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)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the "Board") and the directors (the "Directors") of the Northeast Electric Development Company Limited (the "Company") hereby announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") as of 30 June 2019.

Chapter 1 IMPORTANT NOTICE

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

1.2 The Company's Chairman, Zhu Jie, Chief Financial Officer, Wang Kai and Chief Accounting Officer, Xing Liwen hereby represent: guaranteeing the truthfulness, accurateness and integrity of the financial reports in the interim report.

1.3 This announcement has been considered and approved by the seventh meeting of the 9th Board convened on 29 August 2019. All Directors attended the Board meeting in person to consider and approve this report.

1.4 The Group prepared the Unaudited Results Announcement for the Six Months Ended 30 June 2019 in accordance with PRC GAAP. The audit committee of the Board of the Company has reviewed and confirmed the Company's interim results announcement for 2019. The audit committee has approved the financial accounting principles, standards and methods adopted by the Company for the unaudited interim accounts for the six months ended 30 June 2019.

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

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

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

1.8 This announcement is made pursuant to Rule 13.49(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Paragraph 46 of Note 16 thereto.

Chapter 2 CORPORATE PROFILE

2.1 Basic information

Stock abbreviation of A shares	ST Northeast Electric	A shares stock code	000585
Place of the listing of A Shares	Shenzhen Stock Exchange		
Stock abbreviation of H shares	Northeast Electric	H shares stock code	0042
Place of the listing of H 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 Company Limited		
English abbreviation	NEE		
Legal representative	Li Tie		

2.2 Contact person and contact information

	Secretary to the Board	Representative for securities affairs
Name	Ding Jishi	Zhu Xinguang
Address	22nd Floor, HNA Plaza, No.7 Guoxing Road, Meilan District, Haikou City, Hainan Province	22nd Floor, HNA Plaza, No.7 Guoxing Road, Meilan District, Haikou City, Hainan Province
Telephone	0898-68876008	0898-68876008
Fax	0898-68876033	0898-68876033
Email	dbdqdshbgs@hnair.com	nemm585@sina.com

2.3 Additional information

Registered address	Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High-tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province
Postal code	571152
Office address	22nd Floor, HNA Plaza, No.7 Guoxing Road, Meilan District, Haikou City, Hainan Province
Postal Code	570203
Website	www.nee.com.cn
E-mail address	dbdqdshbgs@hnair.com

Chapter 3 PRINCIPAL FINANCIAL DATA AND INDICATORS

	The reporting period	The same period of last year	Increase/decrease in the reporting period compared with the same period of last year
Operating incomes (RMB)	45,163,758.53	14,296,160.44	215.92%
Net profits attributable to shareholders of the listed company (RMB)	-3,924,330.74	-14,119,432.82	N/A
Net profits attributable to shareholders of the listed company after extraordinary items (RMB)	-3,924,330.74	-17,513,717.49	N/A
Net cash flows arising from operating activities (RMB)	-2,091,919.29	-5,163,724.31	N/A
Basic earnings per share (RMB/Share)	-0.0045	-0.0162	N/A
Diluted earnings per share (RMB/Share)	-0.0045	-0.0162	N/A
Weighted average return on net assets	-50.24%	-6.65%	N/A
	As at the end of the reporting period	**As at the end of last year**	**Increase/decrease in the reporting period compared with the end of last year**
Total assets (RMB)	540,639,229.61	505,113,480.52	7.03%
Net assets attributable to shareholders of the listed company (RMB)	13,055,892.89	8,619,218.15	51.47%

Description of differences in figures under domestic and foreign accounting standards:

There are no differences in net profits and net assets prepared under PRC GAAP and HKFRS or International Accounting Standards.

Chapter 4 CHANGES IN SHARES AND SHAREHOLDER INFORMATION

4.1 Changes in shares

Unit: Share

	Before the change		Increase/decrease (+, -) arising from the change					After the change	
	Number	Percentage	Issue of new shares	Bonus issue	Conversion of capital reserve into shares	Others	Subtotal	Number	Percentage
I. Shares subject to trading moratorium	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
Including: Domestic legal person shares	5,999,022	0.69%	0	0	0	0	0	5,999,022	0.69%
Domestic natural person shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Overseas legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Overseas natural person shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares not subject to trading moratorium	867,370,978	99.31%	0	0	0	0	0	867,370,978	99.31%
1. Renminbi ordinary shares	609,420,978	69.78%	0	0	0	0	0	609,420,978	69.78%
2. Foreign shares listed domestically	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed overseas	257,950,000	29.53%	0	0	0	0	0	257,950,000	29.53%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III.Total shares	873,370,000	100.00%	0	0	0	0	0	873,370,000	100.00%

4.2 Number of shareholders and shareholding

Unit: Share

Total number of common shareholders at the end of the reporting period			62,187	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)				0
Shareholdings of common shareholders holding more than 5% of the total share capital or the top ten common shareholders								
Name of shareholder	Nature of shareholder	Percentage	Number of ordinary shares as at the end of the reporting period	Increase/ decrease in the reporting period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Shares pledged or frozen	
							Status of shares	Number
HKSCC Nominees Limited	Overseas legal person	29.43%	257,047,899	0	0	257,047,899		
Beijing Haihongyuan Investment Management Co., Ltd.	Domestic non-state-owned legal person	9.33%	81,494,850	0	0	81,494,850	Pledged	81,494,850
Nanjing FangKai Enterprise Management Co., Ltd.	Domestic non-state-owned legal person	1.24%	10,826,001	3,473,901	0	10,826,001		
Fu Lianjun	Domestic natural person	0.56%	4,860,689	2,476,000	0	4,860,689		
Liang Liusheng	Domestic natural person	0.43%	3,781,700	1,067,800	0	3,781,700		
Shi Yubo	Domestic natural person	0.41%	3,560,000	0	0	3,560,000		
Shenzhen Zhongda Software Development Co., Ltd.	Domestic non-state-owned legal person	0.41%	3,550,000	0	3,550,000	0		
Chen Xiru	Domestic natural person	0.40%	3,450,000		0	3,450,000		
Wan Jinchun	Domestic natural person	0.36%	3,150,151	270,951	0	3,150,151		
Xu Kaidong	Domestic natural person	0.28%	2,432,059	0	0	2,432,059		
Strategic investor or ordinary legal person becoming a top ten common shareholder after placing of new shares (if any)		Nil						
Explanation on the connected relationship and concerted action of the above shareholders		So far as the Company is aware, there is no connected relationship among the above shareholders or are parties acting in concert as required in "Measures for the Administration of the Takeover of Listed Companies".						

Shareholdings of the top ten holders of ordinary shares not subject to trading moratorium			
Name of shareholder	Number of ordinary shares held not subject to trading moratorium at the end of the reporting period	Class of shares	
		Class of shares	Number
HKSCC Nominees Limited	257,047,899	Overseas listed foreign shares	257,047,899
Beijing Haihongyuan Investment Management Co., Ltd.	81,494,850	RMB ordinary shares	81,494,850
Nanjing FangKai Enterprise Management Co., Ltd.	10,826,001	RMB ordinary shares	10,826,001
Fu Lianjun	4,860,689	RMB ordinary shares	4,860,689
Liang Liusheng	3,781,700	RMB ordinary shares	3,781,700
Shi Yubo	3,560,000	RMB ordinary shares	3,560,000
Chen Xiru	3,450,000	RMB ordinary shares	3,450,000
Wan Jinchun	3,150,151	RMB ordinary shares	3,150,151
Xu Kaidong	2,432,059	RMB ordinary shares	2,432,059
MORGAN STANLEY & CO. INTERNATIONAL PLC.	2,391,100	RMB ordinary shares	2,391,100
Explanation on the connected relationship or concerted action among the top ten holders of ordinary shares not subject to trading moratorium and that between them and the top ten common shareholders	So far as the Company is aware, there is no connected relationship among the top ten holders of ordinary shares not subject to trading moratorium or between them and the top ten common shareholders or are parties acting in concert as required in "Measures for the Administration of the Takeover of Listed Companies".		
Explanation on the top ten common shareholders involved in securities margin trading business	Among the above shareholders, Nanjing FangKai Enterprise Management Co., Ltd. holds 3,789,500 shares of the Company through credit transactions guarantee securities account and 7,036,501 shares through ordinary securities account, with 10,826,001 shares in total. Wan Jinchun holds 501,100 shares of the Company through credit transactions guarantee securities account and 2,649,051 shares through ordinary securities account, with 3,150,151 shares in total. Xu Kaidong holds 2,431,359 shares of the Company through credit transactions guarantee securities account and 700 shares through ordinary securities account, with 2,432,059 shares in total.		

