東北電氣發展股份有限公司

NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

NEE

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

(Stock Code: 0042)

Summary of Interim Results for 2010

The board of directors (the "Board of Directors") and directors ("Directors") of Northeast Electric Development Co., Ltd (the "Company") hereby announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the half year ended 30 June 2010.

IMPORTANT NOTES

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

The audit committee of the Board of Directors of the Company has reviewed and confirmed the Company's 2010 Interim Report.

The financial report for the six months ended 30 June 2010 of the Company and its subsidiaries (the "Group") has not been audited.

Mr. Su Weiguo, chairman of the Company, Mr. Bi Jianzhong, general manager of the Company, and Ms. Wang Hongling, director of the financial department, hereby state to guarantee the truthfulness and completeness of the financial report for the six months ended 30 June 2010.

The Announcement is summarized from the Company's 2010 Interim Report, and investors are advised to read the full text of the Interim Report for full information.

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

Consolidated turnover was RMB 14,638 million, increase of 1,290 million compared with 2009.

Profit attributable to equity holders of the Company amounted to RMB 55.1 million.

Profit per share attributable to equity holders of the Company amounted to RMB 0.0006.

The Board does not recommend distributing dividend.

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

The following financial information is prepared under the HK GAAP and the PRC Accounting Standards and Regulations.

The announcement is made pursuant to the second paragraph of Rule 13.09 (2) and the 45th paragraph of Appendix 16 in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.

GENERAL INFORMATION OF THE COMPANY

1. General Information

	A Share	**H Share**
Stock Abbreviation:	Northeast Electric	Northeast Electric
Stock Code:	000585	0042
Place of Listing Shares:	Shenzhen Stock Exchange	The Stock Exchange of Hong Kong Limited
Legal Representative:	Su Weiguo	
Secretary to the Board:	Su Weiguo(Practicing)	
Receipt of summons and notices :	Mak Yee Chuen	
Representative for Securities Affairs	Zhu Xinguang	
Telephone:	(86)24-23501976	
Fax:	(86)24-23527081	
Address:	No.38, Jingxing North Street, Tiexi District, Shenyang, PRC	
Post Code:	110025	
Company Website:	www.nee.com.cn	www.nee.hk
E-mail:	nee@nee.com.cn	

2. Consolidated income statement and consolidated balance sheet prepared in accordance with Hong Kong Financial Reporting Standards

Consolidated income statement

	For the six months ended 30 June 2010 RMB'000 *(Unaudited)*	For the six months ended 30June 2009 RMB'000 *(Unaudited)*
Turnover	146,384	133,480
Cost of sales	(107,346)	(87,867)
Gross profit	39,038	45,613
Other income	94	205
Distributions costs	(14,064)	(24,422)
Administrative expenses	(20,641)	(29,609)
Other expenses	(125)	(14)
Profit from operations	4,302	(8,227)
Financial expenses	(1,256)	(879)
Investment income from associates	(489)	(1,112)
Profit before taxation	2,557	(10,218)
Taxation	(2,091)	(191)
Profit after taxation	466	(10,409)
Profit attributable to minority shareholders	(85)	(96)
Net profit attributable to shareholders	551	(10,313)
Earnings per share — basic	0.06 Cent	(1.18) Cent

Condensed Consolidated Comprehensive Income Statement

	Six months ended on 30 June	
	2010	**2009**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Profit of current period	466	(10,409)
Exchange gains or losses involved in business abroad other comprehensive loss during the reporting period	(1,049)	(36)
Total of comprehensive income	(583)	(10,445)
Of which:		
Profit attributed to shareholders of the parent company	(498)	(10,349)
Minority interests	(85)	(96)

Condensed Consolidated Balance Sheet

For the six months ended 30 June 2010

	At 30 June 2010	At 31 December 2009
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Non-current assets		
Property, plant and equipment	77,676	81,126
Prepaid lease payments	4,821	4,878
Interests in associates	87,447	87,936
Available-for-sale investments	215,942	215,942
Other prepayments	8,360	6,831
Deferred tax assets	11,911	11,911
	406,157	408,624
Current assets		
Inventories	72,261	68,983
Accounts receivables and other receivables	262,303	293,690
Non-current assets to be disposed	0	0
Pledged bank deposits	20,937	23,073
Bank balance and cash	57,007	42,181
	412,508	427,927
Current liabilities		
Accounts payables and other payables	230,511	258,742
Amounts due to associates	9,865	9,594
Bank borrowings	31,500	25,350
Provision for loss guarantees	124,968	124,968
Governmental subsidy	587	587
Tax payable	7,909	3,402
	405,340	422,643
Net current (liabilities) assets	7,168	5,284

Condensed Consolidated Balance Sheet (*Continued*)

For the six months ended 30 June 2010

	At 30 June 2010	At 31 December 2009
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Total assets less current liabilities	410,874	413,908
Capital and reserves		
Share capital	873,370	873,370
Reserves	(555,331)	(554,833)
Equity attributed to equity holders of the parent company	318,039	318,537
Minority equity	2,366	2,451
Total equity	320,405	320,988
Non-current liability	-	-
Amounts due to associates	92,920	92,920
Amounts due to the invested company	-	-
	92,920	92,920
Net assets	320,405	320,988

3. Major financial data and financial indicators prepared in accordance with the prc accounting standards and regulations

Unit: RMB

Data and Indicators	As at 30th June 2010	As at 31st December 2009	Change in the reporting period compared with the beginning of the year (%)
Current assets	423,966,806.66	403,511,859.55	5.07
Current liabilities	272,463,346.78	297,675,110.74	-8.47
Total assets	810,739,472.90	836,557,537.85	-3.09
Shareholders interests(exclusive minority shareholders interests)	318,020,853.40	318,542,326.44	-0.16
Net assets per share	0.364	0.365	-0.16

