NEE

東北電氣發展股份有限公司

NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

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

(Stock Code: 0042)

Interim Report Summary 2013

The board of directors (the "Board") 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 2013.

1 IMPORTANT NOTICE

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

1.2 Mr. Su Weiguo, Chairman of the Company, Mr. Wang Shouguan, Chief financial officer, and Mr. Bai Lihai, Chief accounting officer, hereby state to guarantee the truthfulness and completeness of the financial report of the Interim Report.

1.3 This report is considered and approved by the third meeting of the seventh session of the board held on 12 August 2013.

This report has been reviewed and confirmed by the Audit Committee of the Board of the Company.

The financial report for the six months ended 30 June 2013 of the Company and its subsidiaries (the "Group") has not been audited.

1.4 Interim Dividend: The Company proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves.

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

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

2 CORPORATE PROFILE

2.1 Basic information

Abbreviated name of A Shares	Northeast Electric	**A Shares stock code**	000585
Place of listing of the A Shares	Shenzhen Stock Exchange		
Abbreviated name of H Shares	Northeast Electric	**H Shares stock code**	0042
Place of listing of the A Shares	The Stock Exchange of Hong Kong Limited		
Legal Chinese name	東北電氣發展股份有限公司		
Chinese abbreviation	東北電氣		
Legal English name	Northeast Electric Development Co., Ltd.		
English abbreviation (if any)	NEE		
Legal Representative	Su Weiguo		

2.2 Contact person and address

	Secretary to the Board of Directors	Representative for securities affairs
Name:	Su Weiguo (acting)	Zhu Xinguang
Contact address	No. 1, Xintai Road, Xiongyue Town, Bayuquan District, Yingkou City, Liaoning Province, PRC (Postcode: 115009)	No. 1, Xintai Road, Xiongyue Town, Bayuquan District, Yingkou City, Liaoning Province, PRC (Postcode: 115009)
Tel	0417-6897566	0417-6897567
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3 MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS

3.1 Major financial data

Did the Company make retrospective adjustment to or restatement of the accounting data of prior years due to changes in accounting policies and correction of accounting errors?

□ Yes √ No

	The reporting period	**The same period last year**	**Increase/decrease in the reporting period compared with the same period last year**
Operating incomes (RMB)	75,063,533.14	57,527,813.22	30.48%
Net profits attributable to shareholders of listed company (RMB)	-447,480.75	-18,015,241.61	97.52%
Net profits attributable to shareholders of listed company after extraordinary items (RMB)	-493,591.21	-18,091,731.71	97.27%
Net cash flows from operating activities (RMB)	-3,237,346.92	-13,702,172.73	76.37%
Basic earnings per share (RMB/Share)	-0.0005	-0.0206	97.57%
Diluted earnings per share(RMB/Share)	-0.0005	-0.0206	97.57%
Weighted average return on net assets (%)	-0.17%	-7.15%	Increased by 6.98 percentage points

	As at the end of the reporting period	**As at the end of the reporting period last year**	**Increase/decrease in the reporting period compared with the end of last year (%)**
Total assets (RMB)	484,484,273.84	498,205,496.54	-2.75%
Net assets attributable to shareholders of listed company (RMB)	270,574,709.83	271,782,480.71	-0.44%

Description of differences on figures by domestic and foreign accounting standards:

No difference in net profits and net assets prepared under PRC GAAP and HKFRS.

3.2 Extraordinary profit and loss items and amounts

Unit: RMB

Item	Amount	Remarks
Profit & loss on debt restructuring	14,885.10	-
Non-operating income or cost except items above	31,225.36	-
Total	46,110.46	-

3.3 Table of shareholdings of the top ten shareholders

Total number of shareholders as at the end of the reporting period	82,001 (of which, 81,923 hold A Shares and 78 hold H Shares)

Shareholdings of the top ten shareholders

Name of shareholders	Nature of shareholder	Percentage (%)	Number of shares	Number of untradable shares	Shares pledged or frozen: Status of shares	Shares pledged or frozen: Qty
HKSCC Nominees Limited	Foreign legal person	28.34%	247,537,998	0		
New Northeast Electric Investments Co., Ltd.	Domestic non-state owned legal person	24.06%	210,113,872	19,022	pledged	110,000,000
Shenzhen Zhongda Software Development Co., Ltd.	Domestic non-state owned legal person	0.41%	3,550,000	3,550,000		
Xue Na	Domestic natural person	0.28%	2,494,182	0		
Hu Li	Domestic natural person	0.25%	2,157,960	0		
Luo Zhiyu	Domestic natural person	0.23%	1,982,900	0		
Wu Wei	Domestic natural person	0.19%	1,660,690	0		
Xu Yipin	Domestic natural person	0.19%	1,647,295	0		
Wang Dawei	Domestic natural person	0.19%	1,620,170	0		
Shanxi Qinjian Science and Technology Investment Co., Ltd.	Domestic non-state owned legal person	0.16%	1,420,000	1,420,000		

Notes:

1) *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".*
2) *New Northeast Electric Investments Co., Ltd. has simultaneously pledged its 62,860,000 and 47,140,000 A shares subject to trading moratorium to Shanghai Pudong Development Bank Co., Ltd. Shenyang Branch. And it carried out the registration of the pledged stocks with China Securities Depository and Clearing Corporation Limited Shenzhen Branch on 30 October 2012.*
3) *Save as disclosed above, Directors were not aware of any person (not being a Director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.*
4) *Purchase, sale or redemption of the Company's listed securities*
   During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.
5) *Pre-emptive rights*
   There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
6) *Convertibles, options, warrants or other similar rights*
   As of 30 June 2013, the Company did not issue any convertible securities, options, warrants or any other similar right.

3.4 Changes in controlling shareholders and De Facto controller: Nil

4 PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Shareholdings of directors, supervisors and senior management

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

4.2 Re-election and resignation of directors, supervisors and senior management

4.2.1 As approved by the General Meeting of the Board held on 14 January 2013, due to expiration of the term of office, Mr. Wu Qicheng and Xiang Yongchun resigned as independent directors; Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Liu Tongyan, Mr. Liu Qingmin, and Mr. Liu Bing were nominated as candidates for executive directors of the seventh session of the board of directors; Mr. Wang Yunxiao, Ms. Liang Jie and Mr. Liu Hongguang were nominated for candidates for independent directors of the seventh session of the board of directors, with the term of office to 10 March 2016.

As approved by the Meeting of Supervisory Committee held on 14 January 2013, due to expiration of the term of office, Mr. Bai Lihai resigned as Supervisor; Mr. Dong Liansheng and Ms. Jiao Liyuan were nominated as candidates for Supervisors of the seventh session of Supervisory Committee, with the term of office to 10 March 2016; Meanwhile, Mr. Liu Xuehou was elected as the Supervisor representing staff of the seventh session of Supervisory Committee.