Note:

1. Based on the information that is publicly available to the Company as at the latest practicable date prior to the publishing of this interim report and within the knowledge of the Directors, there was sufficient public float of the Company's shares.

2. Save as disclosed above, as at 30 June 2019, the Directors were not aware that any person (excluding Directors, Supervisors, or chief executives (if applicable) or senior management of the Company the "Senior Management") had any interests or short positions in the shares or underlying shares (as the case may be) of the Company which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") in Chapter 571 of the Laws of Hong Kong, any interests which were required to be recorded in the register pursuant to Section 336 of the SFO, or was a substantial shareholder of the Company (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

3. During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

4. There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.

5. As of 30 June 2019, the Company did not issue any convertible securities, options, warrants or any other similar right.

Chapter 5 PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1 Changes in shareholdings of directors, supervisors and senior management

There was no change in shareholdings during the reporting period.

5.2 Changes in directors, supervisors and senior management

Name	Position	Type	Date	Reason
Li Tie	Former Director, former Chairman	Resigned	19 August 2019	Work adjustment
Ma Yun	Director	Elected	11 March 2019	Operational needs
Fang Guangrong	Independent Director	Elected	11 March 2019	Operational needs
Qin Jianmin	Former Director	Resigned due to expiration of term of office	10 March 2019	Resigned due to expiration of term of office
Jin Wenhong	Former independent Director	Resigned due to expiration of term of office	10 March 2019	Resigned due to expiration of term of office
Lei Xiao	Former shareholder representative supervisor	Resigned	19 August 2019	Work adjustment
Wang Kai	Vice general manager, financial manager	Appointed	12 March 2019	Operational needs
Xiong Haocheng	Former vice general manager	Resigned due to expiration of term of office	10 March 2019	Resigned due to expiration of term of office
Xiao Xun	Former vice general manager, former financial manager	Resigned due to expiration of term of office	10 March 2019	Resigned due to expiration of term of office
Zhao Guogang	Former vice general manager, former risk control director	Resigned due to expiration of term of office	10 March 2019	Resigned due to expiration of term of office

5.3 Equity interest of directors, supervisors and senior management

Save as disclosed above and to the knowledge of the Directors, senior management and supervisors of the Company, as at 30 June 2019, none of the Directors, senior management and supervisors had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken to have by such Directors, senior management and supervisors under provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” in Appendix X to the Listing Rules.

Chapter 6 MANAGEMENT DISCUSSION AND ANALYSIS

Business review in the first half of 2019

In the first half of 2019, global economic growth generally slowed down. The drivers of economic growth in America, Europe and Japan were insufficient, and the growth momentum of emerging economies was on a decline. Due to the lack of robust driving forces for major economies, rising geopolitical uncertainties, and serious disruption on the effective layout of global industry chain by the US unilateral trade protectionism, economic growth across the world was facing more uncertain external environment. In China, overall economy maintained stable. Economic operation is kept within a reasonable level by continuously carrying out the reform and opening up strategy and guaranteeing the implementation of all measures.

In the first half of this year, the machinery industry saw a steady development overall. Despite facing financial difficulties and great pressure by the machinery industry in 2019, catalysts still existed. It is preliminarily estimated that the economic operation will be relatively stable this year, with industrial added value reaching approximately 6%, and operating income, total profit and import and export trade maintaining an appropriate rate of growth.

The Company has primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment in recent years. Our main products are enclosed busbars which are mainly applied to the power system field to enhance transmission capacity of the power transmission line, and support transmission of high power electric energy. Enclosed busbar plays an important role in the power system.

During the reporting period, the power transmission and distribution equipment industry in which the Company operates was affected by macro-economic structural adjustments, leading to relatively excessive industrial capacity and intense market competition. The Company faces increasing operational pressure. In the face of such a complex and difficult situation, all personnel of the Company adhered to the overall work plan, worked diligently to fulfill their duties, and strived to achieve breakthroughs. Under the leadership of the Board, the Company properly tackled various challenges, fully implemented the resolutions passed by the general meeting and the Board, optimized its industrial distribution, enhanced operation management, and steadily advanced various work activities.

During the reporting period, the operating income of the Company amounted to RMB45,163,800, representing a year-on-year increase of RMB30,867,600 or 215.92% compared with the same period of last year, mainly due to the hotel catering business independently developed by Tangyuan Technology being put into operation, which significantly improved the Company's revenue structure.

Major works during the reporting period are as follows:

(I) Risk warning on the removal of delisting for A shares

According to the Audit Report of Northeast Electric Development Co., Ltd. issued by Ruihua Certified Public Accountants (Special General Partnership) (Ruihua CPAs) on 28 March 2019 (Rui Hua Shen Zi [2019] No. 48190004), the Company recorded an operating income of RMB32,311,485.10, a net profit attributable to shareholders of the listed company of RMB14,596,076.43, and a net asset attributable to shareholders of the listed company of RMB8,619,218.15 in 2018. Meanwhile, considering that the net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss in 2018 and in the first quarter of 2019 was negative, portability of principal business was still weak. Shenzhen Stock Exchange gave the risk warning on the removal of delisting for A shares of the Company from the commencement of trading on 21 August 2019 and implemented other risk warnings.

(II) Disposal of major assets

To optimize the Company's asset structure, minimize the impairment loss of assets, and protect the interests of investors, the Board of the Company determined to dispose of the loss-making New Northeast Electric (Jinzhou) Power Capacitor Co., Ltd (the "NNE Jinzhou PC") on 17 September 2017, which was considered and approved by the Shenzhen Stock Exchange, Hong Kong Stock Exchange, and the second extraordinary general meeting of the Company for 2018. On 14 December 2018, the change of industrial and commercial registration in relation to the equity transfer was completed. The Company disclosed the Report for the Implementation of the Disposal of Major Assets, the Legal Opinions of Grandall Law Firm on the Implementation of the Disposal of Major Assets of the Company and the Independent Financial Advisers' Audit Opinions of Haitong Securities Co., Ltd. for the Implementation of the Disposal of Major Assets of the Company on 6 June 2019.

(III) Progress of material litigation

1. Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of allowance for staff.

   On 31 July 2018, the Company received the civil judgment (Liao 01 Min Chu (2017) No. 430) issued by Liaoning Shenyang Municipal Intermediate People's Court (the "Shenyang Intermediate Court"). Shenyang Intermediate Court has given a first-instance judgment on the contract dispute between Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau ("Tiexi SASAB") and the Company, Shenyang High Voltage Switchgear Co., Ltd., and New Northeast Electric (Shenyang) High Voltage Switchgear Co., Ltd. Shenyang Intermediate Court rejected the claim of the plaintiff Tiexi SASAB which requested the defendant – the Company to pay arrears of RMB28.53 million, interests and liquidated damages. The plaintiff Tiexi SASAB has appealed to Shenyang Intermediate Court during the appeal period. In the early December 2018, Liaoning Shenyang Municipal High People's Court accepted the appeal. On 8 May 2019, the case was tried in the second instance. On 21 August 2019, a civil order ((2018) Liao Min Zhong No. 1032) was issued by Liaoning Provincial Higher People's Court, stating that the findings of basic facts in the first-instance judgment were unclear and ruled as follows in accordance with Item 3, Paragraph 1 of Article 170 in the Civil Procedure Law of the People's Republic of China: The civil judgment (Liao 01 Min Chu (2017) No. 430) issued by Liaoning Shenyang Municipal Intermediate People's Court shall be abrogated. A retrial for this case shall be performed by Liaoning Shenyang Municipal Intermediate People's Court. For details, please see the announcement on 28 August 2019.

2. The legal proceeding involving Fuxin Enclosed Busbar Co., Ltd. (the "Fuxin Busbar"), a wholly-owned subsidiary of the Company.

