disposal

√Available Unavailable

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 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.

(6) 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) Main Activities” in “IV. REPORT OF THE DIRECTORS”.

VI. Other Events

Guarantee

In 2024, the Company neither increased the external guarantee amount nor provided guarantee for any of its shareholders, de facto controller or related parties; as at 31 December 2024, the balance of the actual external guarantees provided by the Company was RMB30 million (all of which were provided before 2004, with no new guarantee amount provided in 2024).

Purchase, Sale or Redemption of the Company’s Listed Securities

During the year, the Company did not redeem any listed securities nor did the Company and any of its subsidiaries repurchase or sell any of the Company’s listed securities.

Employee and Remuneration Policies

As at 31 December 2024, the Group had 286 employees (2023: 318 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB29.84 million, and the number of retired employees for whom the Company bore expenses was nil. The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

The Remuneration Committee of the Board reviews the remuneration and compensation packages of the Directors and the senior management with reference to the salaries paid by comparable companies in the market, time commitment, responsibilities of the Directors and the senior management as well as the Group's financial performance and make recommendations to the Board for consideration and approval.

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

In order to improve employees' sense of identity and belonging, the Company and its subsidiary also actively provide multiple benefits for employees, including annual physical examination, holiday allowance, high temperature allowance etc., enabling each staff to be respected and cared as much as possible, thus enhancing the corporate cohesiveness, and stimulate employees' enthusiasm and creativity.

The Company strictly forbids any unethical employment approaches, including child labour and forced labour in the workplace, ensures employees to enjoy labour rights and perform their obligations in accordance with laws, and earnestly fulfills social responsibilities. During the year, the Company does not involve any material violations of laws and regulations relating to employment and labour practices.

Environmental Management

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmentally-friendly and sustainable development by abiding by relevant laws and regulations (including the “**Environmental Protection Law of the People’s Republic of China**” and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments) during its daily operation. An environmental, social and governance report (“**ESG Report**”) of the Group will be issued in accordance with the Environmental, Social and Governance Reporting Guide as contained in Appendix C2 to the Listing Rules.

Corporate governance practices

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 comply 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 2024.

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.

Pursuant to Code Provision E.1.2 of the Corporate Governance Code, the chairman and the directors should have the right to attend the annual general meetings of the Company.

To protect the interests of the Group and the shareholders while enhancing the corporate value, the Group has been adopting a sound structure, good practices and proper procedures of corporate governance. The Board of Directors, now comprised of five non-independent Directors and three independent non-executive Directors, is the highest governing body of our Group. During the Reporting Period, the Company paid attention to the introduction of directors and professional managers with financial knowledge and resources, which is conducive to creating a governance environment featured with diverse board members and gender diversity, so that the Company's corporate governance is more in line with best practices.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors and the Supervisors of the Company on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the Supervisors, all the Directors and the Supervisors have confirmed that they had complied with the Model Code during the year.

Review by the Audit Committee

The Audit Committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors and one non-independent Director, namely Mr. Fang Guangrong, Mr. Wang Hongyu, Mr. Li Zhengning and Mr. Mi Hongjie. Mr. Wang Hongyu who has the appropriate professional qualifications as required by the Listing Rules is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Group for the Year.

Excerpt from the Independent Auditor’s Report

AUDIT OPINION

The consolidated financial statements have been audited by the Group’s auditor, Wilson & Partners CPA Limited. The independent auditor has issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern section in the auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024. An extract of the independent auditor’s report is set out in the section headed “**EXTRACT OF THE AUDITOR’S REPORT**” below.

EXTRACT OF THE AUDITOR’S REPORT

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 RMB10,111,000 during the year ended 31 December 2024 and, as at 31 December 2024, the Group’s current liabilities exceeded its current assets by RMB214,871,000 and the Group’s total liabilities exceeded its total assets by RMB209,426,000, while the Group had cash and cash equivalents of approximately RMB15,215,000. 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.

The aforesaid “**Note 3.1 to the consolidated financial statements**” in the extract from the Auditor’s Report is disclosed as Note 1 to this announcement.

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the current year (2023: Nil). There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Events after the Reporting Period

1. Signing of a Supplemental Agreement to the Lease Contract

To meet the continuous operation needs of the hotel business, Hainan Garden Lane Flight Hotel (“Lessee”), a subsidiary of the Company, entered into a supplemental agreement to the lease contract with Dalian Changjiang Plaza Co., Ltd. (“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 2024**” to “**1 September 2021 to 31 December 2025**”, and the rent standard for 2025 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 17 January 2025).

2. 100% Equity Investment Transfer by Northeast Electric Development(HK) Company Limited

In line with its business development strategy and the need to consolidate operating funds, on 17 January 2025, NEE signed an Agreement on Transfer of Equities with ZTE Power Co., Ltd. (an independent third-party company registered in Hong Kong) for the transfer of 100% equity of Northeast Electric Development (HK) Company Limited (“**NEE (HK)**”), one of its wholly-owned subsidiaries, at a transfer price of RMB4 million, which was determined based on the reference of NED (HK)’s net asset value of approximately RMB0.82 million as of the financial statement date of 31 December 2024. NEE will no longer hold any equity in NED (HK) upon completion of the transfer. Registration of the equity transfer is currently in process with the administration for industry and commerce as a change. For details, please refer to the announcement dated 17 January 2025.

Publication of Annual Report in The Stock Exchange of Hong Kong Limited and the Official Website of the Company

Annual report which contained all information specified in Appendix D2 to Listing Rules will be published on the website of the Hong Kong Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.nee.com.cn>.

Definitions

Beijing Haihongyuan	Beijing Haihongyuan Enterprise Management Consulting Co., Ltd. (北京海鴻源企業管理諮詢有限公司), a substantial shareholder of the Company
NEE (HK)	Northeast Electric Development (HK) Company Limited, a wholly-owned subsidiary of the Company
Chongqing Hotel	Chongqing HNA Hotel Investment Co., Ltd.
CSRC	China Securities Regulatory Commission
Dalian Changjiang Plaza	Dalian Changjiang Plaza Co., Ltd., a related party of the Company
De facto controller of the Company	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
Hainan First Intermediate People's Court	The First Intermediate People's Court of Hainan Province
Hainan Higher People's Court	Hainan Provincial Higher People's Court
HNA Trust Management	Hainan HNA No. 2 Trust Management Service Co., Ltd., a related party of the Company
Jinzhou Intermediate People's Court	The Intermediate People's Court of Jinzhou City Liaoning Province

NEE, the Company, the Listed Company	Northeast Electric Development Company Limited
NEEQ	The National Equities Exchange and Quotations
Stock Exchange	The Stock Exchange of Hong Kong
Tianjin Center	HNA Tianjin Center Development Co., Ltd. (海航天津中心發展有限公司)

By order of the Board
Northeast Electric Development Company Limited
Chan Yee Ping
Joint Company Secretary

Haikou, Hainan Province, the PRC
28 March 2025

As at the date of this Announcement, the Board comprises five executive Directors, namely Mr. Zhu Xinguang, Miss Liu Jiangmei, Miss He Wei, Mr. Ding Jishi, and Mr. Mi Hongjie; and three independent non-executive Directors, namely Mr. Fang Guangrong, Mr. Wang Hongyu, and Mr. Li Zhengning.