The aforesaid matters have been considered and approved by the First Extraordinary General Meeting of 2013 held on 11 March 2013 (please refer to the announcement dated 14 January/11 March 2013 for details).

4.2.2 As approved by the General Meeting of the Board held on 11 March 2013, Mr. Su Weiguo and Mr. Wang Shouguan were elected as Chairman and Vice Chairman respectively; the term of office is the same as the Board (i.e. from 11 March 2013 to 10 March 2016, the same below). Mr. Wang Shouguan is appointed as General Manager of the Company and Mr. Liu Tongyan is appointed as Assistant General Manager and Financial Controller; Chairman, Mr. Su Weiguo will act on behalf of the secretary to the Board, till the Company officially appoints the secretary to the Board; Mr. Zhu Xinguang is appointed as Securities Affairs Representative.

4.2.3 On 6 May 2013, the Company received the resignation application of Mr. Liu Tongyan, the executive director and deputy general manager of the Company. Due to changes of work, Mr. Liu Tongyan requested to quit the position of executive director and deputy general manager. The resignation of Mr. Liu Tongyan shall come into force since the date of delivery to the board of directors of the Company.

4.3 Interest of directors, supervisors and senior management

As at 30 June 2013, 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the international economy situation remains in the doldrums and low growth. China's economy is the period of transforming and upgrading and its economic growth slackens again. Facing the pressure at home and abroad, the board of the Company continues to operate steadily and adheres to various management concepts as expanding market, adjusting structure, improving technology, reducing costs, controlling risks, increasing benefits and optimizing management in order to maintain steady growth of the Company's overall operating results against the competitive market.

5.1 Analysis of principal businesses

5.1.1 Summary

The operating incomes of the Company amounted to RMB75,063,533, with an increase of 30.48% compared with the same period last year and the net profits attributable to shareholders of the Company delivered RMB-447,480 with a year-on-year increase of RMB17,567,761.

Unit: RMB

	The reporting period	The same period last year	Increase/decrease in the reporting period compared with the same period	Reasons for the changes
Operating incomes	75,063,533.14	57,527,813.22	30.48%	Performed many contracts
Operating costs	48,648,037.88	54,737,923.42	-11.13%	Decrease in material price
Sales expenses	8,971,221.42	5,578,284.44	60.82%	Increase in incomes
Administrative expenses	16,354,117.36	14,810,949.09	10.42%	Increase in incomes
Financial expenses	196,033.63	281,906.53	-30.46%	Increase in interests
Income tax expenses	1,240,791.00	11,112.02	11,066.21%	Increase in profits of subsidiaries
Net cash flows from operating activities	-3,237,346.92	-13,702,172.73	76.37%	Increase in net cash flows from operating activities
Net cash flows from investment activities	-5,617,724.32	-709,346.95	-691.96%	Transformation of fixed assets
Net cash flows from financing activities	-303,530.38	-294,308.05	-3.13%	Increase in interests payable
Net increase in cash and cash equivalents	-9,158,601.62	-14,705,827.73	37.72%	Increase in net cash flows from operating activities

5.1.2 During the reporting period, the management of principal businesses is as follows:

(1) The Company had made great achievements in sales expansion last year and many orders are carried down to this reporting period, which contributes to a main reason for the improved operating results during the reporting period. Meanwhile, it has recorded several new orders during the reporting period on the basis of the existing orders, consolidating the foundation for achieving sustainable development.

(2) It proactively carries out market restructuring, optimizes product mix and increases the sales percentage of products with strong profitability. In addition, it enhances the control of operating costs, and the gross margin of leading products contributes to the improvement of operating results, representing a significant increase of about 35% compared with the same period last year.

(3) It timely launches the special technological innovation projects of capacitor production equipment and testing equipment for factory tests by self-financing and actively implements them in an all-round way. The above technological innovation projects have been carried out orderly as planned, which are scheduled for completion by the end of the third quarter. Upon the completion, the overall competitiveness of capacitor products of the Company would increase significantly and it would realize the advancement, matching and automation of production equipment and updating of product testing methods, thus enhancing the competitiveness of products on the whole.

(4) It continues to deepen system construction and follow up relevant laws and regulations, rules, policies and industry regulatory standards. In light of the actual situation of the Company, it also sorts out or revises relevant systems in a timely fashion, promotes the system framework of the Company, continuously enhances and improves the Company's internal control standards and governance level. Therefore, it has effectively controlled operating risks and the decisions and behaviors have rules to follow, which guarantees the normal operation and healthy development of the Company.

(5) It highly emphasizes on the management of the relationship with investors. Except answering investors' questions by telephone and the interactive platform of Shenzhen Stock Exchange, it also holds special events on the investors' reception day and the "face to face" communication with investors deepens the understanding between investors and the Company.

5.2 Operation of the Company during the reporting period

5.2.1 Incomes and profits from principal businesses by industry, product and region

Unit: RMB

Item	Operating incomes	Operating costs	Gross margin (%)	Increase/decrease in operating incomes compared with the same period last year (%)	Increase/decrease in operating cost compared with the same period last year (%)	Increase/decrease in gross margin compared with the same period last year (%)
By industry						
Electrical transmission and transformation	75,019,681.10	48,614,345.64	35.20%	30.41%	-11.19%	Increased by 30.35 percentage points
By product						
Enclosed busbar	23,041,415.02	17,838,757.36	22.58%	120.15%	121.37%	Decreased by 0.42 percentage points
Power capacitor	50,168,864.37	29,442,596.82	41.31%	137.05%	35.43%	Increased by 44.04 percentage points
High voltage switch circuit breaker	1,809,401.71	1,332,991.46	26.33%	-93.01%	-94.66%	Increased by 22.63 percentage points
By region						
Northeast	55,929,239.28	35,017,275.65	37.39%	493.05%	268.58%	Increased by 38.13 percentage points
North China	2,261,833.16	1,598,509.96	29.33%	-93.33%	-95.19%	Increased by 27.32 percentage points
Central China	2,429,972.65	1,475,944.58	39.26%	27.92%	6.75%	Increased by 12.05 percentage points
East China	1,881,420.90	1,104,149.71	41.31%	-31.46%	-57.42%	Increased by 35.79 percentage points
South China	2,091,499.32	1,840,910.40	11.98%	2.34%	16.67%	Decreased by 10.81 percentage points
Southwest	4,054,154.73	2,994,573.89	26.14%	33.18%	0.74%	Increased by 23.79 percentage points
Northwest	2,855,512.82	1,543,574.31	45.94%	79.42%	-5.61%	Increased by 48.7 percentage points
Others	3,516,047.40	3,073,099.38	12.6%	21.92%	64.73%	Decreased by 22.72 percentage points

5.3 Analysis of core competitiveness

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

During the reporting period, there was no material change of the core competitiveness of the Company.

