



Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2020

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 (the “**Group**”) as of 30 June 2020.

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 Wang Kai 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 seventeenth meeting of the 9th Board convened on 28 August 2020. 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 2020 in accordance with the PRC GAAP and IFRS. The audit committee of the Board has reviewed and confirmed the Company's interim results announcement for 2020. 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 2020.
- 1.5 The Company proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves.
- 1.6 The consolidated turnover is RMB37,838,800.
- 1.7 The profit attributable to equity holders of the Company is RMB-11,818,400.
- 1.8 Earnings per share attributable to equity holders of the Company are RMB-0.0135.
- 1.9 Unless otherwise stated, Renminbi is the only monetary unit in this announcement.
- 1.10 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.



1.11 Definitions

CSRC	China Securities Regulatory Commission
De facto controller of the Company	Hainan Liberation Commonweal Foundation
Beijing Haihongyuan	Beijing Haihongyuan Investment Management Co., Ltd., a substantial shareholder of the Company
NEE, the Company	Northeast Electric Development Company Limited
Fuxin Busbar	Fuxin Enclosed Busbar Co., Ltd., a subsidiary of the Company
NEE Chengdu	Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd., a subsidiary of the Company
Garden Lane Hotel	Hainan Garden Lane Flight Hotel Management Co., Ltd., a subsidiary of the Company
HNA Hotel (Hong Kong)	HNA Hotel Group (Hong Kong) Co., Ltd., a related party of the Company
HNA Group	HNA Group Co., Ltd., a related party of the Company
Shenyang Intermediate People's Court	Shenyang Municipal Intermediate People's Court of Liaoning
Hainan First Intermediate People's Court	The First Intermediate People's Court of Hainan Province
Tiexi SASAB	Tiexi District State-owned Assets Supervision and Administration Bureau of Shenyang
Shenyang HVS, Shenyang High Voltage Switchgear	Shenyang High Voltage Switchgear Co., Ltd.



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	Zhu Jie		

2.2 Contact person and contact information

	Secretary to the Board	Representative for securities affairs
Name	Ding Jishi	Zhu Xinguang, Ju Meng
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	dbdqdashbgs@hnair.com	nemm585@sina.com



2.3 Additional information

Registered address	Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center, 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	dbdqdashbgs@hnair.com



Chapter 3 PRINCIPAL FINANCIAL DATA AND INDICATORS

(I) Principal financial data and indicators prepared under the PRC GAAP

	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year
Operating incomes (RMB)	37,838,750.59	45,163,758.53	-16.22%
Net profits attributable to shareholders of the listed company (RMB)	-11,818,431.23	-3,924,330.74	N/A
Net profits attributable to shareholders of the listed company after extraordinary items (RMB)	-13,119,309.96	-3,924,330.74	N/A
Net cash flows arising from operating activities (RMB)	61,702,699.13	-2,091,919.29	N/A
Basic earnings per share (RMB/Share)	-0.0135	-0.0045	N/A
Diluted earnings per share (RMB/Share)	-0.0135	-0.0045	N/A
Weighted average return on net assets	N/A	N/A	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)	474,674,913.01	477,041,464.23	-0.50%
Net assets attributable to shareholders of the listed company (RMB)	-67,768,465.95	-56,590,261.98	N/A

**Extraordinary items***Unit: RMB*

Item	Amount
Government subsidy included in the current profits and losses (closely related to business of the enterprise, excluding the government subsidy enjoyed fully or quantitatively according to uniform standards of the country)	668,955.66
Other non-operating income and expense other than the above items	1,076,332.82
Less: Effect of income tax	436,322.12
Impact on minority interests (after tax)	8,087.63
Total	1,300,878.73

(II) Principal financial data and indicators prepared in accordance with the International Financial Reporting Standards (IFRS)**Condensed Consolidated Statement of Profit or Loss***Unit: RMB'000*

	Reporting period (January-June)	The same period of previous year
Turnover	37,838	45,163
Profit before tax	(11,594)	(3,388)
Taxation	(280)	(520)
Profit after tax	(11,874)	(3,909)
Minority Interests	(56)	15
Profits attributable to shareholders	(11,818)	(3,924)



Condensed Consolidated Statement of Financial Position

Unit: RMB'000

	At the end of this reporting period	At the end of previous year
Total assets	474,675	477,387
Total liabilities	537,015	528,494
Shareholders' equity	(62,340)	(51,107)

(III) Description of differences in figures under domestic and foreign accounting standards

There are no differences in net profits and net assets prepared under the PRC GAAP and IFRS.



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 ordinary shareholders at the end of the reporting period	55,036			Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)			0	
Shareholdings of ordinary shareholders holding more than 5% of the total share capital or the top ten ordinary 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	29.44%	257,097,899	-60,000	0	257,097,899		
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
Zhao Rui	Domestic natural person	0.71%	6,167,810	+3,432,100	0	6,167,810		
Jin Lei	Domestic natural person	0.66%	5,723,710	+5,723,710	0	5,723,710		
Fu Lianjun	Domestic natural person	0.57%	4,974,489	0	0	4,974,489		
Huang Tao	Domestic natural person	0.54%	4,675,609	+4,675,609	0	4,675,609		
Miao Haonan	Domestic natural person	0.51%	4,428,812	+2,236,802	0	4,428,812		
Gao Yan	Domestic natural person	0.44%	3,834,094	+3,834,094	0	3,834,094		
Shi Yubo	Domestic natural person	0.41%	3,568,200	+8,200	0	3,568,200		
Shenzhen Zhongda Software Development Co., Ltd.	Domestic non-state-owned legal person	0.41%	3,550,000	0	0	3,550,000		
A strategic investor or ordinary legal person becoming a top ten ordinary shareholder after placing of new shares (if any)		Nil						
Explanation on the connected relationship or 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 the 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	Type of shares	
		Class of shares	Number
HKSCC Nominees Limited	257,097,899	Overseas listed foreign shares	257,097,899
Beijing Haihongyuan Investment Management Co., Ltd.	81,494,850	RMB ordinary shares	81,494,850
Zhao Rui	6,167,810	RMB ordinary shares	6,167,810
Jin Lei	5,723,710	RMB ordinary shares	5,723,710
Fu Lianjun	4,974,489	RMB ordinary shares	4,974,489
Huang Tao	4,675,609	RMB ordinary shares	4,675,609
Miao Haonan	4,428,812	RMB ordinary shares	4,428,812
Gao Yan	3,834,094	RMB ordinary shares	3,834,094
Shi Yubo	3,568,200	RMB ordinary shares	3,568,200
Xu Lirong	3,487,200	RMB ordinary shares	3,487,200
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 ordinary 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 ordinary shareholders or are parties acting in concert as required in the Measures for the Administration of the Takeover of Listed Companies.		
Explanation on the top ten ordinary shareholders involved in securities margin trading business	Nil		



Notes:

1. Based on the information that is publicly available 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 2020, 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 2020, 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 Rui	Vice Chairman, general manager	Resigned	10 January 2020	Work adjustment
Ma Yun	Director	Resigned	19 May 2020	Work adjustment
Liu Huafen	Director	Resigned	19 May 2020	Work adjustment
Wang Hongyu	Independent Director	Elected	29 June 2020	Operational needs
Wang Yongfan	Director	Elected	29 June 2020	Operational needs
Li Guoqing	Director	Elected	29 June 2020	Operational needs
Guo Qianli	Director	Elected	29 June 2020	Operational needs

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 2020, 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 SUMMARY OF 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. Our main products are enclosed busbars that are mainly applied to the power system field to enhance the transmission efficiency of power transmission lines and support the transmission of high power electric energy. Enclosed busbar plays an important role in the power system. Besides, Hainan Garden Lane Flight Hotel Management Co., Ltd., a holding company of the Company, actively expanded its hotel management, catering and accommodation businesses during the reporting period.