Data and Indicators	As at 30th June 2010	Same period of last year (%)	Change in the reporting period compared with the same period of the last year (%)
Operating profit	2,553,073.63	-10,242,698.55	-
Total profit	2,534,262.58	-10,217,426.60	-
Net profit that belongs to the parent company	527,972.20	-10,312,714.77	-
company after extraordinary items	553,674.17	-10,331,695.73	-
Net cash flow arising from operating activities	9,720,877.49	-5,915,856.85	-
Net cash flow from operating activities per share	0.0111	-0.0068	-
Earnings/net assets ratio	0.166	-3.43	-
Earnings per share	0.0006	-0.0118	-
Diluted earnings per share	0.0006	-0.0118	-

4. Extraordinary profit and loss items

Unit: RMB

Items	Amount
None-income from disposal of subsidiaries	-11,593.68
Net non-operating income and expenditure except for the above	-18,811.05
Less: income tax related to the non-recurring profit or loss	-4,702.76
Total	-25,701.97

5. Differences between overseas accounting standards and the prc accounting standards

Unit: RMB

Items	Amount
Net profit calculated under the PRC Accounting Standards	443,144.24
Items and amounts adjusted under Hong Kong Financial Reporting Standards	
Intangible assets- Amortization	22,500
Net profit calculated under Hong Kong Financial Reporting Standards	465,644.24

MOVEMENTS OF SHARE CAPITAL AND SHAREHOLDINGS OF SHAREHOLDERS

(I) During the reporting period, there were no changes in the share capital

(II) Shareholdings of the top ten shareholders

Shareholdings of top ten shareholders and top ten holders of tradable shares

Unit: share

Total Number of Shareholders	Total number of shareholders as at the end of 30 June 2010 was 100,410, of which, 100,336 hold A Shares and 74 hold H Shares.

Shareholdings of top ten shareholders

Name of shareholders	Nature of shareholders	Percentage (%)	Number of shares	Number of untradeable shares	Number of pledged or frozen shares
HKSCC Nominees Limited	Overseas natural person	28.35%	247,567,998	0	Unknown
New Northeast Electric Investment Co., ltd	Domestic non-state-owned legal person	24.28%	212,025,650	0	208,000,000
Zhang Xiaoping	Domestic natural person	0.47%	4,129,499	0	0
Hu Li	Domestic natural person	0.46%	3,975,660	0	0
Shenzhen Zhongda Software Development Co., Ltd	Domestic non-state-owned legal person	0.41%	3,550,000	3,550,000	0
Li Xiuli	Domestic natural person	0.20%	1,719,105	0	0
Huang Jian	Domestic natural person	0.19%	1,689,800	0	0
Yang Zhiqiong	Domestic natural person	0.16%	1,440,000	0	0
Shanxi Qinjian Science and Technology Investment Co., Ltd	Domestic non-state-owned legal person	0.16%	1,420,000	1,420,000	0
Li Jiming	Domestic natural person	0.16%	1,398,000	0	0

Shareholdings of the top 10 holders of tradable shares

Name of shareholders	Number of tradable shares	Types of shares
HKSCC Nominees Limited	247,567,998	H shares
New Northeast Electric Investment Co., ltd.	212,025,650	A shares
Zhang Xiaoping	4,129,499	A shares
Hu Li	3,975,660	A shares
Li Xiuli	1,719,105	A shares
Huang Jian	1,689,800	A shares
Yang Zhiqiong	1,440,000	A shares
Li Jiming	1,398,000	A shares
Shanghai Baoyu Real Easted Investment and Consultant Co., Ltd	1,348,300	A shares
Chen Xiaorong	1,100,000	A shares

Explanation of connected relationship of the aforesaid shareholders and action in concert parties	There is no connected relationship between New Northeast Electric Investment Co., Ltd and other shareholders; So far as the Company is aware, there is no connected relationship among the top ten shareholders or are parties acting in concert as required in "Methods of Information Disclosure of Shareholding Changes of Listed Companies".

Notes:

1. On 29 December 2008, New Northeast Electric Investment Co., Ltd. carried out the registration of the pledge of stocks with CITIC Bank Co., Ltd. Shenyang Branch, so118,000,000 A shares subject to trading moratorium have been frozen again.

2. On 28 June 2010, New Northeast Electric Investment Co., Ltd. carried out the registration of the pledge of stocks with Bank of Communications Liaoning Branch, so 90,000,000 A shares subject to trading moratorium have been frozen since 28 June 2010.

(III) During the reporting period, the company's controlling shareholder and the actual controller has not changed.

INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Movement in Shareholdings of Directors, Supervisors and Senior Management

There was no movement in the number of shares held by the Company's directors, supervisors, and senior management during the reporting period.

(II) Appointment or Dismissal of Directors, Supervisors and Senior Management During the Reporting Period

(1) The sixth session of the Board of Directors of Northeast Electric Development Co., Ltd (the "Company") was elected at the first EGM of 2010 on 8 March 2010, comprising of five executive Directors, namely Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Bi Jianzhong, Mr. Liu Qing Min and Mr. Du Kai; and three independent non-executive Directors, namely Mr. Wu Qicheng, Mr. Xiang Yongchun, Mr. Wang Yunxiao.Mr. Su Weiguo was elected as the chairman and Mr. Bi Jianzhong was appointed as the general manager of the Company. (Please refer to the Announcement dated on 8 March 2010 for details)

(2) The sixth session of the board of supervisors of Northeast Electric Development Co., Ltd (the "Company") was elected at the first EGM of 2010 on 8 March 2010, comprising of two supervisors of shareholders elected at the EGM, namely Mr. Dong Liansheng and Mr. Bai Lihai, as well as one supervisor of employees Mr. Liu Xuehou elected at the previous representative assembly of workers. Mr. Dong Liangsheng was elected as the chairman of the Supervisory Committee.

(Please refer to the Announcement dated on 8 March 2010 for details)

(3) Ms. Liang Jie and Mr. Liu Hongguang resigned as independent non-executive director of the Company due to expiration of their term of office. Mr. Fu Xiuheng and Ms. Dai Guiqing resigned as supervisor of the Company due to expiration of their term of office. (please refer to the Announcement dated on 8 March 2010 for details)

(4) Mr. Du Kai applied to resign as an executive director and other positions of the Company on 28 May 2010 duo to change of work with effect from the conclusion of the Board Meeting on 4 June 2010. (Please refer to the Announcement dated on 4 June 2010 for details)

(III) Interest of directors, supervisors and senior management

As at 30 June 2010, at no time during the period under review had the Company been notified that any director, supervisor or member of senior management (including their spouses and children more than 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for equity or debt securities of the Company and or associated corporations (within the meaning of the SFO), nor did they have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to section 341 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers .

MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, with economic recovery, there was a slowdown in the Company's production and operation pressures. By overcoming such negative factors as the rising raw material prices, the price fall of products, and further intensifying market competition, the Company, in light of its 2010 operational objectives, made full efforts to reduce cost for greater efficiency, aim at the market to adjust its marketing strategies and product structure, strengthen the research and development for higher product grades, speed up technological transformation and improve product quality to ensure the capacity of its leading products and the stable growth of its operating results, thus realizing the objective of turning losses into gains.

During the reporting period, the operating income of the Company accounted to RMB 146,384,000 with an increase of 9.66% compared with the same period last year, and the net profit attributable to parent company RMB 520,800 with an increase of RMB 10,838,000.

Under the calculation of the HK GAAP, the turnover was RMB146,384,000 increased by 9.67% compared with that of the same period last year; the profit attributable to shareholders after tax and interests of minority shareholders was RMB551,000 with the profit per share amounting to RMB 0.0006.

There was no dividend distributed in the reporting period. The directors advise not to pay the interim dividend for the period of six months ended 30 June 2010.

(I) Summary for the operating work in the first half year of 2010

(1) An increase in business income and order quantity in this period further strengthened the core competitiveness of the Company.

(2) In the first half year, the rising prices of main raw materials resulted in an increase in purchase cost. The Company made more efforts to reduce the purchase prices of raw materials by analysing and predicting the market quotation and making proper arrangements for storage in accordance with the requirements of production.

(3) Through innovation in management, the Company changed the past segmented management into linear management and defined specific internal management responsibilities, ensure high capacity, low cost and high efficiency.

(4) he research, development and technical transformation of new products have been vigorously promoted. In terms of research and development of new products, the manufacturing of the fuseless capacitor and DC capacitor has been proceeding orderly; in respect of technical transformation, the transformation related to the projects has been going on. Influenced by the lack of fund, the purchase plan for main equipment has not yet been carried out.

(II) Major problems and difficulties in the company's operation and the measures for them

(1) Influenced by market environment, the construction in power industry slowed down, and all enterprises in this industry have basically completed their capacity expansion, so the Company suffered from some difficulties in contractor's agreement.

(2) In the first half year, the rising price of bulk raw materials and the tough market competition brought about the fall of product price. The profitability of the Company's leading products needs to be increased.

(3) The lack of fund made it impossible for material supply to fully meet the need of continuous production.

In the next half year and the future growth, the Company will firmly seize the opportunities of the state transformation and construction in the smart grids and the new round of rural power networks, further intensify operation, pay more attention to the change of raw material price, and make full efforts to reduce the purchase price of raw materials; secondly, strengthen research, development and technological transformation to reduce productive cost; thirdly, expand market share and distribution channel for higher profitability and competitiveness.

(III) Outlook of the second half year

In the next half year, the Company will, in light of the plan and target made in early 2010, carefully analyze the trade development trend, firmly seize the initiative of market, further intensify the adjustment of market and product structure, make more efforts in technological transformation and product research and development for diversified products, and better improve and perfect the internal control and standardized operation mechanism so as to ensure the annual operation target of sustained profits determined in early 2010.

(IV) Principal operations by business and product segment

Unit: RMB0,000

By business or by product	Income from operations	Costs of operations	Gross profit ratio (%)	Increase/decrease in income from operations as compared with the last year (%)	Increase/ decrease in costs of operations as compared with the last year (%)	Increase/decrease in gross profit ratio as compared with the last year (%)
1. By business						
Electric transmission and transformation	14,638	10,735	26.66	9.66	22.17	-7.15
Of which: connected transactions						
2. By product						
High voltage switch circuit breaker	2,492	2,224	10.75	184.15	233.93	-13.31
Power capacitor	9,124	6,274	31.24	13.36	27.11	-7.44
Closed bulbar	2,770	2,068	25.34	-37.07	-34.74	-2.67
Others	252	169	32.94	1100.00	956.25	9.13
Of which: connected transactions						

(V) Principal operations by geographical segment

Unit: RMB0,000

Region	Income from principal operations	Increase /decrease in income from principal operations over last year(%)
Northeast	3,908	164.77
Northern China	3,791	-48.41
Central China	356	-61.43
East China	923	-53.24
South China	172	-74.25
Southwest	994	319.41
Others	4,494	522.44
Total	14,638	9.66

(VI) Table of financial conditions and operations results

Unit: RMB0'000

Name of Joint Stock Company	New Northeast Electric (Shenyang) High-voltage Isolators Switchgears Limited
Contribution of Investment Income in the Period	-48.89
Ratio of Net Profit of the Company	-
Net Profit	-190.96

Scope of Business

Scope of business of shareholding companies: development, design, manufacturing, testing and inspection of high-voltage power transmission and transformation equipment; self-production of mechanical & electrical products and complete equipment as well as relevant technology export; production and research of raw and auxiliary materials, mechanical equipment, instruments and meters needed by the Company as well as services on technical export; installation, maintenance, and after-sale service of power transmission and transformation equipment; transfer, service and consulting of technical achievements.

(VII) Analysis of the company's financial status under generally accepted accounting principles in Hong Kong

As at the end of the reporting, the balance of monetary fund was RMB 57,007,000 (the same below).

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

The funds are mainly satisfied by 1) the cash flow from the Company's operation and capital operation and 2) the borrowings from financial institutions.

As at the end of the reporting period, the Company had bank loans amounting to RMB31,500,000, representing 3.85% of the total assets. These bank loans bear floating interests.

The Company's asset to liability ratio was 9.91% (asset to liability ratio = total bank loans/ total share capital and reserve *100%).

As at the end of the reporting period, the Company had net assets of RMB 24,635,400 used as security.