   74.4% of the equity in New Northeast Electric (Shenyang) High-voltage Insulated Switchgears Co., Ltd. (formerly known as Shenyang Suntime High Voltage Electric Co., Ltd.) (the "Underlying Equity") was held by Fuxin Busbar by 22 September 2008. Due to the enforcement of the final judgment made by the Supreme People's Court on 5 September 2008 for the case of China Development Bank (Document (2008) Min Er Zhong Zi No.23) and under the coordination, Fuxin Busbar returned the Underlying Equity to Shenyang High Voltage Switchgear Co., Ltd. ("Shenyang HVS") free of charge, and completed the change of equity registration on 22 September 2008 as required by the local industrial and commercial administration. Therefore, the Underlying Equity held by Fuxin Busbar was returned to Shenyang HVS free of charge. However, according to the enforcement ruling issued by the Supreme People's Court on 31 August 2017 (Document (2017) Zui Gao Fa Zhi Fu No.27), "the fact that the return of the Underlying Equity free of charge under the coordination of NEE cannot be ascertained". Given the failure of Shenyang HVS to pay the outstanding equity transfer consideration of USD16 million constituted a breach of contract, the plaintiff Fuxin Busbar, in order to protect its interests, raised an litigation against the above 2 defendants, namely, Shenyang HVS and Northeast Electric, claiming for the return of the consideration for the transfer of Underlying Equity. The Higher People's Court of Hainan Province accepted the case on 30 November 2018, and published an announcement in connection with its service of documents such as pleadings to Shenyang HVS on 3 January 2019. The case was tried on 21 March 2019 and the written judgment of first instance was received on 20 May 2019. As the defendants did not appeal within the announcement period, a final ruling was achieved for the case, and NEE will not bear joint and several liability. See the Announcement dated on 22 August 2019 for details.

(IV) New issue of H shares

In order to raise funds, expand the shareholder base, and enhance the capital strength of the Company, on 5 April 2017, HNA Hospitality Group (Hong Kong) (the person acting in concert with Beijing Haihongyuan) signed the Subscription Agreement with the listed company, agreeing to purchase 155,830,000 new H shares to be allotted and issued by the Company, at the price of HKD2.40 per share.

Beijing Haihongyuan and its person acting in concert, HNA Hospitality Group (Hong Kong), are both subsidiaries of HNA Group Co., Ltd. The matter was approved at the 2nd Extraordinary General Meeting of 2017, Class Meeting of A Shareholders, and Class Meeting of H Shareholders and was submitted to domestic and foreign regulators for approval according to relevant procedures. Now the matter is under review by the International Cooperation Division of the CSRC.

(V) Expansion of new business

1. Catering service development of hotel public spaces

Remarkable results have been achieved for proactively promoting business transformation. Hainan Tangyuan Technology Co. LTD. (renamed as Hainan Garden Lane Flight Hotel Management Co. LTD., the "Garden Lane Hotel") a wholly-owned subsidiary of the Company, entered into a three-year lease agreement with eight hotels controlled by related parties to develop hotel related business individually, which has been considered and approved by the 3rd Extraordinary General Meeting of 2018 on 29 October 2018. The relevant business has been gradually implemented since February 2019, and the business has been in operation substantially. An additional income of approximately RMB28.9 million has been recorded in the first half of 2019.

2. Expansion of after-sales repair services of busbar products

Fuxin Busbar provides after-sales services of repair and maintenance for busbar products to increase service income and improve profitability by taking advantage of customer resources of existing power stations.

Analysis of Main Business

6.1 Overview

The Company has been primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment in recent years. Our main products are enclosed busbars which are mainly applied to the power system field to enhance transmission efficiency of the power transmission line and support transmission of the high power electric energy. Enclosed busbar plays an important role in the power system. Besides, the hotel catering business independently developed by a subsidiary had been in operation during the reporting period, which significantly improved the Company's revenue structure.

There was no material change in the principal business of the Company during the reporting period.

6.2 Analysis on changes in major financial information

Unit: RMB

	The reporting period	The same period of last year	Increase/ decrease compared with the same period of last year	Reason for increase/decrease
Operating incomes	45,163,758.53	14,296,160.44	215.92%	Mainly from catering services revenue of newly-added hotel public spaces
Operating costs	21,417,642.83	12,156,795.16	76.18%	Mainly from catering services cost of newly-added hotel public spaces
Selling expenses	17,393,737.95	1,897,146.53	816.84%	Mainly from selling expenses of catering services (including labour costs and venue rental) of newly-added hotel public spaces
Administrative expenses	11,127,965.17	16,549,369.69	-32.76%	Mainly attributable to the stripping of loss-making business of our subsidiary and the strict control over administrative expenses
Financial expenses	-908,599.98	363,263.42	-350.12%	The interest on deposits of monetary capital rise significantly as compared with the same period
Income tax expenses	520,173.40	0.00	N/A	Mainly attributable to the profits from Garden Lane Hotel
Net cash flow from operating activities	-2,091,919.29	-5,163,724.31	-40.51%	Mainly attributable to a year-on-year decrease in the loss on operating profit
Net cash flow from investing activities	-160,513.12	163,504.28	-198.17%	Equipment purchase in the current year
Net cash flow from financing activities	-2,186,838.29	-20,745.19	10,541.42%	Additional expenses from leased premises in the current period, recognized into cash outflows from financing activities based on Lease Criteria
Net increase of cash and cash equivalents	-4,438,175.88	-5,017,734.77	-11.55%	Combined effect of all the above factors

Explanation:

The Company's enclosed busbar business reduced losses during the reporting period. Meanwhile, the Company developed its own hotel-related business which began to launch step by step since February 2019. Seven subsidiaries under Garden Lane Hotel have been put into operation, with additional revenue of RMB28.9 million from hotel catering services in the first half of 2019 and have gain profits during the reporting period.

6.3 Main business composition

Unit: RMB

	Operating incomes	Operating costs	Gross margin	Increase/ decrease in operating incomes compared with the same period of last year	Increase/ decrease in operating costs compared with the same period of last year	Increase/ decrease in gross margin compared with the same period of last year
By industry						
Power transmission and transformation	16,259,273.32	10,077,951.70	38.02%	13.73%	-17.10%	23.06%
Catering services	28,904,485.21	11,339,691.13	60.77%	N/A	N/A	N/A
By product						
Enclosed busbars	16,259,273.32	10,077,951.70	38.02%	20.88%	-12.17%	23.33%
Catering services	28,904,485.21	11,339,691.13	60.77%	N/A	N/A	N/A
By region						
Northeast	13,580,663.74	5,761,200.72	57.58%	214.95%	77.87%	32.69%
North China	5,020,698.81	2,009,182.61	59.98%	7,319.53%	3,894.61%	34.31%
South China	12,203,522.16	4,098,748.59	66.41%	1,537.04%	1,178.92%	9.40%
Central	1,186,293.10	856,954.92	27.76%	658.79%	626.48%	3.21%
Northwest	10,005,201.89	7,210,493.75	27.93%	60.51%	16.51%	27.21%
Southwest	3,167,378.83	1,481,062.24	53.24%	723.20%	471.46%	20.60%

6.4 Significant changes in composition of assets

Unit: RMB

	As at the end of the reporting period		As at the end of the same period of last year			
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)	Increase/ decrease (%)	Explanation for significant change
Monetary fund	140,874,668.42	26.06%	40,527,885.96	13.76%	12.30%	Mainly attributable to receipt of consideration for sale of the subsidiary
Account receivables	30,517,139.65	5.64%	21,389,237.83	7.26%	-1.62%	Increased accordingly with the development of new business
Inventories	13,179,608.97	2.44%	7,655,335.53	2.60%	-0.16%	Increased accordingly with the development of new business
Long-term equity investments	22,484,598.52	4.16%	19,607,563.41	6.66%	-2.50%	
Fixed assets	49,711,031.80	9.19%	13,168,325.10	4.47%	4.72%	Due to the reclassification to fixed assets in the second half of last year as a result of the relocation of Fuxin Busbar
Construction in progress	1,675,213.67	0.31%	37,848,975.31	12.85%	-12.54%	Due to the reclassification to fixed assets in the second half of last year as a result of the relocation of Fuxin Busbar
Short-term borrowings	4,500,000.00	0.83%			0.83%	New loans of Fuxin Busbar at the end of 2018

6.5 Assets and liabilities at fair value

Unit: RMB

Item	Amount at the beginning of the period	Gain/loss on changes in fair value for the current period	Cumulative changes in fair value recorded in equity	Impairment for the current period	Purchase in the current period	Sale in the current period	Amount at the end of the period
Financial assets							
Other equity investments	230,996,496.87						230,996,496.87
Total	230,996,496.87						230,996,496.87
Financial liabilities	0.00						0.00

6.6 Restricted assets as at the end of the reporting period

Item	Book value at the end of the year	Reasons for restriction
Monetary fund – other monetary funds	5,588,506.07	Performance guarantee
Fixed assets – buildings	14,018,221.48	Mortgage loan
Intangible assets – land use right	12,606,290.23	Mortgage loan
Total	32,213,017.78	

6.7 Disposal of major assets

Details of disposal of major assets are set forth in "(II) Disposal of Major Assets – Business Review in the First Half of 2019".