5.4 Analysis of investment

5.4.1 Operations and results of major controlling company and investee company

Unit: RMB

Name	Type of company	Industry	Principal products or services	Registered capital	Total assets	Net assets	Operating incomes	Operating profits	Net profits
Fuxin Enclosed Busbars Co., Ltd.	Subsidiary	Electrical machinery and equipment manufacturing	Enclosed busbar	8,500,000 USD	102,310,025.33	61,893,131.76	23,051,278.27	-2,139,967.27	-2,139,967.27
New Northeast Electric (Jinzhou) Power Capacitors Co., Ltd.	Subsidiary	Electrical machinery and equipment manufacturing	Power capacitors	15,450,000 USD	229,444,967.42	151,519,507.50	50,202,853.16	4,930,395.92	3,722,372.98
Jinzhou Jinrong Electric Co., Ltd.	Subsidiary	Electrical machinery and equipment manufacturing	High-voltage capacitor	RMB3,000,000	2,779,542.40	2,422,857.19	0.00	-109,464.34	-109,464.34
Shenyang Gaodongjia Desiccation Equipment Co., Ltd.	Subsidiary	Electrical machinery and equipment manufacturing	Desiccation equipment	778,500 USD	1,869,316.34	1,571,472.45	0.00	0.00	0.00
Northeast Electric (Beijing) Co., Ltd.	Subsidiary	Trading	Sales of machinery equipment	RMB2,000,000	54,075,262.43	-8,559,483.77	1,809,401.71	108,072.44	108,072.44
Northeast Electric (Hong Kong) Limited	Subsidiary	Investment holding and general trading	Investment holding and general trading	20,000,000 USD	183,102,268.22	87,078,014.54	0.00	-247,905.86	-247,905.86
Great Talent Technology Limited	Subsidiary	Investment holding and general trading	Investment holding and general trading	1 USD	83,637,746.53	-67,163.39	0.00	-6,507.04	-6,507.04
Shenyang Kaiyi Electric Co., Ltd.	Subsidiary	Electrical machinery and equipment manufacturing	High-voltage equipment	RMB1,000,000	162,917,978.90	-4,753,056.97	0.00	-848,208.12	-848,309.20
Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd.	Investee company	Electrical machinery and equipment manufacturing	Manufacture of switches controlling equipment	168,000,000 USD	3,927,242,568.44	909,305,060.19	869,331,675.88	-2,989,804.24	-3,751,612.24
Great Power Technology Limited	Investee company	Investment holding and general trading	Investment holding and general trading	12,626 USD	188,637,113.81	59,966,053.18	0.00	46,024.81	46,024.81

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

5.4.3 The investment of non-raised capital, progress and benefits of the main invested projects: Nil.

5.5 Financial position and operating results during the reporting period

5.5.1 There are changes in profit components or sources of income during the reporting period

Unit: RMB

Item	Opening balance	Closing balance	Increase/decrease at the end of the period compared with the beginning of the period	Percentage	Explanation for changes
Bills receivable	2,694,000.00	0.00	-2,694,000.00	-100.00%	Bills discounted
Prepayment	7,112.829.64	21,921,290.01	14,808,460.37	208.19%	Increase in trade receivables prepaid
Construction in progress	228,933.81	2,024,207.73	1,795,273.92	784.19%	Innovation of production technology
Advances from customers	14,395,206.29	9,533,002.69	-4,862,203.60	-33.78%	Decrease in advances from customers
Taxes payable	7,588,667.87	1,384,677.56	-6,203,990.31	-81.75%	Timely payment of taxes
Business taxes and surcharges	234,574.69	549,874.02	315,299.33	134.41%	Increase in incomes
Asset impairment losses	0.00	379,100.00	379,100.00	100.00%	Accounts receivable of prior year recovered
Non-operating incomes	109,357.66	48,128.25	-61,229.41	-55.99%	No fixed assets disposed
Non-operating expenses	21,755.54	2,017.79	-19,737.75	-90.73%	Decrease in expense items

5.6 Prospect of the Company's future development

In the second half of the year, the Company would continue to organize production and operation in a scientific manner, reasonably control costs, orderly promote the technological innovation, and strive to achieve the operating goal set in the early year.

5.7 Potential risks and corresponding measures

5.7.1 Downside risks from macro economy situation

The Company's industry is closely related to the state's policies on this industry and macro economy. In case of significant movements in the macro economy, the market competition would be worsened, imposing not only risks on recent operation of the Company but also the growth in the future.

It will keep a close eye on the changes of economic situation at home and abroad and take measures to prevent and avoid the risks arising from downside potential of macro economy. At the same time, it adheres to its consistent marketing strategies to vigorously expand markets, enhance improvements of operation and avoid risks.

5.7.2 Risks from market competition

During the reporting period, as impacted by the China's weak economy, slow growth in the demand of domestic electricity, continuous decrease in completed investments of electricity projects, especially the plunge in completed investments of thermal power and wind power compared from the same period last year, it will pose great difficulties and risks to the market expansion of the Company. The Company will make greater effort in market expansion. While maintaining the key customers and providing professional technological support to them, it will proactively tap new customers. It will also adopt technological innovation as the profit growth driver and the key customers as the profit source to boost its capability in shielding against risks.

5.7.3 Financial risk

During the reporting period, in the event the Company's accounts receivable could not be effectively recovered and managed, the Company may confront certain losses from bad debts or illiquid risk. It will further beef up its internal management and comprehensively reinforce the management of accounts receivable in all respects, increase the usage of capital and mitigate the risks from losses from bad debts of accounts receivable.

5.7.4 Risks from the increase in costs of human resource

In recent years, the costs of human resource are on the rise, which would cause trouble to the costs control of the Company. It is taking the initiative to carry out technological innovation and gradually implement automotive production to reduce the impact from the rising costs of human resource on the operation of the Company to some extent.

5.8 Analysis of the Company's financial position under Rules Governing the Listing OF Securities on Hong Kong Exchange Appendix 16

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

By the end of the year, the balance of monetary fund was RMB65,642,056 .

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

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

By the end of the year, the Company had bank loans amounting to RMB8,000,000, representing 1.65% of the total assets. These bank loans bear fixed interest rate.

The debt equity ratio of the Company was 2.94% (debt equity ratio= total bank loan/total share capital and reserve * 100%).

