2013 ANNUAL REPORT

Neusoft
Beyond Technology ™

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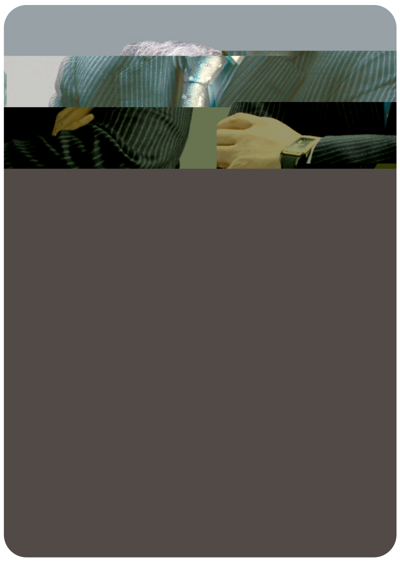
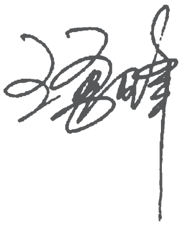


Dr. Liu Jiren
Chairman
Neusoft Corporation

The world is changing faster than ever before. An increasing number of new policies, transformative technologies and new trend are constantly catalyzing innovative business models, emerging markets and new demands in recent years.

With that big picture in mind, Neusoft has always been focusing on innovation and globalization. We encourage innovation at all levels of our operations to drive transformation for better. Specifically, we have built a robust growth model driven by knowledge assets. These efforts have helped us not only overcome many challenges and ward off potential risks, but also build our new competitive advantages.

Today, new technologies such as mobile Internet, cloud computing, big data and social media are overthrowing traditional business models with new IT products/services and business patterns springing up. This stimulated new market demands and gradually broke industry barriers, and what followed by are increasingly growing cross-industry competition and cooperation. Over the past twenty-plus years, Neusoft has achieved a great-leap-forward growth through incremental innovation and transformation. In the future, we will integrate innovation into a daily routine, reengineering and strengthening our business capabilities through collaboration. Pinpointing the construction of China´s economic infrastructures and the informatization in the realms important to the people´s livelihood, we will continue to promote social transformation through IT business, explore business model innovation and transformation, enhance the seamless integration of industrialization and informatization, and accelerate the upgrade of the manufacturing industries. Besides, we will continue to expand our cloud and big data service offerings, by doing so, to build Neusoft into a global excellent innovative company with sustainable development and everlasting vitality.



Wang Yongfeng
President
Neusoft Corporation

We faced a complex, challenging market environment in the year 2013. To cope with the challenges and achieve a large-scale dynamic growth of our businesses, we strengthened our core business strengths, enhanced organizational systems and capabilities, accelerated the planning and development of new businesses, and promoted business growth through Internet-based diversified business models, application innovation and knowledge assets. In addition, we continued to further the operational excellence plan, strengthened the management of operational expense and enhanced operational efficiency. Thankfully, these efforts we made ensured our stable and sustainable growth.

2014 is an important year for our ongoing growth and transformation. We will stick to our innovation and globalization strategy, enhance the competitiveness of our core businesses on a professional and systematic basis, and optimize business structure and organizational capability. Focusing on key accounts, we will set up customer development team systematically, and develop business that may take leading position in the market with advantageous sales resource. What´s more, we will develop businesses in the fields of cloud service, Internet of Things, IP and product lines, and speed up innovation on Internet-based business model, promote business resource integration to keep pace with the era of mobile Internet, and increase input into knowledge assets that can drive increasing business growth. Moreover, we will accelerate operational excellence plan and comprehensive quality management, improve expense and budget management to enhance overall operation efficiency, with an aim to drive sustainable, large-scale and highly efficient business development.

Important Notes

(1) The Board of Directors, Board of Supervisors, directors and supervisors as well as the senior managements hereby represent and warrant that the Report contains no false representations, misleading statements to material omissions, and will be individually and jointly reliable for the authenticity, accuracy and integrity of the contents.

(2) BDO CHINA SHU LUN PAN Certified Public Accountants LLP has issued a standard and unqualified auditor´s report.