6.8 Analysis of major controlling company and invested company

Unit: RMB

Company name	Company type	Principal business	Registered capital	Total asset	Net asset	Operating income	Operating profit	Net profit
Northeast Electric Development (HK) Co., Ltd.	Subsidiary	Trading	USD20 million	71,427,074.18	56,439,125.67		-38,781.38	-38,781.38
Gaocai Technology Co., Ltd.	Subsidiary	Investment	USD1	83,173,280.03	4,864,815.08		-6,992.89	-6,992.89
Shenyang Kaiyi Electric Co., Ltd.	Subsidiary	E electrical equipment	RMB1 million	54,103,261.28	-11,504,953.12		-2,705.79	-2,705.79
Fuxin Enclosed Busbar Co., Ltd.	Subsidiary	Enclosed busbars	USD8.5 million	144,623,028.49	6,745,759.70	16,259,273.32	176,993.06	147,926.30
Hainan Tangyuan Technology Co., Ltd. (renamed as "Hainan Garden Lane Flight Hotel Management Co. LTD.(海南逸唐飛行酒店管理有限公司)")	Subsidiary	Public space business	RMB50 million	375,651,176.45	202,261,115.25	28,904,485.21	2,502,136.61	1,888,335.62
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	Subsidiary	Electric power engineering	RMB10 million	13,389,946.64	7,018,987.77		-69,617.71	-69,617.71

6.9 Risks faced by the Company and measures

1. Market risks in macro-economic environment

The industry in which the Company operates is closely connected with the demands of power equipment industry. The prosperity of the industry is also directly pegged with the national economy. Given their significant impact on the Company, we will keep focusing on the impact of industry policies, the national macro economy and the global economy on the industry.

2. Risk of market competition

Enclosed busbars produced by the Company is the major income source of its principal activities. Intensifying market competition, such as mutual crackdown, price war, etc., creates an adverse impact on the average profit margin of the industry. The Company will continue to improve its technology, develop new products, strengthen innovation ability, scale up production, and enhance the efficiency of operation and management, along with efforts to prevent steady decrease in operating income, gross margin of products and profitability.

3. Risk of strategic transformation

To ensure the sustainable development of the Company in the mid and long term, the Company is seeking for strategic transformation by tapping into prospective sectors. The Company may have the risk of strategic transformation slippage, and even failure, provided that transformation is not carried out for various reasons. The Company will actively promote the related work, while developing relevant businesses to realize strategic transformation gradually through various methods.

6.10 Prospects for the second half of the year

Centered on the annual business objectives and work tasks for 2019, the Company's management will strive to achieve business transformation and breakthrough at the operating level by enhancing the operation efficiency and core competitiveness. For details, please see "Prospect of Future Development" set out in the Annual Report 2018. By virtue of seizing opportunities, and making full use of the capital market, the Company will fine tune its main business and operating strategy and actively increase the operating income and profits from relevant businesses in the upstream and downstream of hotel operation, in a bid to enhance the sustained profitability and comprehensive competitive strength of the listed company, promote its development and offer maximum protection to the interests of all shareholders, the minority shareholders in particular.

6.11 Analysis of financial status of the Company in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Working capital and financial resources

The net cash generated from the Group's operating activities for the half year ended 30 June 2019 was approximately RMB-2,091,919.29 (for the half year ended 30 June 2018: net cash generated from operating activities was approximately RMB-5,163,724.31).

As at 30 June 2019, the Group had bank deposits and cash of approximately RMB140,874,668.42 (31 December 2018: RMB145,725,658.23) and bank loans of RMB4,500,000 (31 December 2018: RMB4,500,000).

As of 30 June 2019, the Group had current liabilities of RMB410,808,973.82, non-current liabilities of RMB111,276,507.08, and shareholders' equity attributable to shareholders of the Company of RMB13,055,892.89.

The Group's funding needs have no obvious seasonal patterns.

Capital expenditure

The Group's funds can meet the capital requirements of the capital expenditure plan and daily operations.

Capital structure

The Company's sources of funds are mainly operating cash inflows and loans from substantial shareholders.

As at 30 June 2019, the Group's short-term bank borrowings amounted to RMB4,500,000, and the cash and cash equivalents were RMB140,874,668.42 (31 December 2018: RMB145,725,658.23). Borrowings bear fixed interest rate, and no hedging instruments are hedged.

The Group's policy is to manage its capital to ensure that the Group's entities are able to continue to operate while maximizing returns to shareholders by optimizing the ratio of liabilities and equity. The overall strategy of the Group has remained unchanged from previous years.

Outlook

Details of the outlook are set out in "Prospects for the second half of the year" of "Management Discussion and Analysis".

Significant investments held and the performance of such investments

Details of significant investments held and the performance of these investments are set out in "Analysis of Major Controlling Company and Invested Company" of "Management Discussion and Analysis".

Significant investments and sales

Details of significant investments and sales are set out in "Disposal of major assets" of "Management Discussion and Analysis".

Segmental information of results

Details of segmental information of results are set out in the "Main Business Composition" section of the "Management Discussion and Analysis".

Assets pledge

Details of assets pledge are set out in the "Restricted assets as at the end of the reporting period" section of the "Management Discussion and Analysis".

Plan for major investment or acquisition of capital assets in the future

As of the latest practicable date prior to the publication of this report, the Company has no relevant plans.

Gearing ratio

As of 30 June 2019, the Group's gearing ratio (calculated as total liabilities/total assets) was 96% (31 December 2018: 95%).

Risks of exchange rate fluctuation and any related hedges

The Group's assets and liabilities are denominated in Renminbi, so the risk of exchange rate changes has little impact on the Group. The Group has taken the following measures in reducing the risk of exchange rate fluctuations: (1) increase the export price of products to reduce the risk of exchange rate fluctuations; (2) agree with the other party in advance in case of large export contracts, the risks of exchange rate fluctuations shall be borne by both parties when the exchange rate fluctuation exceeds the limit of agreed scope; (3) strive to sign forward agreements with financial institutions to lock up exchange rates and avoid risks.

Contingent liabilities

As of 30 June 2019, the Company had no material contingent liabilities.

Chapter 7 Significant Events

7.1 Personnel changes

Details of personnel changes are set forth in “Profiles of Directors, Supervisors and Senior Management” of Chapter 5.

7.2 Staff of the Company and remuneration policy

As at 30 June 2019, the number of employees on the payroll of the company was 155, compared with 167 by the end of 2018. 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.

7.3 Corporate governance structure

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

7.4 Profit distribution plan and its implementation

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

7.5 Commitments performed during the reporting period and not yet performed as of the end of the reporting period by De Facto controller, shareholders, connected parties, acquirers of the Company and the Company

The Company did not have any commitments performed during the reporting period and not yet performed as of the end of the reporting period by De Facto controller, shareholders, connected parties, acquirers of the Company and the Company during the reporting period.

7.6 Explanation given by the Board of Directors on the relevant situation of the "Non-standard Audit Report" of the previous year

NEE has engaged Ruihua Certified Public Accountants (Special General Partnership) as the auditor of the Company for the year of 2018. Ruihua Certified Public Accountants (Special General Partnership) issued an unqualified audit report for the Company's financial report for the year 2018 with paragraphs describing emphasized events.

I. Matters Relating to the Audit Opinion

Northeast Electric's net loss after deduction of non-recurring gains and losses in 2018 was RMB39,445,995.65, and as of 31 December 2018, Northeast Electric's current liabilities exceeded its current assets by RMB217,093,262.12. Meanwhile, the Company faced a compensation of RMB272 million for resolved litigation cases. These matters indicate there are major uncertainties regarding the Company as a going concern, however, without any effect on the published audit opinions.

II. Explanation given by the Board of Directors on the relevant situation of the "Non-standard Audit Report" of the previous year

The Board of Directors holds that the above audit opinion objectively and truthfully reflects the financial position of the Company and its risks as a going concern. The Company issued the "Detailed Explanation Given by the Board of Directors on Matters Relating to the Non-standard Audit Opinion", "The Opinions of Independent Directors on Matters Relating to the Non-standard Audit Opinion" and "Detailed Explanation Given by the Supervisory Committee on Matters Relating to the Non-standard Audit Opinion" after its 2018 financial report was issued.

In the face of the current market and business environment of the Company, the Board of Directors urged the Company's management to integrate the Company's resources, actively change the business development ideas, and seek industrial restructuring. During the reporting period, the Company maintained stable operations, and various tasks were being effectively implemented. The Company's asset quality was gradually improved, the hotel catering services independently developed by its subsidiary were under operation and management, and its ability to continue operations is qualified during the reporting period.

7.7 Litigation

1. Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of allowance for staff

   Details of dispute on allowance for staff are set forth in "(III) Progress of Material Litigation – Business Review in the First Half of 2019".