The contingencies of the Company were detailed in Notes to the Financial Statement.

To improve its financial management, the Group has established a strict system for internal control on cash and fund management. Financial liquidity and debt paying ability of the Group are in good state.

Significant investment, acquisition or asset disposal during the reporting period are detailed in [Investment of the Company] of this section.

The classification of the Group's results was detailed in [Operation of the Company during the reporting period] of this section.

The prediction about Investment plan in the second half of 2010 of the Group was detailed in [Subsequent Events].

The effects of exchange rate risk on the Group were less as it chose RMB as its functional currency in assets and liabilities. The Group took the following measures to reduce the risk of currency fluctuation. First, it raised the prices of export products. Second, when signing export contracts involving more money, it agreed with its partners in advance to jointly bear the exchange risks that were beyond their established limit of currency fluctuation. Third, it made full efforts to sign long-term contracts on settlement of exchange with financial institutions so as to focus the exchange rate and avoid the risk.

(VIII) Explanation of the major change in earning capacity of principal business (gross profit ratio) compared with that of the same period last year

The order quality varied greatly from last year, so there was a big change in gross profit ratio.

SIGNIFICANT EVENTS

(I) Personnel changes

Please refer to part 3 "INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT"

(II) Staff of the company and the remuneration policy

As at 30 June 2010, the number of employees on the payroll of the Company was 711, compared with 726 in 2009. The remuneration of the employees of the Company includes their salaries, bonuses and other fringe benefits. The Company has different rates of remuneration for different employee, which are determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

(III) Profit appropriation plan and its implementation

During the reporting period, the Company recorded net profit of RMB 527,972.20. At the end of reporting period, profits distributable to shareholders were RMB-1,528,436,123.68. Therefore, the board advised that no profit appropriation was made nor any reserves were transferred to increase the share capital of the Company during the reporting period.

There was no dividend paid during the period, so the directors advised not to pay the interim dividend for the period of six months ended 30 June 2010.

(IV) Material litigation and arbitration

(1) Progress of debt and equity case brought by Liaoning Trust and Investment Company ("Liaoning Trust") on US$ 12 million

(2) Litigation lodged by China Great Wall Asset Management Corporation Shenyang Branch for the debt of RMB 351,750,000

In accordance with the temporary announcement dated 15 March 2010 and the 2009 Annual Results issued by the Company on 22 March 2010, the two litigations disclosed in the report have no updated progress.

During the reporting period, the Company had no any material pending or threatened litigations and clains except the litigations above.

(V) Acquisition and disposal of assets

There was no acquisition and disposal of assets during the reporting period.

(VI) Significant contracts and their executions

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

(2) Foreign guarantees

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

By the end of the reporting period, the bank credit balance of foreign guarantee provided by the Company totaled RMB 179,050,000, and the actual bank loan accounted to RMB162,010,000, so the real amount that the Company should assume responsibility for guarantee was RMB162,010,000, among which the guarantee for Jinzhou Power Capacitors Co., Ltd with assets liabilities over 70% was RMB 39,900,000(translated into liabilities in total in 2007), accounting for 1.24% of the audited net assets of the Company for 2009, which was formed when this company was still a holding subsidiary of the Company; another guarantee for New Northeast Electric (Shenyang) High-voltage Switchgear Co., Ltd, whose 17.09 % equity is indirectly held by the Company, was RMB115,000,000.

In addition, the guarantee of the Company for its holding subsidiaries and the guarantees between its subsidiaries totaled RMB 17,000,000.

The above guarantee accounted accounting for 61.08% of the audited net assets of the Company for 2009.

(VII)Overseas investment

There was no overseas investment during the reporting period.

(VIII)Holding of other listing companies' shares

During the reporting period, in the Company, there was no securities investment and income, no holding of other listing companies' shares or financial enterprises' equities, and no share participation in proposed listing companies.

(VIIII) Independent directors' special representation and independent opinion on the fund occupation by connected parties and foreign guarantee of the company

The independent directors, in accordance with the requirements of the Notice of Certain Issues in relation to the Regulation on Capital Flow between Listed Companies and its Connected Parties and External Guarantee of Listed Companies (Zheng Jian Fa [2003]No. 56), and the Notice of China Securities Regulatory Commission on Avoiding the Rebound of Fund Occupation through Intensifying Continuous Supervision (Listing Division Letter [2008] No. 118), issue the following special representation and independent opinion after investigation and verification to relevant personnel on the Company's funds occupied by controlling shareholders and other connected parties as well as on the Company's foreign guarantees based on the information provided by the Board.

(I) The Company complied with the provisions of relevant laws and regulations, and its controlling shareholders and other connected parties did not occupy the Company's funds during the reporting period.

(II) During the reporting period, the Company had no new guarantees.

By the end of the reporting period, the bank credit balance of foreign guarantee provided by the Company totaled RMB 179,050,000, and the actual bank loan accounted to RMB162,010,000, so the real amount that the Company should assume responsibility for guarantee was RMB162,010,000. In addition, the guarantee of the Company for its holding subsidiaries and the guarantees between its subsidiaries totaled RMB 39,900,000. The total foreign guarantee of the Company accounted for 61.08% of its audited net assets for 2010.

The Company has established frozen fund policy for the fund occupation by controlling shareholders, which could effectively avoid the funds of listed companies occupied by controlling shareholders and connected parties so as to earnestly protect the interests of small and medium shareholders. During the reporting period, the Company cautiously treated and handled the foreign guarantee matters and made complete information disclosure in accordance with relevant provisions of supervision departments, thus making full disclosure and effective control of foreign guarantee. It hasn't made any guarantee for its shareholders, effective controller as well as the parties concerned. From now on, the Company will continue to strictly execute the provisions of the Articles of Association to enhance management on external guarantee and to properly solve the problems of the guarantees provided.

Independent Directors: Mr. Wu Qicheng, Mr. Xiang Yongchun and Mr. Wang Yunxiao

(X) The supervisory committee's audit opinion

In the opinion of the supervisory committee, there is no problem in the Company's legal operation, internal control, financial status, operation situation and connected transactions.