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

During the reporting period, the turnover calculated under the PRC GAAP and IFRS was RMB37,838,800, representing a decrease of 16.22% as compared to RMB45,163,700 for the corresponding period of the previous year; earnings attributable to shareholders after tax and minority interests amounted to RMB-11,818,400, with earnings per share of RMB-0.0135.

No dividend was paid during the period and the Directors do not recommend the payment of the interim dividend for the six months ended 30 June 2020.

6.2 Business review for the first half of 2020

In the first half of 2020, the COVID-19 outbreak has wreaked havoc on global economy and trade. Coupled with the rising protectionism and anti-globalization movement, the prospects for the recovery of the world economy are gloomy. In the face of the ordeal brought by the COVID-19 epidemic and the complicated and changeable domestic and overseas environment, the whole country corporately promoted the epidemic prevention and control as well as the economic and social development. As a result, the epidemic prevention and control continued to improve, and the resumption of work, production, business and market was accelerated. In the first half of 2020, China's economy recorded growth despite an earlier decline. Economic growth turned from negative to positive with key indicators resuming growth and economic performance recovering steadily in the second quarter. Also, given the strong supply to basic needs for the people and generally positive market expectations, the overall situation of social development was stable.

In the first half of this year, the production and operations of the machinery industry were back to track generally, with key indicators achieving a significant rebound. The overall development environment of the industry is promising, while the trend of the main sectors, which account for more than 80% of the machinery industry, tends to be positive. It is expected that the economic operation of the machinery industry for the whole year will show a gradual rebound after suffering a decline, with an expectation for the industrial added value, operating income, total profits and other indicators to achieve a slight positive 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 that are mainly applied to the power system field to enhance transmission capacity of the power transmission line, and support the transmission of high power electric energy. Enclosed busbar plays an important role in the power system. Besides, Hainan Garden Lane Flight Hotel Management Co., Ltd., a holding company of the Company, actively expanded its hotel management, catering and accommodation businesses during the reporting period.

During the reporting period, the hotel industry in which the Company operates was greatly hit by COVID-19, combined with the impact of macro-economic structural adjustments on the power transmission and distribution equipment industry, the industry experienced excess production capacity and intense market competition. The Company has therefore faced 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 dealt with various challenges, fully implemented the resolutions approved at the general meeting and by 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 RMB37,838,800, representing a decrease of RMB7,325,000 or 16.22% compared with the same period of last year.

Major works during the reporting period are as follows:

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

According to the Audit Report of Northeast Electric Development Co., Ltd. issued by Mazars Certified Public Accountants LLP on 29 April 2020 (Mazars Shen Zi [2020] No. 170018), the Company recorded an operating income of RMB102,341,085.77, a net profit attributable to shareholders of the listed company of RMB-40,165,739.76, and a net asset attributable to shareholders of the listed company of RMB-56,590,261.98 in 2019. Shenzhen Stock Exchange implemented a risk warning on delisting for A shares of the Company from the commencement of trading on 6 May 2020, subject to Rule 13.2.1 of the Listing Rules of Shenzhen Stock Exchange.



(II) Acquisition of minority interests in Chongqing Hotel

To further explore hotel-related businesses of the listed Company, Garden Lane Hotel, a holding company of the Company, entered into the Equity Transfer Agreement of Chongqing HNA Hotel Investment Co., Ltd., (hereinafter referred to as “Chongqing Hotel”) with HNA Hotel Holding Group Company Limited (hereinafter referred to as “HNA Hotel Holding”) on 26 April 2020 (for more details, please refer to the Announcement on the Acquisition of Minority Interests in Chongqing HNA Hotel Investment Co., Ltd. and Connected Transaction (announcement No.: 2020-013)). According to the Asset Valuation Report on Market Value of Equities to be Purchased by Hainan Garden Lane Flight Hotel Management Co., Ltd Involving the Entire Equities of Chongqing HNA Hotel Investment Co., Ltd. [ZWZXPZZ (2020) No. 5005-1] issued by Zhong Wei Zheng Xin (Beijing) Asset Appraisal Co., Ltd., the appraised value of the net assets of Chongqing Hotel was RMB163,338,600 based on the valuation date of 31 December 2019. Garden Lane Hotel paid RMB48.9 million in cash as consideration to acquire 15 million shares from HNA Hotel Holding, accounting for 30% equity interests of Chongqing Hotel. Such an acquisition of equity interest in Chongqing Hotel helped the listed company expand hotel business and enabled the Company to strengthen business cooperation through equity cooperation, realize effective distribution of resources, and further optimize capacities in risk tolerance and continuing operation. The transaction used the internal funds of the Company, so it would not result in a change in the scope of the Company’s consolidated financial statements, adversely affect the Company’s financial position and results of operations, be detrimental to the interests of the Company and all shareholders, or have a material impact on the Company.

(III) Government’s expropriation of the South Plant of the Company’s subsidiary Fuxin Enclosed Busbar Co., Ltd.

After Fuxin Enclosed Busbar Co., Ltd. (hereinafter referred to as “Fuxin Busbar”), a holding subsidiary of the Company, was relocated to the new plant at No. 369 Yulong Road, Hexi Village, Sihe Township, Xihe District, Fuxin in 2018, its South Plant (including land, industrial properties, structures and supporting facilities) at No. 46 Xinhua Road, Haizhou District, Fuxin, Liaoning Province falls into the expropriation scope planned and approved by Fuxin People’s Government. For the purposes of active cooperation with the implementation of urban planning and protecting the interests of all shareholders and core assets of the listed company at the same time, Fuxin Busbar entered into the Agreement on Compensation for Land Expropriation (for more details, please refer to the Announcement on the Expropriation of the South Plant of the Subsidiary Fuxin Enclosed Busbar Co., Ltd. by the Government (announcement No.: 2020-014)) with Haizhou House Expropriation Office of Fuxin (hereinafter referred to as “Expropriation Office”, a public institution under Haizhou District People’s Government of Fuxin), pursuant to which, the Expropriation Office expropriated the above-mentioned plant owned by Fuxin Busbar. The total compensation for Fuxin Busbar as a result of the expropriation is RMB44 million. The Proposal on the Expropriation of the South Plant of the Subsidiary Fuxin Enclosed Busbar Co., Ltd. by the Government was considered and approved at the thirteenth meeting of the 9th Board of the Company held on 26 April 2020 and the annual general meeting for 2019 held on 29 June 2020, respectively.



(IV) Termination of non-public issuance of H shares

In view of the fact that the Share Subscription Agreement for the non-public issuance of H shares entered into by the Company and HNA Hotel Group (Hong Kong) Company Limited on 5 April 2017 has been terminated automatically due to the expiration on 30 June 2020, the Company held the 16th meeting of the ninth Board and the 11th meeting of the ninth Supervisory Committee on 14 July 2020 to consider and approve the Resolution on the Termination of Non-public Issuance of H Shares and the Withdrawal of Relevant Application Documents, and determined to terminate the non-public issuance and to apply to the CSRC for withdrawing the application documents for the non-public issuance of H shares. On 27 August 2020, the Company received the Notice of the CSRC on Terminating the Review on Application of Administrative Permission issued by the CSRC, in which the CSRC decided to determine the review on application of administrative permission made by the Company in accordance with relevant provisions of Article 20 of the Regulations of the China Securities Regulatory Commission on the Implementation Procedures of Administrative Permission. (For details, please refer to the Announcement on the Receipt of Notice of the CSRC on Terminating the Review on Application of Administrative Permission (Announcement No.: 2020-044))