By the end of the year, the Company had fixed asset and land with net book value of RMB9,000,000 as security.

To improve its financial management, the Company and its subsidiaries (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.

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.

Please refer to Notes to the Financial Statements for contingencies.

5.9 Others

5.9.1 Business distribution

All of the Group's incomes and profits were from the domestic market; so the Company's management considers there is no need to prepare the divisional statement.

5.9.2 Taxation

The Main Taxation Category and Tax Rate of the Company

Category	Tax Base	Tax Rate
VAT	Taxable revenue after offsetting deductible input VAT	17%
Consumption tax	Taxable revenue	5%
Business tax	VAT and Business tax payable	7%
Urban construction & maintenance tax	VAT and Business tax payable	3%, 5%
Corporate income tax	Taxable income	Please refer to the execution of income tax rate of subsidiaries

The execution of income tax rate of subsidiaries

The Company and its subsidiaries such as Jinzhou Jinrong Electric Co., Ltd., Fuxin Enclosed Busbars Limited, Shenyang Kaiyi Electric Co., Ltd., New Northeast (Jinzhou) Power Capacitors Co., Ltd., and Northeast Electric (Beijing) Co., Ltd. are subject to the enterprise income tax rate of 25%.

(1) The Company and its subsidiaries such as Jinzhou Jinrong Electric Co., Ltd., Fuxin Enclosed Busbars Limited, Shenyang Kaiyi Electric Co., Ltd., New Northeast (Jinzhou) Power Capacitors Co., Ltd., and Northeast Electric (Beijing) Co., Ltd. are subject to the enterprise income tax rate of 25%.

(2) Northeast Electric (HK) Co., Ltd., a wholly owned subsidiary of the company registered in HKSAR of P. R. China, its profits tax rate is 16.5%.

(3) Gaocai Technology Co., Ltd. (referred to as Gaocai Tec) is a company wholly owned by the company's subsidiary – Northeast Electric (HK) Co., Ltd., and was registered in the British Virgin Islands. No enterprise income tax is imposed on it.

5.9.3 Net profit

	The reporting period	The same period last year
Net profits attributable to shareholders of listed company (RMB)	-447,480.75	-18,015,241.61

5.9.4 Earnings per share

	The reporting period	The same period last year
Basic earnings per share (RMB/Share)	-0.0005	-0.0206
Diluted earnings per share(RMB/Share)	-0.0005	-0.0206

5.9.5 Dividends

No dividend was paid or proposed for the six months ended 30 June 2013.

5.9.6 Share capital

	The reporting period	The same period last year
Total share capital (RMB)	873,370,000.00	873,370,000.00

5.9.7 Contingent liabilities

As at 30 June 2013, the Company did not have any material contingent liabilities.

6. SIGNIFICANT EVENTS

6.1 Personnel changes

Please refer to “Profiles of directors, supervisors and senior management” of Section 4.

6.2 Staff of the Company and the remuneration policy

As at 30 June 2013, the number of employees on the payroll of the Company was 578, compared with 603 in 2012. 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 employees, which are determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

6.3 Corporate governance structure

At present, the actual corporate governance structure complies with the related requirements of securities regulatory authorities.

6.4 Profit distribution plan and its implementation

During the reporting period, the Company recorded net profit distributable to the parent company of RMB-447,480.75, and the accrued profit distributable to shareholders at the end of the period was RMB-1,559,027,632.43. Therefore, the Board resolved not to make any profit distribution and not to transfer any capital reserve into share capital during the reporting period.

As there was no interim dividend paid during the reporting period, the directors does not resolve to pay the interim dividend for the period of six months ended 30 June 2013.

6.5 Material litigation and arbitration

Dispute of the Litigation against the Company Lodged by China Great Wall Asset Management Corp. Shenyang Office for Arrears of RMB351,750,000

On 24 February 2009, Great Wall brought a lawsuit to Liaoning Higher Court against Shenyang High-voltage for the overdue liabilities of Great Wall, requesting the court to order Shenyang High-voltage to repay the liabilities including the principal of RMB351,750,000 and its interests. The trial is currently in session. Please refer to the extraordinary announcements of the Company dated 12 August 2009, 16 February 2011, 20 July 2011 and 29 January 2013.

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

6.6 During the reporting period, the Company has no acquisition nor disposal of assets

6.7 During the reporting period, the Company has no external investment nor investment in securities

6.8 During the reporting period, the Company has not held any shares of other listed companies or any equities of such financial enterprises as commercial banks, securities companies, insurance companies, trust companies and futures companies. In addition, the Company has not shared in any proposed listed companies

6.9 Connected transactions

There are no connected transactions nor claims and debts between the Company and the connected parties during the reporting period.

6.10 Use of capital for connected parties

Controlling shareholders did not use any capital during the reporting period. Please refer to the Financial Statements for details on use of capital for other connected parties.

6.11 Significant contracts and their executions

6.11.1 During the reporting period, the Company did not enter into any material guarantee, 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.

6.11.2 Guarantees:

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

As at the end of the reporting period, the actual bank occupation of external guarantee amount provided by the Company totaled RMB77,050,000, so the real amount that the Company should assume responsibility for guarantee was RMB77,050,000, representing 28.22% of the audited net assets of the Company for 2012.

External guarantees of the Company

By the end of the reporting period, the actual occupation of external guarantee amount was RMB77,050,000, including RMB52,900,000 for Jinzhou Power Capacitors Co., Ltd.; RMB24,150,000 for Shenyang Kingdom Hotel Co., Ltd.

There were no guarantees for the holding subsidiaries of the Company

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

As at the end of the reporting period, the guarantee of the Company for Jinzhou Power Capacitors Co., Ltd. with debt to assets ratio over 70% was RMB52,900,000, accounting for 19.46% of the audited net assets of the Company for 2012, which was translated into liabilities in total in 2007.

The Company doesn’t have any other guarantees for its shareholder, De Facto controller and other parties concerned.

6.12 Implementation of commitments of the Company, shareholders and De Facto controller

To implement the A Share Reform Scheme of the Company smoothly, New Northeast Electric Investments 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 Shenzhen Stock Exchange will not be less than RMB5 per share.

During the reporting period, New Northeast Electric Investments Co., Ltd. has strictly fulfilled the above commitments.