(3) Liu Jiren, Chairman & CEO, Zhang Xiao´ou, Senior Vice President & CFO, and Shi Peijun, Director of Accounting and Settlement Department, hereby confirm the authenticity, accuracy and integrity of the financial statements in this annual report.

(4) This report is primarily about Neusoft Corporation (˝Neusoft˝ or the ˝Company˝), including any and/or all branches and subsidiaries of the Company.

(I) Definitions and Significant Risk Warning

1.1 Definitions

Unless otherwise indicated, the following items in this annual report have the following meanings.

China Securities Regulatory Commission	Refers to	Securities Regulatory Commission of the People´s Republic of China
The Ministry of Commerce	Refers to	The Ministry of Commerce of the People´s Republic of China
Stock exchange	Refers to	Shanghai Stock Exchange
Neusoft, the Company, parent company	Refers to	Neusoft Corporation
The group	Refers to	Neusoft Corporation and its subsidiaries
CPA firm	Refers to	BDO CHINA SHU LUN PAN Certified Public Accountants LLP
Reporting period	Refers to	Fiscal year of 2012, from January 1st, 2012 to December 31st, 2012
Yuan, Ten thousand Yuan, and one hundred million Yuan	Refers to	The RMB Yuan, RMB ten thousand Yuan, RMB ten hundred million Yuan

1.2 Significant risk warning:

The Company has described the potential risks and related countermeasures in this annual report. For more details, please refer to the *Report of the Board of Directors*.

(II) Company Profile

2.1 Overview

Registered Company Name in Chinese	"东软集团股份有限公司"
Abbreviation of Registered Company Name in Chinese	"东软集团"
Registered Company Name in English	Neusoft Corporation
Abbreviation of Registered Company Name in English	Neusoft
Legal Representative	Liu Jiren

2.2 Contact

	Secretary of the Board of Directors	Representative for Securities Affairs
Name	Wang Nan	Zhang Long
Address	Neusoft Park, No.2 Xinxiu Street, Hunnan New District, Shenyang 110179, PR China	Neusoft Park, No.2 Xinxiu Street, Hunnan New District, Shenyang 110179, PR China
Tel	024-83662115	024-83662115
Fax	024-23783375	024-23783375
Email	investor@neusoft.com	investor@neusoft.com

2.3 Basic information

Registered office	No.2 Xinxiu Street, Hunnan New District, Shenyang 110179, PR China
Post code	110179
Address of office	Neusoft Park, No.2 Xinxiu Street, Hunnan New District, Shenyang 110179, PR China
Post code	110179
Official website	http://www.neusoft.com
Email	investor@neusoft.com

2.4 Information disclosure and venue of report preparation

Newspaper designated by the Company for information disclosure	*China Securities Journal, Shanghai Securities News*
Website designated by China Securities Regulatory Commission for publication of annual report	http://www.sse.com.cn
Venue of preparation of annual report	Office of the Board of Directors

2.5 Company Stock

Company Stock				
Class of stock	Stock exchange	Stock name	Stock code	Name of stock before alteration
A	Shanghai Stock Exchange	Neusoft Corporation	600718	Neusoft Stock/Neu-Alpine

2.6 Alteration of registered information within the reporting period

2.6.1 Basic information

No information related to the place of registration, registered number of Corporate Business License, tax registration number and organization code are altered.

Place of registration	No.2 Xinxiu Street, Hunnan New District, Shenyang 110179, PR China
Registration number of corporate business license	210100402001491
Tax registration number	210132604608172
Organization code	60460817-2

2.6.2 Initial registration information

Date of initial registration: June 17th, 1991

Place of initial registration: No. 2, Xinxiu Street Hunnan New District, Shenyang 110179, PR China.

2.6.3 Alteration of main business since listing

Focusing on software technologies, the Company provides industry solutions, software products, platforms and services and medical equipment. No significant change in main business is found since listing.

2.6.4 Alteration of stockholders since listing

In June 1996, the Company was listed at Shanghai Stock Exchange. The largest shareholder was Software Center of Northeastern University of China, holding 27.64% of the total shares.

In May 1998, Neusoft accepted a transfer of all corporate shares held by Software Center of Northeastern University of China. After completion of the transfer, Neusoft held 27.64% equity in the Company, becoming the largest shareholder.