(V) Progress of material litigations

1. Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of allowance for staff. On 12 June 2018, the case was heard in the Shenyang Intermediate People's Court. On 18 July, the Shenyang Intermediate People's Court issued the Civil Judgment ((2017) Liao 01 Min Chu No.430). The Shenyang Intermediate People's Court held that when the plaintiff Tiexi SASAB reclaimed its rights to NEE on 21 July 2016, it had been more than two years of statute of limitations. The Shenyang Intermediate People's Court rejected the claim that the plaintiff Tiexi SASAB requested the defendant NEE to pay arrears of RMB28.53 million, interest and liquidated damages. The Shenyang Intermediate People's Court judged as follows: (1) The defendant Shenyang HVS shall pay the plaintiff Tiexi SASAB arrears of RMB24.99 million and liquidated damages of RMB1,249,500 within 15 days from the date when the judgment takes effect; (2) Reject the other claims of the plaintiff Tiexi SASAB. The case acceptance fee of RMB230,526 shall be borne by the defendant Shenyang HVS. If any party concerned disagrees with this judgment, it may submit an appeal to the court within 15 days from the date of service of the judgment and appeal to the Liaoning Provincial Higher People's Court. The plaintiff Tiexi SASAB has appealed to Shenyang Intermediate People's Court during the appeal period. In the early December 2018, Liaoning Provincial Higher People's Court accepted the appeal. On 8 May 2019, the case was tried in the second instance. On 21 August 2019, the Civil Order ((2018) Liao Min Zhong No. 1032) was issued by Liaoning Provincial Higher People's Court, ruling as follows: The Civil Judgment ((2017) Liao 01 Min Chu No. 430) issued by Shenyang Municipal Intermediate People's Court of Liaoning shall be abrogated; A retrial for this case shall be performed by Shenyang Municipal Intermediate People's Court of Liaoning. The case has been transferred from Shenyang Intermediate People's Court to the jurisdiction of Hainan First Intermediate People's Court on 11 February 2020 and has come to trial on 10 August 2020. No judgment has yet been made.



2. The legal proceeding involving the subsidiary Fuxin Enclosed Busbar Co., Ltd. 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 prior to 22 September 2008. Due to the enforcement of the final judgment ((2008) Min Er Zhong Zi No. 23) made by the Supreme People’s Court on 5 September 2008 for the case of China Development Bank 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 ((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 consideration of USD16 million for equity transfer constituted a breach of contract, the plaintiff Fuxin Busbar, in order to protect its interests, raised litigation against the above 2 defendants, namely, Shenyang HVS and NEE, claiming for the return of the consideration for the transfer of the Underlying Equity. The Higher People’s Court of Hainan Province accepted the case on 30 November 2018 (case No.: (2018) Qiong Min Chu No. 69), and delivered the documents such as pleadings to Shenyang HVS on 3 January 2019. The written judgment of the first instance was received on 20 May 2019. As the defendants did not appeal within the announcement period, the judgment of the first instance has come into effect since 7 August 2019 and NEE bears no joint and several liabilities.

6.3 Analysis of core competitiveness

Thanks to the long-term accumulation in many aspects such as product quality, brand culture, R&D capability, technology, management service and marketing over the years, the Company shows some advantages and industrial competitiveness, which can be seen in the close association between the development of the industry where the Company operates and macroeconomic policies of the State; a certain association between the market and macroeconomic development; advanced production equipment and strong manufacturing capabilities of power transmission and distribution products; accumulation of technological strength and high professional technological level; sound internal control system and standardized corporate governance; certain product development capabilities and investment and financing capabilities.

There were no material changes in the core competitiveness of the Company during the reporting period.



6.4 Risks faced by the Company and measures

1. Market risks arising from macro-economic environment

The industry in which the Company operates is closely connected with the demands of the power equipment industry. The prosperous level of the industry is also directly pegged with the national economy. Given its significant impact on the Company, we will keep focusing on the impact of the national macroeconomy and the global economy over the industry. At the same time, as the hotel management industry where the Company operates was notably influenced by the epidemic in the first half of 2020, it is estimated that the epidemic will continue to have a significant impact on the operations of the Company for some time to come. Hence, the Company will carry out relevant epidemic prevention and control in strict accordance with the requirements of the relevant government departments while trying to apply for government support policies.

2. Risk of market competition

Enclosed busbars produced and hotel-related businesses operated by the Company are its principal activities. Intensifying market competition creates an adverse impact on the average profit margin of the industry. The Company will continue to improve its technology, strengthen innovation ability, scale up production, and enhance the efficiency of operation and management, along with efforts to prevent the decrease in operating income, gross margin of products and services as well as profitability caused by the outbreak of the epidemic, thereby strengthening the sustainable operation capacity of the Company.

3. Risk of strategic transformation

To facilitate the sustainable development of the Company in the mid and long term, the Company is seeking strategic transformation by tapping into such a modern service industry as hotel. The Company may have the risk of strategic transformation slippage, and even failure, provided that the transformation is not carried out as early as possible for various reasons. The Company will actively promote the related work, while developing relevant businesses to realize strategic transformation gradually through various methods.

6.5 Prospects for the second half of the year

Centered on the annual business objectives and work tasks for 2020, the Company's management will adopt comprehensive measures to change the loss-making situation by enhancing the operation efficiency and core competitiveness. For details, please see "Prospect of Future Development" set out in the Annual Report 2019. 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.



Chapter 7 DISCUSSION AND ANALYSIS OF BUSINESS CONDITION

Analysis of principal business prepared under the PRC GAAP

7.1 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 that are mainly applied to the power system field to enhance the transmission efficiency of power transmission lines and support the transmission of high power electric energy. Enclosed busbar plays an important role in the power system. Besides, Garden Lane Hotel, a holding subsidiary of the Company, actively expanded its hotel management, catering and accommodation businesses during the reporting period.

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



7.2 Analysis of changes in major financial information

Unit: RMB

	Amount for the reporting period	Amount for the same period of last year	Increase/ decrease compared with the same period of last year	Reason for increase/decrease
Operating incomes	37,838,750.59	45,163,758.53	-16.22%	A decrease in the income of Garden Lane Hotel due to the impact of the epidemic
Operating costs	26,403,071.53	21,417,642.83	23.28%	An increase in the cost of Fuxin Busbar corresponding to an increase in the income
Selling expenses	14,515,293.80	17,393,737.95	-16.55%	A decrease in the selling expense of Garden Lane Hotel
Administrative expenses	9,990,199.47	11,127,965.17	-10.22%	Strict control over the administrative expenses by the Company
Financial expenses	-171,294.11	-908,599.98	N/A	A decrease in the interests on deposits
Income tax expenses	280,256.09	520,173.40	-46.12%	A decrease in the profits of Garden Lane Hotel
Net cash flow from operating activities	61,702,699.13	-2,091,919.29	N/A	Maturity of time deposits
Net cash flow from investing activities	-48,435,719.34	-160,513.12	N/A	Payment of the consideration for the acquisition of equity of Chongqing Hotel in the current period
Net cash flow from financing activities	-10,725,709.27	-2,186,838.29	N/A	Repayment of the principal of short-term borrowings and interests thereon in the current period
Net increase of cash and cash equivalents	2,575,299.44	-4,438,175.88	N/A	Combined effect of all the above factors



7.3 Main business composition

7.3.1 Composition of operating income

Unit: RMB

	The reporting period		The same period of last year		Increase/ decrease compared with the same period of last year
	Amount	Percentage of operating income	Amount	Percentage of operating income	
Total operating income	37,838,750.59	100%	45,163,758.53	100%	-16.22%
By industry					
Power transmission and transformation	26,700,933.95	70.57%	16,259,273.32	36.00%	64.22%
Catering services	11,137,816.64	29.43%	28,904,485.21	64.00%	-61.47%
By product					
Enclosed busbars	26,700,933.95	70.57%	16,259,273.32	36.00%	64.22%
Catering services	11,137,816.64	29.43%	28,904,485.21	64.00%	-61.47%
By region					
Mainland China	37,838,750.59	100.00%	45,163,758.53	100.00%	-16.22%