6.13 Employment and dismissal of certified public accountants

Details for the employment and dismissal of certified public accountants

To improve the efficiency of information disclosure and reduce information disclosure costs, the Company will remove Shenzhen Pengcheng Certified Public Accountants Co., Ltd. (“Pengcheng CPAs”) and Ting Ho Kwan & Chan (“THKC”) respectively as the domestic auditors and overseas auditors of the Company and appoint Crowe Horwath China Certified Public Accountants (LLP) (“CHCC”) as the auditors of the Company for the year 2012, to audit the financial statements of the Company in accordance with China Auditing Standards, and prepare financial statements in accordance with China Accounting Standards, and to shoulder the duties as overseas auditors under the Amended Listing Rules of the Stock Exchange (including but not limited to the annual financial report and annual audit of related items).The aforesaid matters have been approved by the First Extraordinary General Meeting of 2013 held on 11 March 2013 (please refer to the announcement dated 11 March 2013 for details).

Crowe Horwath and RSM CPAs (中瑞岳華會計師事務所) (special general partner) have been merged upon approval by the industrial & commercial authorities due to business expansion. The merged CPAs uses the legal entity of Crowe Horwath, and is renamed as "Ruihua CPAs (瑞華會計師事務所) (special general partner)", with effect from 1 July 2013.The change in the name of the CPAs does not constitute the change of auditors, which shall not be subject to the consideration of the General Meeting of Shareholders.(please refer to the announcement dated 11 July 2013 for details)

6.14 Application for revoking the special treatment of the "Delisting Risk Warning"

On 11 March 2013, the Board of the Company submitted to Shenzhen Stock Exchange an Application for Revoking the Special Treatment of the "Delisting Risk Warning" on A Shares of the Company (Please refer to the related announcement published on the designated disclosure media on 12 March 2013).As reviewed and approved by Shenzhen Stock Exchange, "Delisting Risk Warning" on A shares of the Company will be revoked since 19 April 2013.

6.15 Independent directors' special representation and independent opinion on the fund occupation by connected parties and external 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 Hui [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 external 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.

As at the end of the reporting period, the actual bank loan of external guarantee provided by the Company totaled RMB77,050,000, and so the real amount that the Company should assume responsibility for guarantee was RMB77,050,000, accounting for 28.22% of the audited net assets of the Company for 2012.

During the reporting period, the Company cautiously treated and handled the external guarantee matters and made complete information disclosure in accordance with relevant provisions of supervision departments, thus making full disclosure and effective control of external guarantee. It hasn't made any guarantee for its shareholders, De Facto 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. Wang Yunxiao, Ms. Liang Jie and Mr. Liu Hongguang

6.16 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 position, operation situation and connected transactions.

6.17 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.

6.18 Corporate governance

(I) Code of Corporate Governance Practice

The Company's directors confirm that the Company has fully complied with the provisions of Code of Corporation Governance Practices for the period of six months ended 30 June 2013, and disclosed result report in accordance with these provisions. The Code of Corporation Governance Practices includes the clauses set out in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(II) Audit Committee

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

The Audit Committee, together with the management, has reviewed the accounting principles, accounting standards and methods adopted by the Company, and studied matters relating to auditing, internal controls and financial reporting, including reviewed the unaudited semi-annual accounts for the period of six months ended 30 June 2013.

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 2013.

At the meeting held on 12 August 2013, the audit committee reviewed and approved the 2013 semi-annual financial records and results announcement.

(III) Independent non-executive directors

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

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

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

The Board of Directors has formulated a written guideline for transactions of securities of listed companies by "directors and related employees". The Board of Directors has given written notices in advance to insiders (including the Company's directors, supervisors, senior management and controlling shareholders, actual controllers as well as connected parties, as defined in the Listing Rules) stating that purchase and sales of shares of the Company shall comply with relevant regulations and forbidding the insider purchase or sales of shares with inside information: no transactions of the company securities shall be carried out during the price-sensitive time within two months prior to results announcement (the lock-up period is from 12 June to 12 August 2013).

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

(V) Directors' liability insurance

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

6.19 Income tax

The Company is subject to income tax at the applicable rate of 25%. It had no assessable profits in Hong Kong during the reporting period. Please refer to notes to the financial statement “Taxation”.

6.20 During the reporting period, the Company, the Board of Directors and the Directors have 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 the management were not subject to any compulsory procedures.

6.21 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 Investor 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. During the reporting period, there were no institutional investors coming to the Company for field survey or interview.

6.22 Subsequent events

Nil.

7 FINANCIAL STATEMENTS

7.1 CONSOLIDATED BALANCE SHEET

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Current assets:		
Cash and bank balances	65,642,056.44	81,295,428.80
Settlement excess reserve		
Funds offered in inter-bank markets		
Tradable financial assets		
Bills receivable		2,694,000.00
Accounts receivable	140,397,234.21	152,791,168.72
Prepayment	21,921,290.01	7,112,829.64
Premium receivable		
Reinsurance receivable		
Reserve of reinsurance arrangement receivable		
Interests receivable		
Dividends receivable		
Other receivables	25,325,300.69	23,429,153.27
Redemptory Monetary Capital for Sale		
Inventories	45,967,889.06	40,832,173.31
Non-current assets due within 1 year		
Other current assets		
Total current assets	299,253,770.41	308,154,753.74

7.1 CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Non-current assets:		
Deposits and advances		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	105,443,843.18	107,224,888.88
Investment property		
Fixed assets	59,591,759.70	62,775,673.37
Construction in Progress	2,024,207.73	228,933.81
Material of works		
Liquidation of fixed assets		
Productive bio-material assets		
Assets of oil and gas		
Intangible assets	4,403,424.45	4,471,169.49
Expenditures of development		
Goodwill		
Long-term deferred expenses	4,447,059.72	6,029,868.60
Deferred income tax assets	9,320,208.65	9,320,208.65
Other non-current assets		
Total non-current assets	185,230,503.43	190,050,742.80
Total assets	484,484,273.84	498,205,496.54

7.1 CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Current liabilities:		
Short-term borrowings	8,000,000.00	8,000,000.00
Borrowings from central bank		
Deposits received & by inter-banks		
Funds received from inter-bank markets		
Tradable financial liabilities		
Bills payable		
Accounts payable	62,836,292.95	59,772,901.29
Advances from customers	9,533,002.69	14,395,206.29
Selling of buyback financial assets		
Fees payable & commission		
Employee compensation payable	2,368,304.95	2,191,310.77
Taxes payable	1,384,677.56	7,588,667.87
Interest payable		
Dividends payable	40,017.86	40,017.86
Other payables	43,821,833.71	48,476,364.50
Reinsurance payable		
Reserve of insurance arrangement		
Payments of entrusted purchase & selling stocks		
Payments of entrusted underwriting stocks		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	127,984,129.72	140,464,468.58