2. The legal proceedings involving Fuxin Enclosed Busbar Co., Ltd. (the "Fuxin Busbar"), a wholly-owned subsidiary of the Company

   Details of the litigation are set forth in "(III) Progress of Material Litigation – Business Review in the First Half of 2019".

3. The litigation brought by China Development Bank

   The Supreme People's Court issued an enforcement order ((2017) SPC Enforcement Reply No.27) in August 2017 to reject the reconsideration request made by Northeast Electric and affirm the enforcement order of NHC (2015) Gao Zhi Yi Zi No.52. The enforcement order was final. The case was transferred to the First Intermediate People's Court of Hainan Province on 21 June 2019. The ruling of the case is being implemented and no actual performance has been carried out.

4. The litigation on the application made by Fushun Electric Porcelain Manufacturing Co., Ltd. (the "Fushun Electric Porcelain") for adjudicating Northeast Electric as a person subject to enforcement

   The Company received the Notice of Appearance [(2019) Qiong 96 Min Chu No.381] on adjudicating Northeast Electric as a person subject to enforcement by Fushun Electric Porcelain, the bill of indictment, and other related litigation materials served by the First Intermediate People's Court of Hainan Province on 16 July 2019. At present, relevant departments are preparing for relevant evidence to actively respond to the litigation. As the lawsuit has not yet been heard and the final judgment of the court has not been reached, so the negative impact on the Company's current profits or subsequent profits cannot be determined for the time being. For more details, please refer to the announcement dated 23 July 2019.

7.8 Integrity of the Company, its controlling shareholders and de facto controller

The de facto controller of the Company is Hainan Province Cihang Foundation. Through verifying the information published on CREDITCHINA.GOV.CN, the National Enterprise Credit Information Publicity System, and http://zxgk.court.gov.cn/, Hainan Province Cihang Foundation, the de facto controller of the Company, has not been included in the List of Enterprises with Abnormal Business Operation, the list (blacklist) of enterprises in material non-compliance with the laws or be dishonest or the list of persons subject to enforcement due to dishonesty.

Hainan Province Cihang Foundation, the de facto controller of the Company, has not carried out external financing activities and has no behavior of dishonesty or breach of contract on debts.

7.9 Material connected transactions

There are no material connected transactions in the Company during the reporting period.

7.10 Controlling shareholders and their connected parties' use of capital of the listed company for non-operating purpose

Controlling shareholders and their connected parties did not dispose of any capital of the listed company for non-operating use during the reporting period.

7.11 Significant contracts and their execution

During the reporting period, the Company did not enter into any material guarantee, trust, contractual or lease arrangement.

7.12 Guarantees

As at the end of the reporting period, the actual balance of the external guarantee provided by the Company totaled RMB30.15 million, representing 230.93% of the net assets (absolute value) of the Company by the end of the reporting period. The guarantee company of the Company was Jinzhou Power Capacitors Co., Ltd.

7.13 Corporate governance

During the reporting period, the listed issuer strictly complied with the code provisions of Corporate Governance Code as set out in Appendix 14 and had no deviations from the Code, except for the following deviations:

Code Provision E.1.2 stipulates that the chairman of a board of directors shall attend the annual general meeting.

For more details on the implementation, please refer to the Corporate Governance Report disclosed in the Annual Report 2018. After the issuance of the annual report, the compliance and execution of the Code by the listed issuer remained unchanged.

7.14 Model Code for Securities Transactions by Directors

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

The Board has formulated guidelines on the trading of securities of listed companies by "directors and relevant employees". The Board of Directors has given written notices in advance to insiders (including the Company's directors, supervisors, senior management and controlling shareholders, de facto controllers as well as connected parties, as defined in the Listing Rules) stating that purchase and sales of shares of the Company shall comply with relevant regulations and forbidding the insider purchase or sales the shares with inside information: no transactions of the company securities shall be carried out during the price-sensitive time within 30 days, a lock-up period from 29 July 2019 to 29 August 2019, prior to results report.

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

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of independent non-executive Directors and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed three independent non-executive Directors including one with financial management expertise, of whom the biographical details are set out in the Annual Report 2018 of the Company.

The Company has been in place an audit committee under the Board in accordance with Rule 3.21 of the Listing Rules.

7.15 Others

Purchase, sale and redemption of shares

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

Loans to an entity

At the end of the reporting period, neither the Company nor its subsidiaries has granted loans to any entity.

Pledge of shares by controlling shareholder

At the end of the reporting period, the controlling shareholder of the Company did not pledge all or part of its equities in the Company to guarantee the Company's debts or warranty.

Terms included in the loan agreements under which the controlling shareholder shall fulfil specific responsibilities

At the end of the reporting period, the Company and its subsidiaries did not have any terms included in the loan agreements under which the controlling shareholder shall fulfil specific responsibilities.

Breach of loan agreements

At the end of the reporting period, the Company and its subsidiaries did not have any breach of loan agreements.

Provision of financial assistance and guarantee to affiliate companies

At the end of the reporting period, the Company and its subsidiaries did not provide any financial assistance and guarantee to affiliate companies.

Share option scheme

During the reporting period, the Company and its subsidiaries did not have any share option scheme.

Directors, supervisors and chief executive's interests in the shares, underlying shares and debentures of the Company

For details on Directors, supervisors and chief executives' interests in the shares, underlying shares and debentures of the Company, please see "Equity interest of Directors, supervisors and senior management" under "Profiles of Directors, Supervisors and Senior Management".

Audit of interim results

The unaudited results for the six months ended 30 June 2019 were prepared by the Group in accordance with the PRC GAAP.

The audit committee under the Board of the Company has reviewed and confirmed the interim results announcement of the Company for 2019.

The audit committee has approved the financial accounting principles, standards and methods adopted by the Company for the unaudited interim accounts for the six months ended 30 June 2019.

7.16 Subsequent events

I. The Company convened the seventh meeting of the ninth Board on 29 August 2019, at which the following proposals on appointment and election of employees were considered and approved:

1. Mr. Zhu Jie was elected as the president of the Company.

2. Mr. Su Weiguo was appointed as the vice general manager of the Company, and he ceased to be the secretary to the Board.

3. Mr. Ding Jishi was appointed as the secretary to the Board of the Company, and he ceased to be the representative for securities affairs of the Company.

The tenure of the above-mentioned persons starts from the date of approval by the Board and ends at the expiry of the term of the ninth Board on 10 March 2022.

II. Name Change of the Subsidiary

Hainan Tangyuan Technology CO. LTD has completed the changes in industrial and commercial registration on 23 August 2019 and renamed as Hainan Garden Lane Flight Hotel Management Co. LTD. Please refer to the announcement on 27 August 2019 for further information.

Chapter 8 FINANCIAL STATEMENTS (PREPARED UNDER THE PRC GAAP)

1. CONSOLIDATED BALANCE SHEET

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Current assets:		
Cash and cash equivalents	140,874,668.42	145,725,658.23
Reserved deposits		
Loans to banks and other financial institutions		
Financial assets held for trading		
Financial assets at fair value through current profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	30,517,139.65	21,774,633.39
Receivables financing		
Prepayment	2,973,847.85	1,941,493.37
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	5,828,062.70	3,063,837.30
Incl.: Interest receivable	1,100,00.00	
Dividends receivable		

1. CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Financial assets purchased under agreements to resell		
Inventories	13,179,608.97	9,588,337.76
Contract assets		
Assets held for sale		
Non-current asset due within 1 year		
Other current assets	796,655.49	1,039,590.89
Total current assets	**194,169,983.08**	**183,133,550.94**
Non-current assets:		
Loans and advances		
Debt investments		
Financial assets available for sale		
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	22,484,598.52	22,484,598.52
Other equity instrument investments	230,996,496.87	230,996,496.87
Other non-current financial assets		
Investment in real estate		
Fixed assets	49,711,031.80	50,136,802.72

1. CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Construction in progress	1,675,213.67	2,803,418.80
Operational biological assets		
Oil and gas assets		
Right-of-use assets	26,099,100.00	
Intangible assets	14,852,265.55	15,029,136.13
Development expenditures		
Goodwill		
Long-term deferred expenses	650,540.12	529,476.54
Deferred income tax assets		
Other non-current assets		
Total non-current assets	**346,469,246.53**	**321,979,929.58**
Total assets	**540,639,229.61**	**505,113,480.52**
Current liabilities:		
Short-term borrowings	4,500,000.00	4,500,000.00
Borrowings from central bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Financial liabilities at fair value through current profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	21,144,604.05	12,221,771.06

1. CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Receipts in advance	5,670,082.47	2,637,043.59
Proceeds from sale of repurchased financial assets		
Deposits from customers and interbank		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee compensation payable	1,209,124.77	1,554,344.98
Taxes payable	2,904,779.83	2,253,284.13
Other payables	375,380,382.70	377,060,369.30
Incl.: Interest payable		5,712.50
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Contract liabilities		
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	**410,808,973.82**	**400,226,813.06**

1. CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings		
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	28,750,127.56	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities	72,099,690.00	72,099,690.00
Deferred revenue	10,426,689.52	10,670,597.50
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	**111,276,507.08**	**82,770,287.50**
Total liabilities	**522,085,480.90**	**482,997,100.56**

1. CONSOLIDATED BALANCE SHEET *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Owner's equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	1,082,843,699.86	1,074,828,788.67
Less: Treasury stock		
Other comprehensive income	-28,666,402.92	-29,012,497.21
Special reserve		
Surplus reserve	108,587,124.40	108,587,124.40
Provision for general risk		
Retained profits	-2,023,078,528.45	-2,019,154,197.71
Total equity attributable to owners of parent company	**13,055,892.89**	**8,619,218.15**
Minority interests	**5,497,855.82**	**13,497,161.81**
Total owners' equity	**18,553,748.71**	**22,116,379.96**
Total liabilities and owners' equity	**540,639,229.61**	**505,113,480.52**

2. BALANCE SHEET OF PARENT COMPANY

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Current assets:		
Cash and cash equivalents	77,793.50	131,150.21
Financial assets held for trading		
Financial assets at fair value through current profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Prepayment	1,668,168.36	1,668,168.36
Other receivables	258,470,901.48	265,704,605.00
Incl.: Interest receivable		
Dividend receivable		
Inventories		
Contract assets		
Assets held for sale		
Non-current asset due within 1 year		
Other current assets	796,348.11	718,327.52
Total current assets	**261,013,211.45**	**268,222,251.09**

2. BALANCE SHEET OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Non-current assets:		
Debt investments		
Financial assets available for sale		
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	56,436,473.03	56,436,473.03
Other equity instrument investments		
Other non-current financial assets		
Investment in real estate		
Fixed assets	27,371.86	32,630.16
Construction in progress		
Operational biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditures		
Goodwill		
Long-term deferred expenses	285,102.66	529,476.54
Deferred tax assets		
Other non-current assets		
Total non-current assets	**56,748,947.55**	**56,998,579.73**
Total assets	**317,762,159.00**	**325,220,830.82**

2. BALANCE SHEET OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Financial liabilities at fair value through current profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers	581,743.59	581,743.59
Contract liabilities		
Employee compensation payable	399,773.79	472,797.28
Taxes payable	233,782.08	243,342.01
Other payables	335,179,321.60	337,056,335.75
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	**336,394,621.06**	**338,354,218.63**

2. BALANCE SHEET OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities	72,099,690.00	72,099,690.00
Deferred revenue		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	**72,099,690.00**	**72,099,690.00**
Total liabilities	**408,494,311.06**	**410,453,908.63**

2. BALANCE SHEET OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	30 June 2019	31 December 2018
Owners' equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	995,721,167.46	995,721,167.46
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	108,587,124.40	108,587,124.40
Retained profits	-2,068,410,443.92	-2,062,911,369.67
Total owners' equity	**-90,732,152.06**	**-85,233,077.81**
Total liabilities and owners' equity	**317,762,159.00**	**325,220,830.82**

3. CONSOLIDATED INCOME STATEMENT

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
I. Total operating income	45,163,758.53	14,296,160.44
Incl.: Operating income	45,163,758.53	14,296,160.44
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating cost	49,176,493.66	31,599,566.86
Incl.: Operating cost	21,417,642.83	12,156,795.16
Interest expense		
Fee and commission expense		
Surrender value		
Net payment of insurance claims		
Net provision of insurance reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes & surcharges	582,834.93	632,992.06
Cost of sales	17,393,737.95	1,897,146.53
Administrative expenses	11,127,965.17	16,549,369.69
Research and development expenses		
Financial expenses	-908,599.98	363,263.42
Incl.: Interest expenses	632,355.00	337,360.63
Interest income	1,600,318.15	20,877.42

3. CONSOLIDATED INCOME STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
Add: Other income	243,907.98	
Investment income ("-" represents loss)		
Incl.: Investment income from associates and joint ventures		
Derecognition of income from financial assets at amortised cost ("-" represents loss)		
Foreign exchange gains ("-" represents loss)		
Net exposure hedge income("-" represents loss)		
Gains on the changes in fair value ("-" represents loss)		
Credit impairment loss ("-" represents loss)	830,784.80	
Loss on asset impairment ("-" represents loss)		-563,525.88
Gain on disposal of assets ("-" represents loss)		
III. Operational profit ("-" represents loss)	-3,375,129.59	-17,866,932.30
Add: Non-operating income	15,943.26	3,497,158.08
Less: Non-operating expenses	29,365.81	102,873.41
IV. Total profit ("-" represents total loss)	-3,388,552.14	-14,472,647.63
Less: Income tax expenses	520,173.40	

3. CONSOLIDATED INCOME STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
V. Net profit ("-" represents net loss)	-3,908,725.54	-14,472,647.63
A. Classified by business continuity		
1. Profit or loss from continuing operations ("-" represents net loss)	-3,908,725.54	-14,472,647.63
2. Net profit from discontinued operations ("-" represents net loss)		
B. Classified by ownership		
1. Net profit attributable to owners of the parent company	-3,924,330.74	-14,119,432.82
2. Net profit attributable to minority interests	15,605.20	-353,214.81
VI. Net other comprehensive income after tax	346,094.29	362,435.62
Net other comprehensive income attributable to owners of the parent company after tax	346,094.29	362,435.62
A. Other comprehensive income not reclassifiable to profit or loss		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income not reclassifiable to profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Changes in the fair value of the Company's own credit risk		
5. Others		

3. CONSOLIDATED INCOME STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
B. Other comprehensive income reclassifiable to profit or loss	346,094.29	362,435.62
1. Other comprehensive income reclassifiable to profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Gain or loss on changes in fair value of financial assets available for sale		
4. Amount of financial assets reclassified into other comprehensive income		
5. Gain or loss on reclassification of held-to-maturity investments to financial assets available for sale		
6. Credit impairment provisions for other debt investments		
7. Cash flow hedge reserve		
8. Exchange difference on translation of foreign financial statements	346,094.29	362,435.62
9. Others		
Net other comprehensive income attributable to minority interests after tax		
VII. Total comprehensive income	-3,562,631.25	-14,110,212.01
Total comprehensive income attributable to owners of the parent company	-3,578,236.45	-13,756,997.20
Total comprehensive income attributable to the minority shareholders	15,605.20	-353,214.81
VIII. Earnings per share		
(I) Basic earnings per share	-0.0045	-0.0162
(II) Diluted earnings per share	-0.0045	-0.0162

4. INCOME STATEMENT OF PARENT COMPANY

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
I. Total operating income	0.00	0.00
Less: Operating cost	0.00	0.00
Taxes & surcharges		15.00
Cost of sales		
Administrative expenses	5,495,067.51	2,768,391.87
Research and development expenses		
Financial expenses	4,006.74	29.83
Incl.: Interest expenses		
Interest income	541.67	58.72
Add: Other income		
Investment income ("-" represents loss)		
Incl.: Investment income from associates and joint ventures		
Derecognition of income from financial assets at amortised cost ("-" represents loss)		
Net exposure hedge income ("-" represents loss)		
Gains on the changes in fair value ("-" represents loss)		
Credit impairment loss ("-" represents loss)		
Loss on asset impairment ("-" represents loss)		
Gain on disposal of assets ("-" represents loss)		

4. INCOME STATEMENT OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
II. Operational profit ("-" represents loss)	-5,499,074.25	-2,768,436.70
Add: Non-operating income		3,260,981.25
Less: Non-operating expenses		
III. Total profit ("-" represents total loss)	-5,499,074.25	492,544.55
Less: Income tax expenses		
IV. Net profit ("-" represents net loss)	-5,499,074.25	492,544.55
(I) Net profit from continuing operations ("-" represents net loss)	-5,499,074.25	492,544.55
(II) Net profit from discontinued operations ("-" represents net loss)		
V. Net other comprehensive income after tax		
A. Other comprehensive income not reclassifiable to profit or loss		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income not reclassifiable to profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Changes in the fair value of the Company's own credit risk		
5. Others		