7.3.2 Industry, product or region accounting for more than 10% of the operating income or profit of the Company

Unit: RMB

	Operating income	Operating cost	Gross margin	Increase/decrease in operating income compared with the same period of last year	Increase/decrease in operating cost 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	26,700,933.95	24,245,271.69	9.20%	64.22%	140.58%	-75.81%
Catering services	11,137,816.64	2,157,799.84	80.63%	-61.47%	-80.97%	32.68%
By product						
Enclosed busbars	26,700,933.95	24,245,271.69	9.20%	64.22%	140.58%	-75.81%
Catering services	11,137,816.64	2,157,799.84	80.63%	-61.47%	-80.97%	32.68%
By region						
Mainland China	37,838,750.59	26,403,071.53	30.22%	-16.22%	23.28%	-42.52%

Explanation on the increase/decrease of more than 30% compared with the same period of last year:

1. The income of Fuxin Busbar increased in the first half of 2020 due to the increased output, and the costs increased correspondingly. The products sold in the current period are mainly products with low gross profits, resulting in lower gross margin.
2. The income of Garden Lane decreased in the first half of 2020 due to the impact of the epidemic, along with a decrease in the cost. The gross margin increased due to a greater decrease in cost than in revenue.



7.4 Significant changes in the composition of assets

Unit: RMB

	As at the end of the reporting period		As at the end of the same period of last year		Increase/decrease (%)	Explanation for significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary fund	81,839,967.09	17.24%	140,874,668.42	26.06%	-8.82%	Payment of the consideration for the acquisition of 30% equity of Chongqing Hotel
Account receivable	32,219,606.85	6.79%	30,517,139.65	5.64%	1.15%	Increase along with the increase in the business of enclosed busbar products
Inventories	21,042,672.60	4.43%	13,179,608.97	2.44%	1.99%	Increase in production input by Fuxin Busbar during the period
Fixed assets	48,141,448.22	10.14%	49,711,031.80	9.19%	0.95%	Accumulated depreciation of fixed assets as normal

7.5 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	Other changes	Amount at the end of the period
Financial assets								
Other equity investments	198,078,808.21							198,078,808.21
Total	198,078,808.21							198,078,808.21
Financial liabilities	0.00							0.00



7.6 Restricted assets as at the end of the reporting period

Unit: RMB

Item	Book value at the end of the year	Reasons for restriction
Monetary fund – other monetary funds	3,236,900.00	Performance guarantee
Intangible assets – land use right	12,210,281.05	Mortgage loan
Total	15,447,181.05	

7.7 Disposal of major assets

During the reporting period, there is no disposal of major assets.



7.8 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	74,162,190.22	58,608,855.51	0	-17,454.56	-17,454.56
Gaocai Technology Co., Ltd.	Subsidiary	Investment	USD1	87,259,821.14	5,131,730.31	0	-9,782.86	-9,782.86
Shenyang Kaiyi Electric Co., Ltd.	Subsidiary	Manufacturing of electrical equipment	RMB1 million	50,128,330.25	-55,092,470.97	0	-622,139.23	-622,146.74
Fuxin Enclosed Busbar Co., Ltd.	Subsidiary	Manufacturing of enclosed busbars	USD8.5 million	116,447,719.90	-38,953,588.69	26,700,933.95	-3,669,042.61	-3,680,664.59
Hainan Garden Lane Flight Hotel Management Co., Ltd.	Subsidiary	Public space business	RMB50 million	362,012,372.75	199,488,400.86	11,137,816.64	-5,858,727.70	-5,051,021.55
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	Subsidiary	Electric power engineering	RMB10 million	13,276,988.15	6,986,499.28	0	-10,699.20	-10,699.20
HNA Tianjin Center Development Co., Ltd.	Invested company	Property leasing, hotel catering	RMB269,887,709	3,788,998,719.70	1,183,854,920.91	28,592,825.50	-2,488,964.70	-2,728,364.40



Analysis of the 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

Share capital

During the reporting period, there is no change in the share capital of the Company.

Reserve

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

Distributable reserve

As at 30 June 2020, according to the relevant regulations, the Company's distributable reserve is RMB-2,071,138,368.70. Pursuant to the resolution approved at the Board meeting on 28 August 2020, the Board proposes not to distribute cash dividend, issue bonus share, or capitalize from capital reserves during the year.

Analysis of loans and borrowings

The Group's short-term borrowings were nil, primarily because the secured loans borrowed from the Bank of China by our subsidiary Fuxin Busbar were settled.

Working capital and financial resources

The net cash generated from the Group's operating activities for the half year ended 30 June 2020 was approximately RMB61,703,000 (2019: net cash generated from operating activities of approximately RMB9,597,000).

As at 30 June 2020, the Group had bank deposits and cash (including pledged bank balances) of approximately RMB81,840,000 (2019: RMB135,275,000) and had no bank loans (2019: bank loans of RMB10,500,000).

As of 30 June 2020, the Group had current liabilities of RMB424,915,000, non-current liabilities of RMB112,101,000, and shareholders' deficit attributable to shareholders of the Company of RMB67,768,000. Details of the capital structure of the Group are set out in the financial report of the Company's interim report.

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



Capital expenditure

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

Capital structure

The Company's sources of funds are mainly operating cash inflows and loans of substantial shareholders. As at 30 June 2020, the Group's short-term bank borrowings were nil, and the cash and cash equivalents were RMB81,840,000 (2019: RMB135,275,000). Borrowings bear fixed interest rates, 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.

Prospects for new business

Details of the prospects for new business are set out in "Prospects for the second half of the year" of "Discussion and Analysis of Business Condition".

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 "Discussion and Analysis of Business Condition".

Significant investments and sales

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

Segmental information of results

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

**Assets pledge**

As of 30 June 2020, the Company had fixed assets and net land value with a fair value of RMB12 million and the carrying amount of RMB12 million respectively for mortgages.

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 2020, the Group's gearing ratio (calculated as total liabilities/total assets) was 113% (2019: 111%).

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 that 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 2020, the Company had no material contingent liabilities.



Chapter 8 Significant Events

8.1 Personnel changes

Please refer to “Chapter 5 Profiles of Directors, Supervisors and Senior Management”.

8.2 Staff of the Company and remuneration policy

As at 30 June 2020, the number of employees on the payroll of the Company was 158. The total salary of employees was RMB9.64 million in the first half of 2020 (the number of employees of the Group was 162 and the total salary of employees was RMB27,865,000 in 2019).

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.

8.3 Corporate governance structure

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

8.4 Profit distribution plan and its implementation

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

8.5 Commitments performed during the reporting period and not yet performed as of the end of the reporting period by the 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 the de facto controller, shareholders, connected parties, acquirers of the Company and the Company during the reporting period.



8.6 Explanation given by the Board on the relevant situation of the “Non-standard Audit Report” of the previous year

NEE has engaged Mazars Certified Public Accountants LLP as the auditor of the Company for the year of 2019. Mazars Certified Public Accountants LLP issued an unqualified audit report for the Company's financial report for 2019 with paragraphs regarding material uncertainties on the Company's ability to continue as a going concern.