7.1 CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term accounts payable		
Specific payables		
Accrued liabilities	84,721,078.25	84,721,078.25
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	84,721,078.25	84,721,078.25
Total liabilities	212,705,207.97	225,185,546.83
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	873,370,000.00	873,370,000.00
Capital reserves	883,422,403.92	883,422,403.92
Less: Shares in store		
Specific reserves		
Surplus reserves	108,587,124.40	108,587,124.40
Provision for general risks		
Retained profits	-1,559,027,632.43	-1,558,580,151.68
Difference of exchange of foreign-currency report	-35,777,186.06	-35,016,895.93
Total equity attributable to the owners of the parent company	270,574,709.83	271,782,480.71
Minority interests	1,204,356.04	1,237,469.00
Total owners' equity (or shareholders' equity)	271,779,065.87	273,019,949.71
Total liabilities and owners' equity (or shareholders' equity)	484,484,273.84	498,205,496.54

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.2 BALANCE SHEET (PARENT COMPANY)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Current assets:		
Cash and bank balances	36,121.11	30,575.58
Tradable financial assets		
Bills receivable		
Accounts receivable		
Prepayment		
Interests receivable		
Dividends receivable		
Other receivables	362,784,079.44	364,599,007.23
Inventories		
Non-current assets due within 1 year		
Other current assets		
Total current assets	362,820,200.55	364,629,582.81
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	91,251,518.10	91,251,518.10
Investment property		
Fixed assets	293,261.86	324,390.45
Construction in progress		
Material of works		
Liquidation of fixed assets		
Productive bio-material assets		
Assets of oil and gas		

7.2 BALANCE SHEET (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Intangible assets		
Expenditures of development		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	91,544,779.96	91,575,908.55
Total assets	454,364,980.51	456,205,491.36
Current liabilities:		
Short-term borrowings		
Tradable financial liabilities		
Bills payable		
Accounts payable		
Advances from customers	665,000.00	665,000.00
Employee compensation payable	8,724.67	8,524.67
Taxes payable	20,013.17	12,817.59
Interest payable		
Dividends payable		
Other payables	78,691,942.56	79,527,463.55
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	79,385,680.40	80,213,805.81

7.2 BALANCE SHEET (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Closing Balance	Opening Balance
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term accounts payable		
Specific payables		
Accrued liabilities	84,721,078.25	84,721,078.25
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	84,721,078.25	84,721,078.25
Total liabilities	164,106,758.65	164,934,884.06
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	873,370,000.00	873,370,000.00
Capital reserves	979,214,788.45	979,214,788.45
Less: Shares in store		
Specific reserves		
Surplus reserves	108,587,124.40	108,587,124.40
Provision for general risks		
Retained profits	-1,670,913,690.99	-1,669,901,305.55
Difference of exchange of foreign-currency report		
Total owners' equity (or shareholders' equity)	290,258,221.86	291,270,607.30
Total liabilities and owners' equity (or shareholders' equity)	454,364,980.51	456,205,491.36

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.3 CONSOLIDATED INCOME STATEMENT

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating incomes	75,063,533.14	57,527,813.22
Including: Operating incomes	75,063,533.14	57,527,813.22
Interest incomes		
Earned premium		
Charges and commissions		
II. Total operating costs	74,340,184.31	75,643,638.17
Including: Operating costs	48,648,037.88	54,737,923.42
Interest expenses		
Charges and commission expenses		
Surrender value		
Net amount of payouts		
Net provision drawn for insurance arrangement		
Policy dividend expenses		
Reinsurance expenses		
Business taxes and surcharges	549,874.02	234,574.69
Sales expenses	8,971,221.42	5,578,284.44
Administrative expenses	16,354,117.36	14,810,949.09
Financial expenses	196,033.63	281,906.53
Asset impairment losses	-379,100.00	
Add: Incomes from changes in fair value (loss is represented by “-”)		
Incomes from investment (loss is represented by “-“)	-9,262.00	-13,142.79
Including: Investment incomes from associates and joint ventures	-9,262.00	-13,142.79
Exchange gains (loss is represented by “-“)		

7.3 CONSOLIDATED INCOME STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
III. Operating profits (loss is represented by "-")	714,086.83	-18,128,967.74
Add: Non-operating incomes	48,128.25	109,357.66
Less: Non-operating expenses	2,017.79	21,755.54
Including: Loss from the disposal of non-current assets		
IV. Total profits (total loss is represented by "-")	760,197.29	-18,041,365.62
Less: Income tax expenses	1,240,791.00	11,112.02
V. Net profits (net loss is represented by "-")	-480,593.71	-18,052,477.64
Including: Net profits realised by consolidated parties before consolidation		
Total profits attributable to the owners of the parent company	-447,480.75	-18,015,241.61
Minority interests	-33,112.96	-37,236.03
VI. Earnings per share:	--	--
(I) Basic earnings per share	-0.0005	-0.0206
(II) Diluted earnings per share	-0.0005	-0.0206
VII. Other comprehensive incomes	-760,290.13	499,104.55
VIII. Total comprehensive incomes	-1,240,883.84	-17,553,373.09
Total comprehensive incomes attributable to owners of the parent company	-1,207,770.88	-17,516,137.06
Total comprehensive incomes attributable to minority shareholders	-33,112.96	-37,236.03

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.4 INCOME STATEMENT (PARENT COMPANY)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Operating incomes	0.00	1,000,000.00
Less: Operating costs	0.00	0.00
Business taxes and surcharges	0.00	55,000.00
Sales expenses		
Administrative expenses	1,024,321.78	952,918.98
Financial expenses	1,507.14	4,949.10
Asset impairment losses		
Add: Incomes from changes in fair value (loss is represented by "-")		
Incomes from investment (loss is represented by "-")		
Including: Investment incomes from associates and joint ventures		
II. Operating profits (loss is represented by "-")	-1,025,828.92	-12,868.08
Add: Non-operating incomes	14,885.10	
Less: Non-operating expenses	1,441.62	200.00
Including: Loss from the disposal of non-current assets		
III. Total profits (total loss is represented by "-")	-1,012,385.44	-13,068.08
Less: Income tax expenses		
IV. Net profits (net loss is represented by "-")	-1,012,385.44	-13,068.08
V. Earnings per share:	--	--
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other comprehensive incomes	0.00	0.00
VII. Total comprehensive incomes	-1,012,385.44	-13,068.08

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.5 CONSOLIDATED CASH FLOW STATEMENT