(XI) Implementation of commitments of the company, shareholders with over 5% shares of the company

To implement the Share Reform Scheme of the Company smoothly, New Northeast Electric Investment Co., Ltd, the controlling shareholder of the Company made a special undertaking that it will not sell or transfer the shares of Northeast Electric Development Co., Ltd on Shenzhen Stock Exchange within 36 months from the date for implementation of the Share Reform Scheme. Following the expiry of the said 36 months, the original Non-circulating Shares which are publicly sold on stock exchange will not less than RMB5 per share, and it will pay the consideration in advance to Non-circulating Shares Shareholders who have not yet indicated their consents to the participation in the Share Reform..

Up to now, New Northeast Electric Investment Co., Ltd has strictly fulfilled the above promises.

In addition, the Company has held 17.09 % equity of Extra-high Voltage Equipment Company, New Northeast Electric Group (originally named New Northeast Electric Shenyang High-voltage Switchgears Limited), and promised not to recover the Company's debt of RMB92,920,097.04 within one year.

(XII) Impact of medical insurance scheme on the results of the company

The scheme did not have any impact on the company's results.

(XIII) Purchase, sale and redemption of shares

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

(XIV) Report of corporate governance

The Company's directors confirm that the Company has fully complied with the provisions of Code of Corporation Governance Practices within six months as at the end of 30 June 2010, and disclosed result report in accordance with these provisions. The Code of Corporation Governance Practices includes the clauses set out in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(1) Audit Committee

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

The Audit Committee, together with the management, has reviewed the accounting principles, accounting standards and methods adopted by the Company, and studied matters relating to auditing, internal controls and financial reporting, including reviewed the unaudited semi-annual accounts for the period of six months ended 30 June 2010.

The Audit Committee has given its consent to the financial accounting principles, standards and methods adopted by the Company for the unaudited semi-annual records for the period of six months ended 30 June 2010.

At the meeting held on 17 August 2010, the audit committee review and approve the 2010 semi-annual financial records and results announcement.

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

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

The board of directors has formulated a written guideline for transactions of securities of listed companies by "directors and related employees". The board of directors has given written notices in advance to directors stating that no transactions of company securities should be carried out within one month prior to results announcement. All directors have confirmed that they did not carry out transactions of company securities during the reporting period and have complied with the guidelines.

(3) The appointment of professional advisor

Pursuant to the Rule 3A.20 in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd (the "Listing Rules"), the Company appointed Tanrich Capital Limited as its compliance advisor to provide guidance and advice to the Company in relation to the compliance with the Listing Rules with a term of two years from 31 December 2008.

(XV) During the reporting period, the company, the board of directors and the directors had not been investigated, under administrative penalty, criticized by notice by the china securities regulatory commission and openly reprimanded by the stock exchange. The company's directors and supervisors were not subject to any compulsory procedures.

(XVI) Reception to the activities of field survey, communication and interview during the reporting period

During the reporting period, the Company strictly complied with the Guidelines for Fair Information Disclosure of Listed Companies, and earnestly implemented its Reception and Promotion System. The Company and the person responsible for related information disclosure consistently followed the principle of fair information disclosure, without any implementation of discriminatory policies and any disclosure, revealment or divulgence of significant private information to special objects.

(XVII) Announcement index on major matters in 2010

During the reporting period, all of the Company's announcements were published on China Securities Journal, Securities Times and information disclosure websites. Please visit www.cninfo.com.cn, www.hkexnews..hk and www.nee.hk for details. The major information is disclosed as follows:

Publishing Date	Announcement Matters
22 January 2010	Announcement on Resolutions of the 22nd Meeting of the 5th Session of the Board of Directors
8 March 2010	Announcement on Resolutions of the 2010 First Extraordinary General Meeting
8 March 2010	Announcement on Resolutions of the First Meeting of the 6th Session of the Board of Directors
15 March 2010	Announcement on Progress of Litigation
22 March 2010	Announcement on Resolutions of the Second Meeting of the 6th Session of the Board of Directors
22 March 2010	The Annual Report of 2009
23 April 2010	The First Quarterly Report of 2010
7 May 2010	Announcement on Resolutions of the Annual General Meeting of Shareholders of 2009
4 June 2010	Announcement on Resolutions of the 4th Meeting of the 6th Session of the Board of Directors

(XVIII) Subsequent events

(1) Personnel Changes

Upon the review and approval of the Company's second EGM held on 22 July 2010, Mr. Wang Yi was appointed as an executive director of the Company with effect from 22 July 2010. His term of office is the same as the Board until 7 March 2013.

(2) Capital Increase in Fuxin Closed Busbars Limited

Upon the review and approval of the board of directors on 1 July 2010, Shenyang Kaiyi Electronic Co., Ltd, a wholly-owned subsidiary of the Company, contributed a large sum (US$ 570 million) in cash to purchase the whole newly increased capital of Fuxin Closed Busbars Limited, another wholly-owned subsidiary of the Company. On 10 August 2010, the industrial and commercial change registration was done.

(XVIIII)Detailed results announcement

A detailed results announcement prepared in accordance with all information required in Appendix 16 in the Listing Rules of Stock Exchange of Hong Kong Limited will be published on the website HKExnews of Hong Kong Exchanges (www.hkexnews.hk) as well as the website of the Company (www.nee..hk) before 31 August 2010.