(I) Matters relating to the audit opinion

NEE recorded accumulated net loss of RMB-2,059,319,937.47 and equity attributable to shareholders of the parent of RMB-56,590,261.98 at the end of 2019. As of 31 December 2019, NEE's current liabilities exceeded its current assets by RMB231,083,200.33. Meanwhile, the Company faced 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 on the relevant situation of the “Non-standard Audit Report” of the previous year

The Board holds that the above audit opinion objectively and truthfully reflects the financial position of the Company and its risks as a going concern. In order to enhance the sustained development and profitability, improve the asset quality, promote the long-term and healthy development, and strive to remove the risk warning on delisting, the Company has taken the following measures to improve its ability to continue as a going concern:

1. Beijing Haihongyuan Investment Management Co., Ltd. (“Beijing Haihongyuan”), the parent of the Group, has issued a letter of commitment of financial support, undertaking to provide financial support unconditionally for the Group for one year from the issuance date of the letter, including funds and guarantees to help supplement working funds of the Group.
2. Further optimise the principal business through equity financing, actively seek opportunities for expanding new business segments, and enhance the Group's core competitiveness and sustainable development capabilities.
3. Coping with the market changes and demands, proactively adjust product structure and industrial upgrading, accelerate the transformation to a modern service industry, and optimise overall industrial distribution; develop new client bases, improve and strengthen sales system, and enhance the profitability of the main business;



4. Research, explore and develop hotel, catering and accommodation businesses based on the wholly-owned subsidiary Hainan Garden Lane Flight Hotel Management Co., Ltd., and utilise the resources and talent advantages of the substantial shareholders in the modern service industry to launch new businesses and develop new industries, thereby expanding the business scope of the listed company, improving its asset portfolio, and bringing fresh energy into its sustained operation.
5. Enhance overall budget management and cost control, exert strict control over various expenditures and expenses, lower the operation costs, and maximise the profitability of the principal business.
6. In strict accordance with the requirements for standard operation of listed companies, the Group continuously improves working standards and perfects the internal control system, establishes and improves the operation organisation, continuously improves various internal control systems, strengthens risk control measures, and reduces the Company's operational risks, so as to enable the Group's internal control system to be more operable, to prevent damage to the interests of the listed company and shareholders, and to ensure the realisation of the Group's business objectives.

With the aforesaid measures, the management of the Group deems it reasonable to prepare the financial statements on the basis of continuous operations. The Board of the Group has conducted a thorough and detailed evaluation on the Group's ability to continue as a going concern by reviewing the future working capital forecast of the Group prepared by the management, and deems that the Group will be able to acquire enough funding resources to ensure working capital and expensing needs. Therefore, the Board agreed with the preparation of the financial statements on the basis of continuous operations.

The Board will continue to pay attention to and supervise the management of the Company so that they actively take effective measures to improve the Company's ability to continue as a going concern and protect the legitimate rights and interests of the Company and investors.



8.7 Litigation

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

Please refer to “6.2 Business Review for the First Half of 2020 – (V) Progress of material litigations”.

2. Legal proceedings involving the subsidiary Fuxin Enclosed Busbar Co., Ltd.

Please refer to “6.2 Business Review for the First Half of 2020 – (V) Progress of material litigations”.

3. The litigation brought by China Development Bank

The Supreme People's Court issued an enforcement order ((2017) Zui Gao Fa Zhi Fu No.27) in August 2017 to reject the reconsideration request made by NEE and affirm the enforcement order of Beijing Higher People's Court (2015) Gao Zhi Yi Zi No.52. The enforcement order was final. The case was transferred to Hainan First Intermediate People's Court 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 NEE as a person subject to enforcement

The Company received the Notice of Appearance [(2019) Qiong 96 Min Chu No.381] on adjudicating NEE 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.



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

The de facto controller of the Company is Hainan Liberation Commonweal Foundation. Through verifying the information published on CREDITCHINA.GOV.CN, the National Enterprise Credit Information Publicity System, and <http://zxgk.court.gov.cn/>, Hainan Liberation Commonweal 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 or dishonest enterprises in material non-compliance with the laws or the list of persons subject to enforcement due to dishonesty.

Hainan Liberation Commonweal 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.

8.9 Material connected transactions

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

8.9.2 The subsidiary Garden Lane Hotel's acquisition of 30% equity interests in Chongqing Hotel constituted a connected transaction. Please refer to "(II) Acquisition of minority interests in Chongqing Hotel – 6.2 Business Review for the First Half of 2020".

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

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

8.11 Significant contracts and their execution

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

8.12 Guarantees

As at the end of the reporting period, the actual balance of the external guarantee provided by the Company totaled RMB30 million, with Jinzhou Power Capacitors Co., Ltd. as the collateral.



8.13 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 provisions, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Due to the resignation of Mr. Li Rui, the former general manager of the Company, Mr. Zhu Jie, the Chairman, is acting as the general manager now.

For more details on the implementation, please refer to the Corporate Governance Report disclosed in the Annual Report 2019. After the issuance of the annual report, the compliance and execution of the Code by the listed issuer remained unchanged.

8.14 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 Hong Kong Stock Exchange as a code of conduct for Directors’ securities transactions; after accepting specific inquiries, all members of the Board of the Company confirmed that they had complied with the Model Code during their tenure as the Directors.

The Board has formulated guidelines on the trading of securities of listed companies by “directors and relevant employees”. The Office of the Board has given written notices in advance to insiders (including the Company’s Directors, supervisors, senior management, controlling shareholders, de facto controllers and their 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 insiders to purchase or sell the shares with inside information: no transactions of the Company’s securities shall be carried out during the price-sensitive timeframe within 30 days, a lock-up period from 28 July 2020 to 28 August 2020, prior to the results announcement.

All Directors confirmed that: During the reporting period, they had 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 2019 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.



8.15 Others

Purchase, sale or 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 have 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 encounter any situation where the controlling shareholder should fulfil specific responsibilities according to the terms included in the loan agreements.

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 affiliates

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

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 of 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 2020 were prepared by the Group in accordance with the PRC GAAP and IFRS.

The audit committee under the Board of the Company has reviewed and confirmed the interim results announcement of the Company for 2020.

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 2020.

8.16 Subsequent events

None



Chapter 9 FINANCIAL STATEMENTS (PREPARED UNDER THE IFRS)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue	37,839	45,164
Cost of sales and services	(26,403)	(21,418)
Gross profit	11,436	(23,746)
Other revenue and other income	2,779	1,859
Selling expenses	(14,515)	(17,394)
Administrative and other operating expenses	(10,433)	(11,740)
Gain on disposal of subsidiaries	-	-
Gain on disposal of a plant	-	-
Reversal (Provision) of loss allowance on		
– trade and rental receivables	-	-
– other receivables	-	831
Finance costs	(861)	(691)
Share of results of an associate	-	-
Loss before taxation	(11,594)	(3,389)
Income tax expenses	(280)	(520)
Loss for the period	(11,874)	(3,909)

**Condensed Consolidated Statement of Comprehensive Income** *(continued)*

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited) RMB'000	(Unaudited) RMB'000
Other comprehensive income		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	111	346
Other comprehensive income for the period, net of tax	111	346
Total comprehensive loss for the period	(11,763)	(3,563)
Loss for the period attributable to:		
Equity holders of the Company	(11,818)	(3,924)
Non-controlling interests	(56)	15
Loss for the period	(11,874)	(3,909)
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(11,707)	(3,578)
Non-controlling interests	(56)	15
Total comprehensive loss for the period	(11,763)	(3,563)
Loss per share	RMB cents	RMB cents
Basic and diluted	(1.35)	(0.45)



Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Non-current assets		
Property, plant and equipment	48,141	49,843
Investment properties	14,600	16,012
Right-of-use assets	6,491	9,737
Land use right	14,499	14,675
Intangible assets	-	-
Goodwill	-	-
Interest in an associate	-	-
Designated FVOCI	198,079	198,079
Deposits	4,840	4,840
	286,650	293,186
Current assets		
Inventories	21,043	16,910
Trade, bills and rental receivables	32,397	27,113
Prepayment, deposits and other receivables	50,083	4,774
Tax recoverable	2,662	129
Cash at a financial institution	72,425	70,574
Cash at banks and in hand	9,415	64,701
	188,025	184,201