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	95,907,923.56	88,240,630.82
Increase by deposits and inter-bank deposits		
Increase of borrowings from central bank		
Increase of funds received in the inter-bank markets		
Cash received from premium under insurance arrangement		
Net amount received under reinsurance business		
Net increase of insured funds and investment		
Net increase of disposal of tradable financial assets		
Cash of interests, fees and commissions received		
Net increase of funds received in inter-bank market		
Net increase of funds of buyback business		
Refund of taxes and surcharges		
Other cash receipts relating to operating activities	28,898,830.24	6,381,369.02
Subtotal of cash inflows from operating activities	124,806,753.80	94,621,999.84
Cash paid for goods and services	72,046,734.21	55,690,858.80
Net increase of customer loans and advances		
Net increase of deposits with central bank and inter-bank		
Cash of payout under insurance arrangement		
Cash of interests, fees and commissions paid		

7.5 CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Cash paid for policy dividends		
Cash paid to and on behalf of employees	13,468,428.77	11,848,115.37
Taxes paid	13,350,392.74	6,978,828.39
Other cash payments relating to operating activities	29,178,545.00	33,806,370.01
Subtotal of cash outflows from operating activities	128,044,100.72	108,324,172.57
Net cash flows from operating activities	-3,237,346.92	-13,702,172.73
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		96,985.00
Net cash received from disposal of subsidiaries and other business entities		
Other cash receipts relating to investment activities		
Subtotal of cash inflows from investment activities		96,985.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,617,724.32	806,331.95
Cash paid to acquire investment		
Net increase of pledged loans		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash payments relating to investment activities		
Subtotal of cash outflows from investment activities	5,617,724.32	806,331.95
Net cash flows from investment activities	-5,617,724.32	-709,346.95

7.5 CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities:		
Cash received for new investments		
Including: Cash received from absorbing minority shareholder's investment by subsidiaries		
Cash received from borrowing		
Cash received by issuing bonds		
Other cash receipts relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of amount borrowed		
Cash payments for distribution of dividends, profits or interest expenses	303,530.38	294,308.05
Including: Subsidiaries' payment for minority shareholder's interests and profits		
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities	303,530.38	294,308.05
Net cash flows from financing activities	-303,530.38	-294,308.05
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-9,158,601.62	-14,705,827.73
Add: Opening balance of cash and cash equivalents	69,423,731.30	42,095,840.09
VI. Closing balance of cash and cash equivalents	60,265,129.68	27,390,012.36

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.6 CASH FLOW STATEMENT (PARENT COMPANY)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services		1,000,000.00
Refund of taxes and surcharges		
Other cash receipts relating to operating activities	11,877,941.40	28,255,933.96
Subtotal of cash inflows from operating activities	11,877,941.40	29,255,933.96
Cash paid for goods and services		
Cash paid to and on behalf of employees	30,963.13	1,184.31
Taxes paid	84,139.21	20,952.38
Other cash payments relating to operating activities	11,757,293.53	29,247,743.56
Subtotal of cash outflows from operating activities	11,872,395.87	29,269,880.25
Net cash flows from operating activities	5,545.53	-13,946.29
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business entities		
Other cash receipts relating to investment activities		
Subtotal of cash inflows from investment activities		
Cash paid to acquire fixed assets, intangible assets and other long-term assets		5,450.00
Cash paid to acquire investment		

7.6 CASH FLOW STATEMENT (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash payments relating to investment activities		
Subtotal of cash outflows from investment activities		5,450.00
Net cash flows from investment activities		-5,450.00
III. Cash flows from financing activities:		
Cash received for new investments		
Cash received from borrowing		
Cash received by issuing bonds		
Other cash receipts relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of amount borrowed		
Cash payments for distribution of dividends, profits or interest expenses		
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities		
Net cash flows from financing activities		
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	5,545.53	-19,396.29
Add: Opening balance of cash and cash equivalents	30,575.58	31,891.38
VI. Closing balance of cash and cash equivalents	36,121.11	12,495.09

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.7 CONSOLIDATED STATEMENT Of CHANGES IN EQUITY

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the current period

Unit: RMB

Item	Amount for the current period									
	Equity attributable to the owners of the parent company									
	Paid-up capital (or share capital)	Capital reserves	Less: Shares in store	Specific reserves	Surplus reserves	Provision for general risks	Retained profits	Others	Minority interests	Total owner's equity
I. Closing balance for the previous year	873,370,000.00	883,422,403.92			108,587,124.40		-1,558,580,151.68	-35,016,895.93	1,237,469.00	273,019,949.71
Add: Changes in accounting policies										
Correction of previous errors										
Others										
II. Opening balance for the current year	873,370,000.00	883,422,403.92			108,587,124.40		-1,558,580,151.68	-35,016,895.93	1,237,469.00	273,019,949.71
III. Increase/decrease and change of amount for the current period (decrease is represented by "-")							-447,480.75	-760,290.13	-33,112.96	-1,240,883.84
(I) Net profits							-447,480.75		-33,112.96	-480,593.71
(II) Other comprehensive incomes								-760,290.13		-760,290.13
Subtotal of above (I) and (II)							-447,480.75	-760,290.13	-33,112.96	-1,240,883.84
(III) Capital injection and reduction by owners										
1. Capital injection by owner										
2. Amount of shares payment credited to owner's equity										
3. Others										

7.7 CONSOLIDATED STATEMENT Of CHANGES IN EQUITY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the current period

Unit: RMB

Item	Amount for the current period									
	Equity attributable to the owners of the parent company									
	Paid-up capital (or share capital)	Capital reserves	Less: Shares in store	Specific reserves	Surplus reserves	Provision for general risks	Retained profits	Others	Minority interests	Total owner's equity
(IV) Profit distribution										
1. Provision of surplus reserves										
2. Provision for general risks										
3. Distribution to owners (or shareholders)										
4. Others										
(V) Internal transfer of owner's equity										
1. Transfer of capital reserves into capital (or share capital)										
2. Transfer of surplus reserves into capital (or share capital)										
3. Surplus reserves used for remedying loss										
4. Others										
(VI) Specific reserves										
1. Amount provided for the current period										
2. Amount expended for the current period										
(VII) others										
IV. Closing balance for the current period	873,370,000.00	883,422,403.92			108,587,124.40		-1,559,027,632.43	-35,777,186.06	1,204,356.04	271,779,065.87

7.7 CONSOLIDATED STATEMENT Of CHANGES IN EQUITY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the previous year (audited)