FINANCIAL STATEMENTS

(I) Profit and Loss statements prepared in accordance with the PRC Accounting Principles (unaudited)

Item	Amount in this period		Amount in the last period	
	Consolidated	Parent Company	Consolidated	Parent Company
I. Total sales				
Including: sales(income)	146,383,998.47		133,485,280.53	2,803,418.81
Interests income	146,383,998.47		133,485,280.53	2,803,418.81
Premium income				
Handing charges and commission income				
II. Total cost of sales				
Including: cost of sales	143,330,465.42	2,292,760.88	142,615,750.14	6,493,128.66
Interest expenses	107,346,587.08		87,866,501.78	2,038,808.56
Handing charges and commission expenses				
Payment on surrenders				
Claim expenses-net				
Provision for insurance contract reserve				
Policyholder dividends				
Expense for reinsurance accepted				
Taxes and surcharges	0.00	0.00	5,122.52	0.00
Sales expenses	14,063,749.30	0.00	24,422,034.42	26,557.00
Administrative expenses	20,664,020.13	2,295,866.71	28,609,413.48	4,438,350.02
Financial expenses	1,256,108.91	-3,105.83	712,677.94	-10,586.92
Impairment loss on assets	0.00	0.00	1,000,000.00	0.00
Add: gain /(loss) changes in fair value (“-” means loss)				
Gain/(loss) from investment (“-” means loss)	-500,459.42	-11,593.68	-1,112,228.94	0.00
Including: investment income from associates and joint ventures				
Foreign exchange differences (“-” means loss)				

(I) Profit and Loss statements prepared in accordance with the PRC Accounting Principles (unaudited)

Item	Amount in this period		Amount in the last period	
	Consolidated	Parent Company	Consolidated	Parent Company
III. Business profit ("-" means loss)	2,553,073.63	-2,304,354.56	-10,242,698.55	-3,689,709.85
Add: non-business income	93,770.43	0.00	39,322.89	0.00
Less: non-business expenses	112,581.48	2,522.73	14,050.94	70.00
Including: loss from non-current asset disposal				
IV. Total profit ("-" means loss)	2,534,262.58	-2,306,877.29	-10,217,426.60	-3,689,779.85
Less: income tax expense	2,091,118.34	0.00	191,229.98	0.00
Net profit("-" means loss)	443,144.24	-2,306,877.29	-10,408,656.58	-3,689,779.85
Net profit attributable to owners	527,972.20	-2,306,877.29	-10,312,741.77	-3,689,779.85
of parent company	-84,827.96	0.00	-95,914.81	0.00
Minority interests				
VI. Earnings per share				
(I) basic earnings per share	0.0006	-0.0026	-0.0118	-0.0042
(II) diluted earnings per share	0.0006	-0.0026	-0.0118	-0.0042
VII. Other comprehensive income	(1,049,445.24)		(36,230.61)	
VIII. Total comprehensive income	(606,301.00)		(10,444,887.19)	
Total comprehensive income due to parent company	(521,473.04)	(2,306,877.29)	(10,348,972.38)	(3,689,779.85)
Total comprehensive income due to minority shareholders	(84,827.96)		(95,914.81)	

Summery of Notes to the Financial Statement under the PPRC Accounting Standards and Regulations:

1. During the reporting period, there were no changes in accounting policies or estimate as well as no accounting error correction.
2. During the reporting period, there was change in the scope of Consolidated Financial Reporting.

The deregistration of Shenyang Zhaolida Machinery and Equipment Co.Ltd which was the wholly-owned subsidiary of the Company was approved by Shenyang Zhangshi Economic and Development Zone Administration for industry and Commerce on 21 Jan. 2010. So it is not included in the consolidation in this period.

(II) Financial statement prepared under Hong Kong Financial Reporting Standards (unaudited)

Condensed consolidated income statement

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June 2010 RMB'000 *(Unaudited)*	For the six months ended 30June 2009 RMB'000 *(Unaudited)*
Turnover	3	146,384	133,480
Cost of sales		(107,346)	(87,867)
Gross profit		39,038	45,613
Other income		94	205
Distributions costs		(14,064)	(24,422)
Administrative expenses		(20,641)	(29,609)
Other expenses		(125)	(14)
Profit from operations	4	4,302	(8,227)
Interest on bank borrowings		(1,256)	(879)
Investment income from associates		(489)	(1,112)
Profit before taxation		2,557	(10,218)
Taxation	5	(2,091)	(191)
Profit after taxation		466	(10,409)
Profit attributable to minority shareholders		(85)	(96)
Net profit attributable to shareholders		551	(10,313)
Earnings per share — basic	7	0.06仙	(1.18)仙

Condensed Consolidated Comprehensive Income Statement

For the six months ended 30 June 2010

	Notes	2010 RMB'000 *(Unaudited)*	2009 RMB'000 *(Unaudited)*
Profit of current period		466	(10,409)
Exchange gains or losses involved in business abroad other comprehensive loss during the reporting period		(1,049)	(36)
Total of comprehensive income		(583)	(10,445)
Of which:			
Profit attributed to shareholders of the parent company		(498)	(10,349)
Minority interests		(85)	(96)

Condensed Consolidated Balance Sheet

As at 30 June 2010

	Notes	At 30 June 2010 RMB'000 *(Unaudited)*	At 31 December 2009 RMB'000 *(Audited)*
Non-current assets			
Property, plant and equipment		77,676	81,126
Prepaid lease payments		4,821	4,878
Interests in associates		87,447	87,936
Available-for-sale investments		215,942	215,942
Other prepayments		8,360	6,831
Deferred tax assets		11,911	11,911
		406,157	408,624
Current assets			
Inventories	8	72,261	68,983
Accounts receivables and other receivables		262,303	293,690
Non-current assets to be disposed		0	0
Pledged bank deposits		20,937	23,073
Bank balance and cash		57,007	42,181
		412,508	427,927
Current liabilities	9		
Accounts payables and other payables		230,511	258,742
Amounts due to associates		9,865	9,594
Bank borrowings		31,500	25,350
Provision for loss guarantees		124,968	124,968
Tax payable		587	587
		7,909	3,402
		405,340	422,643
Net current assets		7,168	5,284

Condensed Consolidated Balance Sheet (*Continued*)

As at 30 June 2010

	Notes	At 30 June 2010 RMB'000 *(Unaudited)*	At 31 December 2009 RMB'000 *(Audited)*
Total assets less current liabilities		410,874	413,908
Capital and reserves			
Share capital	10	873,370	873,370
Reserves		(555,331)	(554,833)
Equity attributed to equity holders of the parent company		318,039	318,537
Minority equity		2,366	2,451
Total equity		320,405	320,988
Non-current liability			
Amounts due to associates		-	-
Amounts due to the invested company		92,920	92,920
Other non-current liabilities		-	-
		92,920	92,920
Net assets		320,405	320,988