**Condensed Consolidated Statement of Financial Position** *(continued)*

As at 30 June 2020

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Current liabilities		
Trade payables	29,987	17,926
Contract liabilities	6,522	10,241
Other payables	375,067	362,786
Employment benefits payables	3,403	3,276
Tax payables	835	742
Interest-bearing borrowings	-	10,500
Lease liabilities	9,100	9,813
	424,914	415,284
Net current liabilities	(236,889)	(231,083)
Total assets less current liabilities	49,761	62,103
Non-current liabilities		
Provisions	72,100	72,100
Government grants	27,145	23,623
Lease liabilities	12,856	17,487
	112,101	113,210
NET LIABILITIES	(62,340)	(51,107)
Capital and reserves		
Share capital	873,370	873,370
Reserves	(941,138)	(929,960)
Equity attributable to equity holders of the Company	(67,768)	(56,590)
Non-controlling interests	5,428	5,483
TOTAL DEFICITS	(62,340)	(51,107)



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Equity attributable to equity holders of the Company									
	Reserves								Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	Investment revaluation reserve (non-recycling)	Exchange reserve	Accumulated losses	Total reserves	Sub-total		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2020	873,370	1,082,848	108,587	(35,096)	(26,979)	(2,059,320)	(929,960)	(56,590)	5,483	(51,107)
Loss for the period	-	-	-	-	-	(11,818)	(11,818)	(11,818)	(55)	(11,873)
Other comprehensive income										
Exchange differences on translation of foreign operations	-	-	-	-	111	-	111	111	-	111
Total other comprehensive income for the period	-	-	-	-	111	-	111	111	-	111
Total comprehensive loss for the period	-	-	-	-	111	(11,818)	(11,707)	(11,707)	(55)	(11,762)
Transactions with equity holders of the Company										
Contributions and distributions:										
Changes in ownership interests	-	529	-	-	-	-	529	529	-	529
As at 30 June 2020 (unaudited)	873,370	1,083,377	108,587	(35,096)	(26,868)	(2,071,138)	(941,138)	(67,768)	5,428	(62,340)

Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 30 June 2020

	Equity attributable to equity holders of the Company									
	Reserves									Total equity
	Share capital	Capital reserve	Surplus reserve	Investment revaluation reserve (non-recycling)	Exchange reserve	Accumulated losses	Total reserves	Sub-total	Non-controlling interests	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2019	873,370	1,074,828	108,587	(2,206)	(26,806)	(2,019,154)	(864,751)	8,619	13,497	22,116
Loss for the period	–	–	–	–	–	(3,924)	(3,924)	(3,924)	16	(3,908)
Other comprehensive income										
Exchange differences on translation of foreign operations	–	–	–	–	346	–	346	346	–	346
Total other comprehensive income for the period	–	–	–	–	346	–	346	346	–	346
Total comprehensive loss for the period	–	–	–	–	346	(3,924)	(3,578)	(3,578)	16	(3,562)
Transactions with equity holders of the Company										
Contributions and distributions:										
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	8,015	–	–	–	–	8,015	8,015	(8,015)	–
As at 30 June 2019 (unaudited)	873,370	1,082,843	108,587	(2,206)	(26,460)	(2,023,078)	(860,314)	13,056	5,498	18,554



Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited) RMB'000	(Unaudited) RMB'000
OPERATING ACTIVITIES		
Cash generated from (used in) operations	4,885	(2,037)
Income taxes paid	(1,025)	(1,217)
Interest received	992	–
Net cash generated from (used in) operating activities	4,852	(3,254)
Purchase of property, plant and equipment	–	(161)
Cash paid for investments	(48,436)	–
Net cash used in investing activities	(48,436)	(161)
FINANCING ACTIVITIES		
Repayment of bank and other loans	(10,500)	–
Repayment of lease liabilities	–	(2,055)
Interest paid	(226)	(131)
Net cash used in financing activities	(10,726)	(2,186)
Net decrease in cash and cash equivalents	(54,310)	(5,601)
Cash and cash equivalents at the beginning of the reporting period	58,954	69,518
Effect on exchange rate changes on cash and cash equivalents	34	1
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	4,678	63,918



Chapter 10 FINANCIAL STATEMENTS (PREPARED UNDER THE PRC GAAP)

I. AUDIT REPORT

Has the interim report been audited?

☐ Yes ☒ No

The interim report of the Company has not been audited.

II. FINANCIAL STATEMENTS

Unit in the financial statements of the notes to financial statements: RMB



1. CONSOLIDATED BALANCE SHEET

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Current assets:		
Cash and cash equivalents	81,839,967.09	135,274,303.72
Reserved deposits		
Loans to banks and other financial institutions		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	177,692.20	
Accounts receivable	32,219,606.85	27,140,493.40
Receivables financing		
Prepayment	265,294.42	1,019,555.51
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	49,817,907.41	759,602.00
Incl.: Interest receivable		
Dividends receivable		

**1. CONSOLIDATED BALANCE SHEET (Continued)**

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Financial assets purchased under agreements to resell		
Inventories	21,042,672.60	16,909,715.61
Contract assets		
Assets held for sale		
Non-current asset due within 1 year		
Other current assets	2,662,339.32	2,751,718.63
Total current assets	188,025,479.89	183,855,388.87
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Other equity instrument investments	198,078,808.21	198,078,808.21
Other non-current financial assets		
Investment real estate		
Fixed assets	48,141,448.22	49,802,006.47



1. CONSOLIDATED BALANCE SHEET (Continued)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	21,090,852.30	25,749,336.93
Intangible assets	14,498,524.39	14,675,394.97
Development expenditures		
Goodwill		
Long-term deferred expenses		40,728.78
Deferred income tax assets		
Other non-current assets	4,839,800.00	4,839,800.00
Total non-current assets	286,649,433.12	293,186,075.36
Total assets	474,674,913.01	477,041,464.23
Current liabilities:		
Short-term borrowings		10,500,000.00
Borrowings from central bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	29,987,363.52	18,436,024.06

**1. CONSOLIDATED BALANCE SHEET (Continued)**

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Receipts in advance		
Contract liabilities	6,522,273.11	10,233,056.45
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	3,403,100.41	3,275,574.02
Taxes payable	834,859.59	1,346,933.20
Other payables	375,066,974.14	362,381,183.75
Incl.: Interest payable		17,363.75
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within 1 year	9,100,084.26	8,765,817.72
Other current liabilities		
Total current liabilities	424,914,655.03	414,938,589.20



1. CONSOLIDATED BALANCE SHEET (Continued)

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings		
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	12,856,485.87	17,486,748.75
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities	72,099,690.00	72,099,690.00
Deferred revenue	27,144,948.32	23,623,291.13
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	112,101,124.19	113,209,729.88
Total liabilities	537,015,779.22	528,148,319.08

**1. CONSOLIDATED BALANCE SHEET (Continued)**

Prepared by: NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

30 June 2020

Unit: RMB

Items	30 June 2020	31 December 2019
Owners' equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	1,083,377,417.59	1,082,848,805.11
Less: Treasury stock		
Other comprehensive income	-61,964,639.24	-62,076,254.02
Special reserve		
Surplus reserve	108,587,124.40	108,587,124.40
Provision for general risk		
Retained profits	-2,071,138,368.70	-2,059,319,937.47
Total equity attributable to owners of the parent company	-67,768,465.95	-56,590,261.98
Minority interests	5,427,599.74	5,483,407.13
Total owners' equity	-62,340,866.21	-51,106,854.85
Total liabilities and owners' equity	474,674,913.01	477,041,464.23

Legal representative: Zhu Jie

Chief financial officer: Wang Kai

Chief accounting officer: Wang Kai



2. BALANCE SHEET OF PARENT COMPANY

Unit: RMB

Items	30 June 2020	31 December 2019
Current assets:		
Cash and cash equivalents	4,164.92	893.51
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Prepayment		
Other receivables	255,373,741.54	258,324,138.60
Incl.: Interest receivable		
Dividend receivable		
Inventories		
Contract assets		
Assets held for sale		
Non-current asset due within 1 year		
Other current assets	608,094.92	566,304.82