Unit: RMB

	Amount for the previous year (audited)									
	Equity attributable to the owners of the parent company									
Item	Paid-up capital (or share capital)	Capital reserves	Less: Shares in store	Specific reserves	Surplus reserves	Provision for general risks	Retained profits	Others	Minority interests	Total owner's equity
I. Closing balance for the previous year	873,370,000.00	883,422,403.92			108,587,124.40		-1,569,721,146.49	-34,994,770.33	1,342,370.43	262,005,981.93
Add: Retrospective adjustments arising from the consolidation of enterprises under common control										
Add: Changes in accounting policies										
Correction of previous errors										
Others										
II. Opening balance for the current year	873,370,000.00	883,422,403.92			108,587,124.40		-1,569,721,146.49	-34,994,770.33	1,342,370.43	262,005,981.93
III. Increase/decrease and change of amount for the current period (decrease is represented by "-")							11,140,994.81	-22,125.60	-104,901.43	11,013,967.78
(I) Net profits							11,140,994.81		-104,901.43	11,036,093.38
(II) Other comprehensive incomes								-22,125.60		-22,125.60
Subtotal of above (I) and (II)							11,140,994.81	-22,125.60	-104,901.43	11,013,967.78
(III) Capital injection and reduction by owners										
1. Capital injection by owner										
2. Amount of shares payment credited to owner's equity										
3. Others										

7.7 CONSOLIDATED STATEMENT Of CHANGES IN EQUITY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the previous year (audited)

Unit: RM

	Amount for the previous year (audited)									
	Equity attributable to the owners of the parent company									
Item	**Paid-up capital (or share capital)**	**Capital reserves**	**Less: Shares in store**	**Specific reserves**	**Surplus reserves**	**Provision for general risks**	**Retained profits**	**Others**	**Minority interests**	**Total owner's equity**
(IV) Profit distribution										
1. Provision of surplus reserves										
2. Provision for general risks										
3. Distribution to owners (or shareholders)										
4. Others										
(V) Internal transfer of owner's equity										
1. Transfer of capital reserves into capital (or share capital)										
2. Transfer of surplus reserves into capital (or share capital)										
3. Surplus reserves used for remedying loss										
4. Others										
(VI) Specific reserves										
1. Amount provided for the current period										
2. Amount expended for the current period										
(VII) others										
IV. Closing balance for the current period	873,370,000.00	883,422,403.92			108,587,124.40		-1,558,580,151.68	-35,016,895.93	1,237,469.00	273,019,949.71

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

7.8 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the current period

Unit: RMB

	Amount for the current period							
Item	**Paid-up capital (or share capital)**	**Capital reserves**	**Less: Shares in store**	**Specific reserves**	**Surplus reserves**	**Provision for general risks**	**Retained profits**	**Total owner's equity**
I. Closing balance for the previous year	873,370,000.00	979,214,788.45			108,587,124.40		-1,669,901,305.55	291,270,607.30
Add: Changes in accounting policies								
Correction of previous errors								
Others								
II. Opening balance for the current year	873,370,000.00	979,214,788.45			108,587,124.40		-1,669,901,305.55	291,270,607.30
III. Increase/decrease and change of amount for the current period (decrease is represented by "-")							-1,012,385.44	-1,012,385.44
(I) Net profits							-1,012,385.44	-1,012,385.44
(II) Other comprehensive incomes								
Subtotal of above (I) and (II)							-1,012,385.44	-1,012,385.44
(III) Capital injection and reduction by owners								
1. Capital injection by owner								
2. Amount of shares payment credited to owner's equity								
3. Others								

7.8 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the current period

Unit: RMB

	Amount for the current period							
Item	**Paid-up capital (or share capital)**	**Capital reserves**	**Less: Shares in store**	**Specific reserves**	**Surplus reserves**	**Provision for general risks**	**Retained profits**	**Total owner's equity**
(IV) Profit distribution								
1. Provision of surplus reserves								
2. Provision for general risks								
3. Distribution to owners (or shareholders)								
4. Others								
(V) Internal transfer of owner's equity								
1. Transfer of capital reserves into capital (or share capital)								
2. Transfer of surplus reserves into capital (or share capital)								
3. Surplus reserves used for remedying loss								
4. Others								
(VI) Specific reserves								
1. Amount provided for the current period								
2. Amount expended for the current period								
(VII) others								
IV. Closing balance for the current period	873,370,000.00	979,214,788.45			108,587,124.40		-1,670,913,690.99	290,258,221.86

7.8 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the previous year (audited)

Unit: RMB

Item	Amount for the previous year (audited)							
	Paid-up capital (or share capital)	Capital reserves	Less: Shares in store	Specific reserves	Surplus reserves	Provision for general risks	Retained profits	Total owner's equity
I. Closing balance for the previous year	873,370,000.00	979,214,788.45			108,587,124.40		-1,677,703,161.56	283,468,751.29
Add: Changes in accounting policies								
Correction of previous errors								
Others								
II. Opening balance for the current year	873,370,000.00	979,214,788.45			108,587,124.40		-1,677,703,161.56	283,468,751.29
III. Increase/decrease and change of amount for the current period (decrease is represented by "-")							7,801,856.01	7,801,856.01
(I) Net profits							7,801,856.01	7,801,856.01
(II) Other comprehensive incomes								
Subtotal of above (I) and (II)							7,801,856.01	7,801,856.01
(III) Capital injection and reduction by owners								
1. Capital injection by owner								
2. Amount of shares payment credited to owner's equity								
3. Others								

.8 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY) *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Amount for the previous year (audited)

Unit: RM

Item	Amount for the previous year (audited)							
	Paid-up capital (or share capital)	**Capital reserves**	**Less: Shares in store**	**Specific reserves**	**Surplus reserves**	**Provision for general risks**	**Retained profits**	**Total owner's equity**
(IV) Profit distribution								
1. Provision of surplus reserves								
2. Provision for general risks								
3. Distribution to owners (or shareholders)								
4. Others								
(V) Internal transfer of owner's equity								
1. Transfer of capital reserves into capital (or share capital)								
2. Transfer of surplus reserves into capital (or share capital)								
3. Surplus reserves used for remedying loss								
4. Others								
(VI) Specific reserves								
1. Amount provided for the current period								
2. Amount expended for the current period								
(VII) others								
IV. Closing balance for the current period	873,370,000.00	979,214,788.45			108,587,124.40		-1,669,901,305.55	291,270,607.30

Legal representative: Su Weiguo Chief financial officer: Wang Shouguan Chief accounting officer: Bai Lihai

Description:

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

   There was no change in accounting policies or accounting estimates or accounting methods as compared to the financial report for the previous year.

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

   There was no change in retrospective restatement of major accounting errors in the reporting period.

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

   There is no change in coverage of the consolidated statements as compared to the financial report for the previous year

By order of the Board

Su Weiguo

Chairman

Yingkou City, Liaoning Province, PRC
12 August 2013

As at the date of this announcement, the board of the directors of the Company comprises Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Liu Qingmin and Mr. Liu Bing as executive directors and Mr. Wang Yunxiao, Ms. Liang Jie and Mr. Liu Hongguang as independent non-executive directors.