In December 2003, Neusoft acquired all the foreign corporate shares of the Company held by Alpine Electronics (China) Co., Ltd. After completion of the acquisition, Neusoft held 60.24% equity in the Company, becoming the controlling shareholder.

In March 2008, the Company finished the registration of stock acquisition from the original controlling shareholder Neusoft Group Co., Ltd. and cancellation procedures. NEU Science & Technology Industry Co., Ltd. became the largest shareholder with a shareholding ratio of 17.6248%.

2.7 CPA firm

CPA firm	Name	BDO CHINA SHU LUN PAN Certified Public Accountants LLP
	Address of office	F4, New Huangpu Financial Plaza, No.61, East Nanjing Road, Shanghai 201804, PR China
	Certified Public Accountants	Li Chen, Wu Jie

(III) Accounting Data and Financial Indicators

3.1 Key accounting data and financial indicators for the last three years as at the end of the reporting period

3.1.1 Key accounting data

Unit: RMB/Yuan

Key accounting data	2013	2012	Year-on-year change (%)	2011
Operating income	7,452,753,233	6,960,195,011	7.08	5,751,249,330
Net profit attributable to shareholders of listed company	410,938,749	456,313,926	-9.94	417,068,980
Net profit attributable to shareholders of listed company after deducting non-recurring Gains/losses	215,672,470	319,537,015	-32.50	286,807,569
Net cash flow from operating activities	303,851,532	317,235,522	-4.22	300,196,604
Key accounting data	Year-end 2013	Year-end 2012	Year-on-year change	Year-end 2011
Net assets attributable to shareholders of listed company	5,329,762,555	5,119,337,733	4.11	4,674,677,555
Total assets	9,376,450,793	8,501,433,333	10.29	7,925,285,114

3.1.2 Key financial data

Unit: RMB/Yuan

Key financial indicators	2013	2012	Year-on-year change (%)	2011
Basic earnings per share (RMB Yuan/share)	0.33	0.37	-9.94	0.34
Diluted earnings per share(RMB Yuan/share)	0.33	0.37	-9.94	0.34
Basic earnings per share after deducting non-recurring gains/losses (RMB Yuan/share)	0.18	0.26	-32.50	0.23
Average weighted rate of return on equity	7.88	9.32	Decline by 1.44 percent	9.34
Average weighted rate of return on equity after deducting non-recurring gains/losses	4.14	6.53	Decline by 2.39 percent	6.42

Note: In accordance with related regulations, earnings per share shall be calculated by 1,227,594,245 shares.

3.2 Non-recurring gains/losses

Unit: RMB/Yuan

Non-recurring gains/losses	Amount in 2013	Remark	Amount in 2012	Amount in 2011
Gain/loss on disposal of non-current assets	21,676,892	Investment income from transfer of equity in Guangdong Neufashion Digital Technology Co., Ltd.	54,744,245	18,180,599
Government grants recorded in current profit and loss, with exception of those closely related to the normal operations of the Company and continuously received at certain quotation or quantity according to the policies and regulations of China	140,953,065	Government grants for research projects and government subsidies recorded in current profit and loss	94,363,121	105,173,354
Payment from non-financial businesses for use of funds recorded in current profit and loss	—	—	—	9,946,738
Gains from fair value of the investee´s net identifiable assets attributable to the Company when the investment cost acquired from the subsidiary, associated or joint-venture is lower than the investment	—	—	2,354,443	—
Gains/losses from exchange of non-monetary assets	—	—	—	24,934,400
Gains/losses on changes in fair value from held-for-trading financial assets/liabilities, investment income from disposal of held-for-trading financial assets/liabilities and available-for-sale financial assets, except for hedging business related to normal operation of the Company	27,498,475	Change in fair value and gain/loss on disposal of trading financial assets mainly	14,224,580	950,557
Other non-operating income/expenses	4,684,571	—	653,891	1,313,927
Other non-recurring Gains/losses	18,364,615	Investment income recognized by re-estimating the originally held 49% equity in Neusoft-Philips Medical Systems Limited Liability Company (Neusoft-Philips) based on its fair value on the acquisition date when purchasing the additional 25% equity in Neusoft-Philips	—	1,221,899
Income tax consequences	-16,946,262	—	-30,432,456	-20,258,444
Minority shareholders´ interests	-965,077	—	869,087	-11,201,619
Total	195,266,279	—	136,776,911	130,261,411