4. INCOME STATEMENT OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
B. Other comprehensive income reclassifiable to profit or loss		
1. Other comprehensive income reclassifiable to profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Gain or loss on changes in fair value of financial assets available for sale		
4. Amount of financial assets reclassified into other comprehensive income		
5. Gain or loss on reclassification of held-to-maturity investments to financial assets available for sale		
6. Credit impairment provisions for other debt investments		
7. Cash flow hedge reserve		
8. Exchange difference on translation of foreign financial statements		
9. Others		
VI. Total comprehensive income	-5,499,074.25	492,544.55
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. CONSOLIDATED CASH FLOW STATEMENT

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	38,986,746.98	23,105,995.20
Net increase in deposits from customers and interbank		
Net increase in borrowings from central bank		
Net increase in borrowings from other financial institutions		
Cash received from premiums under original insurance contracts		
Cash received from reinsurance business, net		
Net increase in policyholders' deposits and investment		
Cash from interests, fees and commissions		
Net increase in interbank borrowings		
Net increase in income from repurchase transactions		
Cash received from securities brokerage services, net		
Tax refunds received		
Cash received from other operating activities	14,822,608.85	59,776,955.15
Sub-total of cash inflows from operating activities	**53,809,355.83**	**82,882,950.35**

5. CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
Cash paid to goods purchased and labor service received	17,595,768.96	13,914,755.03
Net increase in customers' loans and advances		
Net increase in deposits with central bank and inter-bank		
Cash paid for compensation payout under original insurance contracts		
Net increase in financial assets held for trading purposes		
Net increase in loans to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	11,062,378.49	10,172,007.36
Payments of taxes and surcharges	1,217,294.47	999,421.36
Cash payments to other operating activities	26,025,833.20	62,960,490.91
Sub-total of cash outflows for operating activities	**55,901,275.12**	**88,046,674.66**
Net cash flow from operating activities	**-2,091,919.29**	**-5,163,724.31**

5. CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
II. Cash flow from investing activities:		
Cash from disinvestments		
Cash received from return of investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		390,000.00
Net cash received in disposal of subsidiaries and other operating units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities		**390,000.00**
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets	160,513.12	226,495.72
Cash paid for investment		
Net increase of mortgaged loans		
Net cash paid for subsidiaries and other operating units		
Cash payments to other investing activities		
Sub-total of cash outflows for investing activities	**160,513.12**	**226,495.72**
Net cash flow from investing activities	**-160,513.12**	**163,504.28**

5. CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
III. Cash flow from financing activities:		
Cash received by absorbing investment		
Incl.: cash received by subsidiaries from minority shareholders		
Cash received from borrowings		
Cash received from bonds issued		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayments of debts		
Cash paid for distribution of dividends, profits and interests	131,478.61	20,745.19
Incl.: Dividends and profits paid by subsidiaries to minority shareholders		
Cash payments to other financing activities	2,055,359.68	
Sub-total of cash outflows for financing activities	**2,186,838.29**	**20,745.19**
Net cash flow from financing activities	**-2,186,838.29**	**-20,745.19**
IV. Effect of changes in foreign currency rates on cash and cash equivalents	1,094.82	3,230.45
V. Net increase in cash and cash equivalents	-4,438,175.88	-5,017,734.77
Add: Balance of cash and cash equivalents at beginning of period	84,724,338.23	8,408,461.77
VI. Balance of cash and cash equivalents at end of period	80,286,162.35	3,390,727.00

6. CASH FLOW STATEMENT OF PARENT COMPANY

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services		
Tax refunds received		
Cash received from other operating activities	7,511,146.05	46,239,201.72
Sub-total of cash inflows from operating activities	**7,511,146.05**	**46,239,201.72**
Cash paid to goods purchased and labor service received		
Cash paid to and for employees	4,138,706.20	2,264,595.24
Payments of taxes and surcharges		1,677.30
Cash payments to other operating activities	3,425,100.17	43,980,519.78
Sub-total of cash outflows for operating activities	**7,563,806.37**	**46,246,792.32**
Net cash flow from operating activities	-52,660.32	-7,590.60
II. Cash flow from investing activities:		
Cash from disinvestments		
Cash received from return of investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received in disposal of subsidiaries and other operating units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities		

6. CASH FLOW STATEMENT OF PARENT COMPANY *(Continued)*

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD

Unit: RMB

Items	Amount for the first half of 2019	Amount for the first half of 2018
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets		
Cash paid for investment		
Net cash paid for subsidiaries and other operating units		
Cash payments to other investing activities		
Sub-total of cash outflows for investing activities		
Net cash flow from investing activities		
III. Cash flow from financing activities:		
Cash received by absorbing investment		
Cash received from borrowings		
Cash received from bonds issued		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayments of debts		
Cash paid for distribution of dividends, profits and interests		
Cash payments to other financing activities		
Sub-total of cash outflows for financing activities		
Net cash flow from financing activities		
IV. Effect of changes in foreign currency rates on cash and cash equivalents	-696.38	
V. Net increase of cash and cash equivalents	-53,356.70	-7,590.60
Add: Balance of cash and cash equivalents at beginning of period	131,150.21	20,119.58
VI. Balance of cash and cash equivalents at end of period	77,793.51	12,528.98

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount for the current period

Unit: RMB

Items	Amount for the first half of 2019														
	Equity attributable to shareholders of parent company													Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained profits	Others	Subtotal		
		Preferred	Perpetual	Others											
I. Balance at end of last year	873,370,000.00				1,074,828,788.67		-29,012,497.21		108,587,124.40		-2,019,154,197.71		8,619,218.15	13,497,161.81	22,116,379.96
Add: Changes in accounting policies															
Corrections to previous errors															
Effect of business combination under common control															
Others															
II. Balance at beginning of year	873,370,000.00				1,074,828,788.67		-29,012,497.21		108,587,124.40		-2,019,154,197.71		8,619,218.15	13,497,161.81	22,116,379.96
III. Changes in the current period ("-" represents loss)					8,014,911.19		346,094.29				-3,924,330.74		4,436,674.74	-7,996,816.08	-3,562,631.25
(I) Total comprehensive income							346,094.29				-3,924,330.74		-3,578,236.45	15,605.20	-3,562,631.25
(II) Increase/Decrease of capital from shareholders					8,014,911.19								8,014,911.19	-8,014,911.19	
1. Ordinary shares invested by shareholders															
2. Capital contributed by holders of other equity instrument															
3. Shares payment taken into shareholder's equity														-8,014,911.19	
4. Others					8,014,911.19										
(III) Distribution of profit															
1. Appropriation of surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to shareholders															
4. Others															

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Amount for the current period (Continued)

Unit: RMB

Items	Amount for the first half of 2019														
	Equity attributable to shareholders of parent company													Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained profits	Others	Subtotal		
		Preferred	Perpetual	Others											
(IV) Transfer within equity															
1. Transfer-in from capital reserves															
2. Transfer-in from surplus reserves															
3. Loss covered by surplus reserves															
4. Changes in defined benefit plan transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserves															
1. Appropriation of the special reserve															
2. Usage of the special reserves															
(VI) Others															
IV. Balance at end of Period	873,370,000.00				1,082,843,699.86		-28,666,402.92		108,587,124.40		-2,023,078,528.45		13,055,892.89	5,497,855.82	18,553,748.71

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

A mount for the previous period

Unit: RMB

Items	Amount for the first half of 2018														
	Equity attributable to shareholders of parent company													Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained profits	Others	Subtotal		
		Preferred	Perpetual	Others											
I. Balance at end of last year	873,370,000.00				883,422,403.92		-29,869,066.75		108,587,124.40		-2,034,142,303.59		-198,631,842.02	3,990,824.31	-194,641,017.71
Add: Changes in accounting policies															
Corrections to previous errors															
Effect of business combination under common control															
Others															
II. Balance at beginning of year	873,370,000.00				883,422,403.92		-29,869,066.75		108,587,124.40		-2,034,142,303.59		-198,631,842.02	3,990,824.31	-194,641,017.71
III. Changes in the current period ("-" represents loss)							362,435.62				-14,119,432.82		-13,756,997.20	-353,214.81	-14,110,212.01
(I) Total comprehensive income							362,435.62				-14,119,432.82		-13,756,997.20	-353,214.81	-14,110,212.01
(II) Increase/Decrease of capital from shareholders															
1. Ordinary shares invested by shareholders															
2. Capital contributed by holders of other equity instrument															
3. Shares payment taken into shareholder's equity															
4. Others															
(III) Distribution of profit															
1. Appropriation of surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to shareholders															
4. Others															

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

A mount for the previous period (Continued)