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

Unit: RMB

Items	30 June 2020	31 December 2019
Total current assets	255,986,001.38	258,891,336.93
Non-current assets:		
Debt investments		
Other debt 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 real estate		
Fixed assets	24,281.98	25,826.92
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditures		
Goodwill		
Long-term deferred expenses		40,728.78
Deferred income tax assets		
Other non-current assets		
Total non-current assets	56,460,755.01	56,503,028.73
Total assets	312,446,756.39	315,394,365.66



2. BALANCE SHEET OF PARENT COMPANY (Continued)

Unit: RMB

Items	30 June 2020	31 December 2019
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers		
Contract liabilities	581,743.59	581,743.59
Employee compensation payable	1,010,964.10	1,059,047.18
Taxes payable	302,287.21	339,467.85
Other payables	336,165,905.80	337,074,394.71
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	338,060,900.70	339,054,653.33

**2. BALANCE SHEET OF PARENT COMPANY (Continued)***Unit: RMB*

Items	30 June 2020	31 December 2019
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	410,160,590.70	411,154,343.33



2. BALANCE SHEET OF PARENT COMPANY (Continued)

Unit: RMB

Items	30 June 2020	31 December 2019
Owners' equity:		
Share capital	873,370,000.00	873,370,000.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	996,249,779.94	995,721,167.46
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	108,587,124.40	108,587,124.40
Retained profits	-2,075,920,738.65	-2,073,438,269.53
Total owners' equity	-97,713,834.31	-95,759,977.67
Total liabilities and owners' equity	312,446,756.39	315,394,365.66



3. CONSOLIDATED INCOME STATEMENT

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
I. Total operating income	37,838,750.59	45,163,758.53
Incl.: Operating income	37,838,750.59	45,163,758.53
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating cost	51,178,021.60	49,613,580.90
Incl.: Operating cost	26,403,071.53	21,417,642.83
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	440,750.91	582,834.93
Cost of sales	14,515,293.80	17,393,737.95
Administrative expenses	9,990,199.47	11,127,965.17
Research and development expenses		
Financial expenses	-171,294.11	-908,599.98
Incl.: Interest expenses	824,460.43	632,355.00
Interest income	1,031,574.82	1,600,318.15



3. CONSOLIDATED INCOME STATEMENT (Continued)

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
Add: Other income	668,955.66	243,907.98
Investment income ("-" represents loss)		
Incl.: Investment income from associates and joint ventures		
Income from derecognition of 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)		
Gain on disposal of assets ("-" represents loss)		
III. Operational profit ("-" represents loss)	-12,670,315.35	-3,375,129.59
Add: Non-operating income	1,078,350.37	15,943.26
Less: Non-operating expenses	2,017.55	29,365.81
IV. Total profit ("-" represents total loss)	-11,593,982.53	-3,388,552.14
Less: Income tax expenses	280,256.09	520,173.40

**3. CONSOLIDATED INCOME STATEMENT (Continued)**

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
V. Net profit (“-” represents net loss)	-11,874,238.62	-3,908,725.54
A. Classified by business continuity		
1. Net profit from continuing operations (“-” represents net loss)	-11,874,238.62	-3,908,725.54
2. Net profit from discontinued operations (“-” represents net loss)		
B. Classified by ownership		
1. Net profit attributable to owners of the parent company	-11,818,431.23	-3,924,330.74
2. Profit or loss attributable to minority interests	-55,807.39	15,605.20
VI. Net other comprehensive income after tax	111,614.78	346,094.29
Net other comprehensive income attributable to owners of the parent company after tax	111,614.78	346,094.29
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)

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
B. Other comprehensive income reclassifiable to profit or loss	111,614.78	346,094.29
1. Other comprehensive income reclassifiable to profit and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedge reserve		
6. Exchange difference on translation of foreign financial statements	111,614.78	346,094.29
7. Others		
Net other comprehensive income attributable to minority interests after tax		
VII. Total comprehensive income	-11,762,623.84	-3,562,631.25
Total comprehensive income attributable to owners of the parent company	-11,706,816.45	-3,578,236.45
Total comprehensive income attributable to minority interests	-55,807.39	15,605.20
VIII. Earnings per share		
(I) Basic earnings per share	-0.0135	-0.0045
(II) Diluted earnings per share	-0.0135	-0.0045



4. INCOME STATEMENT OF PARENT COMPANY

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
I. Total operating income	0.00	0.00
Less: Operating cost	2,482,469.19	5,499,074.25
Taxes & surcharges		
Cost of sales		
Administrative expenses	2,478,916.69	5,495,067.51
Research and development expenses		
Financial expenses	3,552.50	4,006.74
Incl.: Interest expenses		
Interest income		
Add: Other income		
Investment income ("-" represents loss)		
Incl.: Investment income from associates and joint ventures		
Income from derecognition of financial assets at amortised cost ("-" represents loss)		
Net exposure hedge income ("-" represents loss)		



4. INCOME STATEMENT OF PARENT COMPANY (Continued)

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
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)		
II. Operational profit ("-" represents loss)	-2,482,469.19	-5,499,074.25
Add: Non-operating income	0.07	
Less: Non-operating expenses		
III. Total profit ("-" represents total loss)	-2,482,469.12	-5,499,074.25
Less: Income tax expenses		
IV. Net profit ("-" represents net loss)	-2,482,469.12	-5,499,074.25
(I) Net profit from continuing operations ("-" represents net loss)	-2,482,469.12	-5,499,074.25
(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 the 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)**

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
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 the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedge reserve		
6. Exchange difference on translation of foreign financial statements		
7. Others		
VI. Total comprehensive income	-2,482,469.12	-5,499,074.25
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		



5. CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	34,140,434.98	38,986,746.98
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	992,292.57	
Net increase in borrowings from banks and other financial institutions		
Net increase in income from repurchase transactions		
Cash received from securities brokerage services, net		
Tax refunds received		
Other cash receipts relating to operating activities	83,322,917.49	14,822,608.85
Sub-total of cash inflows from operating activities	118,455,645.04	53,809,355.83

**5. CONSOLIDATED CASH FLOW STATEMENT (Continued)***Unit: RMB*

Items	Amount for the first half of 2020	Amount for the first half of 2019
Cash paid to goods purchased and labor service received	25,687,390.51	17,595,768.96
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 loans to banks and other financial institutions		
Cash paid for interests, fees and commissions	5,815.57	
Cash paid for policy dividends		
Cash paid to and for employees	8,625,644.27	11,062,378.49
Payments of taxes and surcharges	1,024,700.09	1,217,294.47
Other cash payments relating to operating activities	21,409,395.47	26,025,833.20
Sub-total of cash outflows for operating activities	56,752,945.91	55,901,275.12
Net cash flow from operating activities	61,702,699.13	-2,091,919.29



5. CONSOLIDATED CASH FLOW STATEMENT (Continued)

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
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 from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities		
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets		160,513.12
Cash paid for investment	48,435,719.34	
Net increase of mortgaged loans		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash payments relating to investing activities		
Sub-total of cash outflows for investing activities	48,435,719.34	160,513.12
Net cash flow from investing activities	-48,435,719.34	-160,513.12

**5. CONSOLIDATED CASH FLOW STATEMENT (Continued)**

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
III. Cash flow from financing activities:		
Cash received by absorbing investment		
Incl.: Cash received by subsidiaries from minority interests		
Cash received from borrowings		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayments of debts	10,500,000.00	
Cash paid for dividends, profits distribution or interests	225,709.27	131,478.61
Incl.: Dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities		2,055,359.68
Sub-total of cash outflows for financing activities	10,725,709.27	2,186,838.29
Net cash flow from financing activities	-10,725,709.27	-2,186,838.29
IV. Effect of changes in foreign currency rates on cash and cash equivalents	34,028.92	1,094.82
V. Net increase in cash and cash equivalent	2,575,299.44	-4,438,175.88
Add: Balance of cash and cash equivalents at beginning of period	74,527,767.65	84,724,338.23
VI. Balance of cash and cash equivalents at end of period	77,103,067.09	80,286,162.35