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent										
	Share capital	Capital reserve	Capital contribution	Statutory common reserve	Statutory Public welfare reserve	Discretionary common reserve	Translation reserve	Accumulated losses	Total	Minority interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	873,370	511,060	186,419	81,631		32,699	(17,922)	(1,348,720)	318,537	2,451	320,988
Exchange differences	-	-	-	-	-	-	(1,049)	-	(1,049)		(1,049)
Net Profit of current period	-	-	-	-	-	-	-	551	551	(85)	466
total comprehensive income	-	-	-	-	-	-	(1,049)	551	(498)	(85)	(583)
Others	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2010	873,370	511,060	186,419	81,631		32,699	(18,971)	(1,348.169)	318,039	2,366	303,534
At 1 January 2009	873,370	511,060	54,131	81,631	-	32,699	(17,657)	(1,356,447)	311,075	2,858	313,933
Exchange differences	-	-	-	-	-	-	(265)	-	(265)	-	(265)
Net Profit of current period	-	-	-	-	-	-	-	7,727	7,727	(407)	7320
total comprehensive income	-	-	-	-	-	-	(265)	7,727	7,462	(407)	7,055
At 30 June 2009	873,370	511,060	54,131	81,631	-	32,699	(17,922)	(1,348,720)	318,537	2,451	320,988

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2010

	For the six months ended 30 June 2010	
	1 Jan 2010 to 30 Jun 2010 RMB'000 (Unaudited)	1 Jan 2009 to 30 Jun 2009 RMB'000 (Unaudited)
Net cash lows (inlows) from operating activities	9,721	(7,091)
Net cash lows (inlows) from investing activities	(83)	(2,428)
Net cash lows (inlows) from inancing activities	5,188	(2,409)
Decrease (increase) of cash and cash equivalents	14,826	(11,928)
Cash and cash equivalents at the beginning of the period	42,181	30,216
Effects of exchange rate changes		
Cash and cash equivalents at the end of the period		
Bank balance and cash	57,007	18,288

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The condensed interim financial statements for the six months ended 30 June 2010 of the Company and its subsidiaries (the "Group") are not audited, but have been reviewed and approved by the audit committee.

(I) Bases of preparation

The unaudited condensed consolidated financial statements of the Group are prepared under the Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), together with the relevant disclosure requirements of the Hong Kong Accounting Standard No.34 "Interim Financial Reporting" (HKAS 34).

(II) Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted in preparing interim financial information for the six months ended 30 ended 30 June 2010 are consistent with those followed in preparing the financial statements for the year ended 31 December 2009.

During the reporting period, the Group has applied the following standards, amendments and interpretations (new HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) which are or have become effective in the accounting periods beginning on 1 January 2010.

Certain new and revised HKFRSs that have been issued by the HKICPA and are effective for the first time during the accounting period of the Group

HKFRS (Amendment)	Improvements to HKFRS issued in 2009
HKFRS 1 (Revised)	Applying HKFRS for the First Time
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HK (IFRIC) - Int 17	Distribution of Non-cash Assets to Owners
HK (IFRIC) - Int 18	Transfer of Assets from Customers

Possible effects of new and revised standards or interpretations that have been issued but are not yet effective during the accounting period by the end of 30 June 2010

Effective for accounting periods beginning on or after the following date:

HKFRS (Amendment)	Improvements to HKFRS issued in	1 July 2010 or 1 January 2011
HKFRS 9	Financial Instruments	1 January 2013
HKAS 24(Revised)	Disclosure on Connected Persons	1 January 2011
HK (IFRIC) - Int 19	Offset of Financial Liabilitis with Equity Derivative	1 July 2010

(III) Segment information

The Group mainly does business in China through its subsidiaries and associates. According to its internal organization and structure, the Group is mainly engaged in one segment, that is, the production and sale of transmission equipment in China, so it has no segment information presented. Most of the Group's assets and liabilities are in China.

(IV) Profit from operations

	The Group	
	2010	**2009**
	RMB'000	**RMB'000**
Profit from operations has been arrived at after deducting:		
Depreciation and amortization and charging	3,567	3,925
Interest income on bank deposits	187	166

(V) Taxation

Great Talent Technology Co., Ltd is a company wholly owned by the Group, registered in the British Virgin Islands. No demestic income tax is imposed on it. Northeast Electric (HK) Co., Ltd is another wholly owned subsidiary, registered in Hong Kong, with an income rate of 16.5%. Other subsidiaries of the Group are subject to income tax at the statutory rate of 25%.

The Company had no taxable profit for the period (2009:Nil). The charge for the period mainly represents provision

for income tax rate calculated upon the assessable income the assessable income of certain PRC subsidiaries.

No Hong Kong profits tax has been provided as the Company and its subsidiaries had no taxable profit in Hong Kong (2009: Nil).

As at 30 June 2010, the Company and the Group had no significant deferred tax (2009: Nil).

(VI) Interim divedend

No dividends were paid during the period. The directors did not recommend the payment of any interim dividend for the six months ended 30 June 2010.

(VII)Earnings per share

The calculation of earnings per share is based on the net profit attributable to shareholders of RMB 551.000 (2009:RMB-10,313,000) and the total number of shares in issue amounting to 873,370,000 shares (2008: 873,370,000 shares) at the end of the period.

(VIII) Accounts receivable and other accounts receivable

1. *Accounts and bills receivable*

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Trade and bill receivables	240,411	275,639
Less: Impairment Provision	(17,463)	(17,463)
Net trade and bill receivables	222,948	258,176
Amounts due from Bengang Group	76,090	76,090
Other receivables	44,327	41,102
Less: Impairment Provision	(103,984)	(103,984)
Net other receivables	16,433	13,208
Prepayment	31,282	29,137
Less: Prepayment over 1 year	(8,360)	(6,831)
Dividends receivable		
	22,922	22,306
Net account receivable and other receivables	262,303	293,690

The director considered that the book values of account receivable and other receivables were close to their fair values. The Group does not hold any collateral over all the receivable balances.