3.3 Fair value-measured items

Unit: RMB/Yuan

Item	Year-begin balance	Year-end balance	Change	Influence on current profit of the reporting period (after tax)
Trading financial assets	14,917,183	32,249,913	17,332,730	15,599,457
Trading financial liabilities	—	—	—	—
Available-for-sale financial assets	—	26,594,230	26,594,230	—
Total	—	—	—	**15,599,457**

(IV) Report of the Board of Directors

4.1 Discussion and analysis on overall operation during the reporting period

4.1.1 Overall operation during the reporting period

4.1.1.1 Overview

In the face of a complex and challenging market environment in 2013, the Company continued to implement the development strategy of innovation and globalization, strengthened its core business capabilities, enhanced organizational system and capabilities supporting large-scale business development, and promoted business growth through Internet-based diversified business model, application innovation and knowledge assets. Besides, the Company continued to further the operational excellence plan, strengthened expense management and enhanced operational efficiency. These efforts ensured stable and sustainable growth of the Company´s businesses. During the reporting period, the Company achieved operating income of RMB 7,452,750,000 Yuan, a 7.08% year-on-year increase, net profit (attributable to shareholders of listed companies) of RMB 410,940,000 Yuan, earnings per share of RMB 0.33 Yuan, a 9.94% year-on-year decrease, net profit deducting non-recurring gains/losses of RMB 215,670,000 Yuan, a 32.50% year-on-year decrease.

During the reporting period, the overall income of the Company maintained a growth but the profits declined, which was mainly caused by the following reasons: a) The exchange rate of RMB fluctuated heavily and the yen continued to depreciate, bringing a certain impact on corporate profits and international business expansion; b) As a knowledge-intensive enterprise, in order to attract and retain talents, the Company continued to promote compensation improvement plan, increasing the cost of human resources; c) For the purpose of ensuring sustainable development of the Company´s business and speeding up the planning and development of new businesses, the Company enhanced future-oriented investment in R&D, marketing and other related expenses. By the end of the reporting period, the Company asset-liability ratio is 41.17%, maintaining a reasonable level.

In terms of solution business in China´s market, the Company engaged in building comprehensive, new customer relations focusing on key value customers, further promoted its business competitiveness and market position in government, telecommunications, energy, healthcare, IT, finance and other fields. It has achieved rapid development in Smart City, Smart Health and cloud application service. In the field of Smart City, the Company has developed integrated Neusoft Smart City solutions through resource integration and innovation. The Company participated actively in the pilot application program sponsored by the Ministry of Housing and Urban-Rural Development of China and undertook the Smart City programs of many provinces. Remarkably, the Company won the Excellent Smart City Solutions Award at the Annual Meeting of Chinese Smart Cities 2013. In the field of health management service, the Company continued to increase investment on R&D and marketing, launched Xikang BUDDY bluetooth smart watch and other wearable terminals as well as a wide range of health apps such as ˝Xikang Walking/Running Recorder˝ , ˝Xikang Diet˝ , ˝Shoushou˝ , etc. Besides, it has set up a number of new healthy management centers in Shenyang, Beijing and other places with smooth business development. In the field of telematics, the Company actively promoted its business to the top of the value chain. As an in-vehicle system supplier, the Company has developed a number of domestic customers of automobile manufacturers such as Qoros Auto Co. Ltd., GAC Group, Pan Asia Technical Automotive, Brilliance BMW, Shanghai General Motors, FAW Group Corporation and Shanghai Automotive Industry Corporation with innovative model. It also established a joint venture with Harman to specialize in the development, sales and service of in-vehicle audio and infotainment system.

With respect to international business, the Company made timely and positive response to the income decrease caused by some external factors such as the exchange rate, ensuring steady development of its international business. The Company strengthened the development of overseas market, developed strategic customers and partners on an extensive and large-scale basis, intensifying the interrelation between the integration of key customers´ businesses and large-scale growth. In the field of telematics, the Company carried out deeper cooperation with Harman, demonstrating its shift to high-end value chain and the transformation from the growth model based on personnel scale to the model driven by knowledge assets. In the field of smart terminal, the Company furthered its business expansion to diversified terminals such as smart phone, tablet and smart TV to promote the business move to the upstream of the industry chain. In addition, it enhanced cooperation with chip manufacturers, achieving sustainable development of its business.