Unit: RMB

Items	Amount for the first half of 2018														
	Equity attributable to shareholders of parent company														
		Other equity instruments													
	Share capital	Preferred	Perpetual	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained profits	Others	Subtotal	Minority interests	Total shareholders' equity
(IV) Transfer within equity															
1. Transfer-in from capital reserves															
2. Transfer-in from surplus reserves															
3. Loss covered by surplus reserves															
4. Changes in defined benefit plan transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserves															
1. Appropriation of the special reserve															
2. Usage of the special reserves															
(VI) Others															
IV. Balance at end of Period	873,370,000.00				883,422,403.92		-29,506,631.13		108,587,124.40		-2,048,261,736.41		-212,388,839.22	3,637,609.50	-208,751,229.72

8. STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount for the current period

Unit: RMB

Items	Amount for the first half of 2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total shareholders' equity
		Preferred	Perpetual	Others								
I. Balance at end of last year	873,370,000.00				995,721,167.46				108,587,124.40	-2,062,911,369.67		-85,233,077.81
Add: Changes in accounting policies												
Corrections to previous errors												
Others												
II. Balance at beginning of year	873,370,000.00				995,721,167.46				108,587,124.40	-2,062,911,369.67		-85,233,077.81
III. Changes in the current period ("-" represents loss)										-5,499,074.25		-5,499,074.25
(I) Total comprehensive income										-5,499,074.25		-5,499,074.25
(II) Increase/Decrease of capital from shareholders												
1. Ordinary shares invested by shareholders												
2. Capital contributed by holders of other equity instrument												
3. Shares payment taken into shareholder's equity												
4. Others												
(III) Distribution of profit												
1. Appropriation of surplus reserves												
2. Distribution to shareholders												
3. Others												

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

Amount for the current period (Continued)

Unit: RMB

Items	Amount for the first half of 2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total shareholders' equity
		Preferred	Perpetual	Others								
(IV) Transfer within equity												
1. Transfer-in from capital reserves												
2. Transfer-in from surplus reserves												
3. Loss covered by surplus reserves												
4. Changes in defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriation of the special reserve												
2. Usage of the special reserves												
(VI) Others												
IV. Balance at end of Period	873,370,000.00				995,721,167.46				108,587,124.40	-2,068,410,443.92		-90,732,152.06

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

Amount for the previous period

Unit: RMB

Items	Amount for the first half of 2018											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total shareholders' equity
		Preferred	Perpetual	Others								
I. Balance at end of last year	873,370,000.00				995,721,167.46				108,587,124.40	-2,053,148,900.56		-75,470,608.70
Add: Changes in accounting policies												
Corrections to previous errors												
Others												
II. Balance at beginning of year	873,370,000.00				995,721,167.46				108,587,124.40	-2,053,148,900.56		-75,470,608.70
III. Changes in the current period ("-" represents loss)										492,544.55		492,544.55
(I) Total comprehensive income										492,544.55		492,544.55
(II) Increase/Decrease of capital from shareholders												
1. Ordinary shares invested by shareholders												
2. Capital contributed by holders of other equity instrument												
3. Shares payment taken into shareholder's equity												
4. Others												
(III) Distribution of profit												
1. Appropriation of surplus reserves												
2. Distribution to shareholders												
3. Others												

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

Amount for the previous period (Continued)

Unit: RMB

Items	Amount for the first half of 2018										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total shareholders' equity
		Preferred	Perpetual	Others								
(IV) Transfer within equity												
1. Transfer-in from capital reserves												
2. Transfer-in from surplus reserves												
3. Loss covered by surplus reserves												
4. Changes in defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriation of the special reserve												
2. Usage of the special reserves												
(VI) Others												
IV. Balance at end of Period	873,370,000.00				995,721,167.46				108,587,124.40	-2,052,656,356.01		-74,978,064.15

Head: Zhu Jie　　Chief financial officer: Wang Kai　　Chief accounting officer: Xing Liwen

Explanation

8.1 Explanation of changes in accounting policy, accounting estimates and accounting methods in comparison with the financial reports of the previous year

Contents and reasons of changes in accounting policy	Examination and approval procedure	Remark
The Ministry of Finance (MOF) issued the Accounting Standards for Business Enterprises No.21 – Leases (hereinafter referred to as the "New Lease Standard") based on Cai Kuai [2018] No.35 on 7 December 2018, starting on 1 January 2019. The Company has applied the relevant standards in its preparation of the interim financial statements of 2019.	Such change in accounting policy has been approved at the fourth meeting of the ninth Board held on 29 April 2019.	As the relevant leases have been implemented and completed in February 2019, no adjustment would be required pursuant to the provisions for the transitional period on retained earnings and amount of other items in the financial statements at the beginning of the year in which the standard is first applied.
On 30 April 2019, the MOF issued the "Notice on Revising and Issuing the Format of 2019 Financial Statements for General Enterprises" (Cai Kuai No. 6 [2019]) (hereinafter referred to as the "New Format of Financial Statements") which revised the format of financial statements for general enterprises. The Company has applied the relevant standards and treated according to the provisions for the transitional period in its preparation of the interim financial statements of 2019.	Such change in accounting policy has been approved at the sixth meeting of the ninth Board held on 26 June 2019.	Please see Explanation for details.

Notes:

Explanation:

On 30 April 2019, the MOF issued the "Notice on Revising and Issuing the Format of 2019 Financial Statements for General Enterprises" (Cai Kuai No. 6 [2019]) which revised the format of financial statements for general enterprises. The report items and the amount importantly impacted by the retroactive restatement due to the changes in format of financial statements of the Group on 31 December 2018 are listed as follows:

Consolidated statement:

<table>
<tr><th colspan="2">Item and amount of the previous report</th><th colspan="2">Item and amount of the current report</th></tr>
<tr><td rowspan="2">Notes receivable and accounts receivable</td><td rowspan="2">30,517,139.65</td><td>Notes receivable</td><td></td></tr>
<tr><td>Accounts receivable</td><td>30,517,139.65</td></tr>
<tr><td rowspan="2">Notes payable and accounts payable</td><td rowspan="2">22,794,293.57</td><td>Notes payable</td><td></td></tr>
<tr><td>Accounts payable</td><td>22,794,293.57</td></tr>
</table>

Financial statement of parent company:

<table>
<tr><th colspan="2">Item and amount of the previous report</th><th colspan="2">Item and amount of the current report</th></tr>
<tr><td rowspan="2">Notes receivable and accounts receivable</td><td rowspan="2"></td><td>Notes receivable</td><td></td></tr>
<tr><td>Accounts receivable</td><td></td></tr>
<tr><td rowspan="2">Notes payable and accounts payable</td><td rowspan="2"></td><td>Notes payable</td><td></td></tr>
<tr><td>Accounts payable</td><td></td></tr>
</table>

8.2 Description of retrospective restatement of major accounting errors in the reporting period

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

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

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

8.4 Others

8.4.1 Business distribution

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

8.4.2 Taxation

Main taxation category and tax rate of the Company

Category	Tax Base	Tax Rate
VAT	Taxable income after offsetting deductible input VAT.	16%, 13%, 6%
Urban construction & maintenance tax	Turnover tax payable.	7%
Corporate income tax	Taxable income payable.	25%, 16.5%
Educational surcharge	Turnover tax payable.	5%

Notes:

(1) For Northeast Electric (Hong Kong) Limited, a wholly owned subsidiary of the Company registered in HKSAR of the PRC, the profits tax rate is 16.5%.

(2) Great Talent Technology Limited is a wholly owned subsidiary, registered in the British Virgin Islands. No corporate income tax is imposed on it.

(3) Corporate income tax of Shenyang Kaiyi Electric Co., Ltd., a subsidiary of the Company, is collected in a way of verification.

8.4.3 Net profit

	The reporting period	The same period of last year
Net profit attributable to shareholders of parent company (RMB)	-3,924,330.74	-14,119,432.82

8.4.4 Earnings per share

	The reporting period	The same period of last year
Basic earnings per share (RMB/share)	-0.0045	-0.0162
Diluted earnings per share (RMB/share)	-0.0045	-0.0162

8.4.5 Dividends

No dividends were paid or proposed for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil), and no dividend was proposed from the end of the reporting period.

8.4.6 Share capital

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

8.5 Publication of the interim report on the internet websites of The Stock Exchange of Hong Kong Limited and the Company

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

By order of the Board
Zhu Jie
Chairman

Haikou, Hainan Province, the PRC
29 August 2019

As at the date of the Announcement, the Board of Directors comprises of five executive directors, namely Mr. Zhu Jie, Mr. Li Rui, Ms. Ma Yun, Mr. Bao Zongbao and Mr. Su Weiguo; and three independent non-executive directors, namely Mr. Li Ming, Mr. Qian Fengsheng and Mr. Fang Guangrong.