The credit terms given to the customers vary depending on the sales contracts signed with individual customers and are generally based on their inancial strengths. The following are the ages of receivable account and bills.

	Group	
	As at 30 June 2010	**As at 31 December 2009**
	RMB'000	***RMB'000***
Within one year	190,236	209,182
1 to 2 years	22,991	36,296
2 to 3 years	1,942	14,334
Over 3 years	25,242	15,827
	240,411	275,639

The amounts within 1 year presented in the aging analysis above represented amounts and bills receivables that are neither past due nor impaired.

There is no account receivable that is overdue or necessary for impairment. The credit quality is determined by the past collection records and the rate of customer's bad account. The existing customers have no signiicant default in payment.

On 30 June 2010, the impairment provision of total account receivable and other receivables is RMB 121,447,000 (2009: RMB121,447,000). The individually impaired receivables mainly related to debtors, which are in unexpectedly difficult economic situations. It was assessed by the directors that only few parts of the receivables is expected to be collected. The analysis of the age of these receivables is as follows:

	Group	
	As at 30 June 2010	**As at 31 December 2009**
	RMB'000	***RMB'000***
Within one year	3,384	3,384
1 to 2 years	19,389	19,389
2 to 3 years	5,283	5,283
Over 3 years	93,391	93,391
	121,447	121,447

The changes in the impairment loss are as follows:

	Group	
	As at 30 June 2010	**As at 31 December 2009**
	RMB'000	***RMB'000***
As at 1 January	121,447	95,998
Impairment loss recognized	-	27,097
Accounts unreceivable repealed	-	(1,648)
At the end of the period	121,447	121,447

(VIIII) Accounts payable and other accounts payable

	Group	
	As at 30 June 2010	As at 31 December 2009
	RMB'000	*RMB'000*
Accounts and bills payable	141,208	162,628
Other accounts payable	89,303	96,114
Accounts payable and other accounts payable in total	230,511	258,742

The analysis of the age of accounts and bills payable is as follows:

	Group	
	As at 30 June 2010	As at 31 December 2009
	RMB'000	*RMB'000*
Within one year	125,034	135,190
1 to 2 years	2,952	14,292
2 to 3 years	9,172	9,419
Over 3 years	4,050	3,727
Total	141,208	162,628

The director considered that the book values of account payable and other payables were close to their fair values.

The average credit term for purchases of goods is six months. The Group has proper financial risk management policies to ensure that all of the accounts payable can be paid within the credit term.

Accounts payable and other accounts payable of the Group is in RMB230,511,000.

(X) Share capital

Changes in share capital structure are as below from 31 December 2009 to 30 June 2010:

Unit:RMB

Items	Amount at the Beginning ofthe period	Increase or Decrease during the period (+, -) Rights offering	Complimen-tary shares	Capitalization on Reserve	Sub-total	Others	Amount at the End of the period
I. Shares subject to trading moratorium							
1. Other domestic shares	-	-	-	-	-	-	-
2. Domestic non-state owned legal person shares	218,255,650	-	-	-	-212,025,650.00	-212,025,650.00	6,230,000.00
Including : domestic legal person share	218,255,650	-	-	-	-212,025,650.00	-212,025,650.00	6,230,000.00
Total :	218,255,650	-	-	-	-212,025,650.00	-212,025,650.00	6,230,000.00
II. Shares not subject to trading moratorium					-	-	
1. Common RMB shares (A share)	397,164,350	-	-	-	212,025,650.00	212,025,650.00	609,190,000.00
2. Foreign shares listed abroad (H share)	257,950,000	-	-	-	-	-	257,950,000.00
Total :	655,114,350	-	-	-	212,025,650.00	212,025,650.00	867,140,000.00
III. Total shares	873,370,000	-	-	-	-	-	873,370,000.00

Notes:

On 14 May 2010, the Company relieved 212,025,650 shares with trading restrictions to shares without trading restrictions.

(XI) Post Balance Sheet Events

Capital Increase in Fuxin Closed Busbars Limited

Upon the review and approval of the board of directors on 1 July 2010, Shenyang Kaiyi Electronic Co., Ltd, a wholly-owned subsidiary of the Company, contributed a large sum (US$ 570 million) in cash to purchase the whole newly increased capital of Fuxin Closed Busbars Limied. On 10 August 2010, the industrial and commercial change registration was done.

(XII)Related Transactions

1. Controlling shareholders of the Group

Name of related party	Place	operations	Relationship	Nature	Shares owned
New Northeast Electric Investment Co., Ltd	Yingkou	Equity investment, etc.	Single top1 sharenolder	Limited company	24.28%

2. Associates with transactions

New Northeast Electric (Shenyang) High-voltage Switchgears Isolators Switchgear Limited	Shenyang	High-voltage	Associate	Limited company	25.6%
Weida High-voltage Electric Co., Ltd	British Virgin Islands	Investment	Asociate	Limited company	20.8%

3. *Creditors' rights and debts between the Group, its associates and subsidiaries during the period*

Name of related party	2010-06-30		2009-12-31	
	Amount	Percent	Amount	Percent
Dividends receivable :				
Weida High-voltage Electric Co., Ltd	7,562,296.74	62.96	7,632,598.13	48.44
Amounts payable :				
New Northeast Electric (Shenyang) High-voltage Isolators Switchgear Limited	8,123,400.00	5.44	8,123,400.00	4.76
Other amounts payable :				
New Northeast Electric (Shenyang) High-voltage Isolators Switchgear Limited	8,988,909.56	9.08	8,888,909.56	8.41
Weida High-voltage Electric Co.,Ltd	697,912.00	0.7	704,400.00	0.7

By order of the Board
Su Weiguo
Chairman

Shenyang, the PRC, 17 August 2010

As at the date of this announcement, the Board of Directors of the Company is composed of eight directors, including five executive directors namely Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Bi Jianzhong, Mr. Liu Qingmin and Mr.Wang Yi; and three independent non-executive directors namely Mr. Wu Qicheng, Mr. Xiang Yongchun and Mr. Wang Yunxiao.