6. CASH FLOW STATEMENT OF PARENT COMPANY

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
I. Cash flow from operating activities		
Cash received from sales of goods or rendering of services		
Tax refunds received		
Other cash receipts relating to operating activities	3,020,491.01	7,511,146.05
Sub-total of cash inflows from operating activities	3,020,491.01	7,511,146.05
Cash paid to goods purchased and labor service received		
Cash paid to and for employees	2,009,400.18	4,138,706.20
Payments of taxes and surcharges		
Other cash payments relating to operating activities	1,007,819.42	3,425,100.17
Sub-total of cash outflows for operating activities	3,017,219.60	7,563,806.37
Net cash flow from operating activities	3,271.41	-52,660.32
II. Cash flow from investing activities:		
Cash from disinvestments		
Cash received return of investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities		

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

Unit: RMB

Items	Amount for the first half of 2020	Amount for the first half of 2019
Cash paid in purchase/construction of fixed assets, intangible assets and other long-term assets		
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash payments relating to 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		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayments of debts		
Cash paid for dividends, profits distribution or interests		
Other cash payments relating to 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 in cash and cash equivalents	3,271.41	-53,356.70
Add: Balance of cash and cash equivalents at beginning of period	893.51	131,150.21
VI. Balance of cash and cash equivalents at end of period	4,164.92	77,793.51



7. CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

Amount for the current period

Unit: RMB

Amount for the first half of 2020															
Items	Equity attributable to shareholders of the 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				1,082,848,805.11		-62,076,254.02		108,587,124.40		-2,059,319,937.47		-56,590,261.98	5,483,407.13	-51,106,854.85
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				1,082,848,805.11		-62,076,254.02		108,587,124.40		-2,059,319,937.47		-56,590,261.98	5,483,407.13	-51,106,854.85
III. Changes in the current period ("-" represents loss)															
(I) Total comprehensive income					528,612.48		111,614.78				-11,818,431.23		-11,178,203.97	-55,807.39	-11,234,011.36
(II) Increase/Decrease of capital from shareholders							111,614.78				-11,818,431.23		-11,706,816.45	-55,807.39	-11,762,623.84
1. Ordinary shares invested by shareholders					528,612.48								528,612.48		528,612.48
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 OWNER'S EQUITY (Continued)

Amount for the previous period (Continued)

Unit: RMB

Amount for the first half of 2020															
Items	Equity attributable to shareholders of the parent company														
	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	Minority interests	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 reverses															
1. Appropriation of the special reverses															
2. Usage of the special reverses															
(VI) Others															
IV. Balance at end of period	873,370,000.00				1,083,377,417.59		-61,964,639.24		108,587,124.40		-2,071,138,368.70		-67,768,465.95	5,427,599.74	-62,340,866.21



7. CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY (Continued)

Amount for the previous period

Unit: RMB

Amount for the first half of 2019															
Items	Equity attributable to shareholders of the 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		108,387,124.40		-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		108,387,124.40		-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	-7,999,305.99	-3,562,631.25	
(I) Total comprehensive income						346,094.29				-3,924,330.74		-3,578,236.45	15,005.20	-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											



7. CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY (Continued)

Amount for the previous period (Continued)

Unit: RMB

Amount for the first half of 2019															
Items	Equity attributable to shareholders of the parent company														
	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	Minority interests	Total shareholders' equity
		Preferred	Perpetual	Others											
(III) Distribution of profit															
1. Appropriation of surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to shareholders															
4. Others															
(IV) Transfer within equity															
1. Transfer-in from capital reserves															
2. Transfer-in from surplus reserves															
3. Loss covered by surplus reserves															
4. Changes in defined benefit plan transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reverses															
1. Appropriation of the special reverses															
2. Usage of the special reverses															
(VI) Others															
IV. Balance at end of period	873,370,000.00				1,082,843,693.86		-28,666,402.92		108,587,124.40		-2,023,076,528.45		13,055,882.89	5,497,865.82	18,553,748.71



8. STATEMENT OF CHANGES IN OWNER'S EQUITY OF PARENT COMPANY

Amount for the current period

Unit: RMB

Amount for the first half of 2020												
Items	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	-2,073,438,269.53		-95,759,977.67
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	-2,073,438,269.53		-95,759,977.67
III. Changes in the current period ("+" represents loss)					528,612.48					-2,482,469.12		-1,953,856.64
(I) Total comprehensive income										-2,482,469.12		-2,482,469.12
(II) Increase/Decrease of capital from shareholders					528,612.48							528,612.48
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					528,612.48							528,612.48
(III) Distribution of profit												
1. Appropriation of surplus reserves												
2. Distribution to shareholders												
3. Others												



8. STATEMENT OF CHANGES IN OWNER'S EQUITY OF PARENT COMPANY (Continued)

Amount for the current period (Continued)

Unit: RMB

Items	Amount for the first half of 2020											
	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 reverses												
1. Appropriation of the special reverses												
2. Usage of the special reverses												
(VI) Others												
IV. Balance at end of period	873,370,000.00				996,249,779.94				108,587,124.40	-2,075,920,738.65		-97,713,834.31

Amount for the previous period

Unit: RMB

[illegible]



8. STATEMENT OF CHANGES IN OWNER'S EQUITY OF PARENT COMPANY (Continued)

Amount for the previous 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 reverses												
1. Appropriation of the special reverses												
2. Usage of the special reverses												
(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

Legal representative: Zhu Jie

Chief financial officer: Wang Kai

Chief accounting officer: Wang Kai



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

There is no change in accounting policy, accounting estimates and accounting methods in comparison with the financial report of the previous year.

10.2 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.

10.3 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.

10.4 Others

10.4.1 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.

10.4.2 Taxation

Main taxation category and tax rate of the Company

Category	Tax Base	Tax Rate
VAT	The taxable income is calculated at the tax rates of 16%, 13%, 6%, and the VAT payable is determined by the output VAT net of deductible input VAT of the period.	16%, 13%, 6%
Urban construction & maintenance tax	At 7% of the turnover tax actually paid.	7%
Corporate income tax	At 25% of the taxable income payable.	25%, 16.5%
Educational surcharge	At 5% of the turnover tax actually paid.	5%

Notes:

- (1) For Northeast Electric Development (Hong Kong) Limited, a wholly-owned subsidiary of the Company registered in HKSAR of the PRC, the profits tax rate is 16.5%.
- (2) Gaocai Technology Co., Ltd. is a wholly-owned subsidiary, registered in the British Virgin Islands. No corporate income tax is imposed on it.
- (3) The corporate income tax of Shenyang Kaiyi Electric Co., Ltd., a subsidiary of the Company, is collected in a way of verification.

10.4.3 Net profit

	The reporting period	The same period of last year
Net profit attributable to shareholders of the parent company (RMB)	-11,818,431.23	-3,924,330.74



10.4.4 Earnings per share

	The reporting period	The same period of last year
Basic earnings per share (RMB/share)	-0.0135	-0.0045
Diluted earnings per share (RMB/share)	-0.0135	-0.0045

10.4.5 Dividends

No dividends were paid or proposed for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil), and no dividend was proposed from the end of the reporting period.

10.4.6 Share capital

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

10.5 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
28 August 2020

As at the date of the Announcement, the Board of Directors comprises of six executive directors, namely Mr. Zhu Jie, Mr. Wang Yongfan, Mr. Bao Zongbao, Mr. Su Weiguo, Mr. Guo Qianli and Mr. Li Guoqing; and three independent non-executive directors, namely Mr. Li Ming, Mr. Fang Guangrong and Mr. Wang Hongyu.