In the space of medical systems, the business income showed a slight year-on-year decline due to the delayed launch of new products and the impact of exchange rate. During the reporting period, great achievements have been made in the R&D of new products, including NeuViz Twin dual-slice CT scanner, US-N700 and US-N900 Diagnostic Ultrasound System and NeuCareMammo DR digital breast X-ray photography system that have hit the market and received active feedback. Those products will play a positive influence on the future development of medical system business. At the same time, the Company made great effort to strengthen its service and logistics capabilities, set up many centers both at home and abroad for spare parts, which improved the efficiency of service operation. The Company completed the equity acquisition with Neusoft Philips, changing the joint venture model into cooperation. The Company will increase investment on the market with a more positive product strategy to further expand the global market.

During the reporting period, Neusoft´s competitiveness and brand image has been widely recognized with a number of honors and awards. Notably, the Company gained the ˝Computer Information System Integration Enterprise Qualification Certificate˝ issued by the Ministry of Industry and Information Technology of China, which will have a positive impact on the Company´s future business development. The Company has once again become the only Chinese software enterprise listed on ˝PWC 100 Global Software Leaders˝ and it was included in the list of ˝Top 100 Emerging Market Companies˝ at the same time. According to the ˝China-Based Offshore Software Development 2013-2017 Forecast and Analysis˝ report by IDC and the ˝Chinese Software and Service Outsourcing Market Research Report 2012-2013˝ by CCID, the market share of the Company ranked at the top of China´s software outsourcing service suppliers again. Besides, the Company was included in the ˝2013 Global Outsourcing 100˝ by IAOP for the seventh time. It also won the ˝Outstanding Contribution Award˝ and the ˝Most Potential Company Award˝ at the ˝2012-2013 China software and information service Annual Selection˝ sponsored by the Organizing Committee of China International Software and Information Service Trade Fair. The Company was included in the ˝China Top 100 Green Companies˝ at 2013 (the sixth) China Green Companies Annual Meeting. In addition, its governance level gained further recognition by winning the Best Board of Directors Award once again at the ninth Golden Round Table Award for the Board of Directors of Chinese Listed Companies, which was granted by the *Board of Directors* magazine.

4.1.1.2 Business Operations

(1) Software and system integration

During the reporting period, the software and system integration business developed at a good pace, generating an income (after deducting inter-industry off-set) of RMB 6,480,630,000 Yuan, increasing by 8.46% over the same period of the previous year and accounting for 86.96% of the Company´s total income.

In the field of e-government, the Company maintained its leadership in human resource and social security industry and undertook a number of provincial projects such as Golden Social Security Projects of Anhui, Xuzhou and Shenyang. In the public security field, the company won the bid for ˝software system development project for national population basic information database˝ and undertook the smart court projects of Shanxi Procuratorate, Guangzhou, Shantou and other places. For land and resource and housing construction, the Company signed cooperation agreements with the Ministry of Land and Resources of China, Wuhan Municipal Bureau of Land and Resources and Dongguan Housing Fund Management Center. In the field of intellectual property right, the Company signed cooperation agreement with the State Intellectual Property Office. In environmental protection field, the Company won the bid for e-waste management and Liaoning Dahuofang reservoir emergency projects. In the field of agricultural product traceability, the Company undertook the construction of agricultural product tracking systems in Yan´an and other places. In Smart City field, the Company undertook projects in Ningbo, Yingkou, Shenyang, Chongqing, etc., further expanding its market share. Moreover, the company actively explored business model innovation and developed elastic cloud solutions for social security, which laid a good foundation for the cloud-based government solutions. During the reporting period, the Company´s innovative businesses such as self-service terminals for human resource and social security, health insurance anti-fraud and paying party management were developed rapidly.

In the field of telecom industry, the Company strengthened business coverage with the top three operators in China, continued to consolidate its leading position in BSS (business-supported system), BI (business intelligence), mobile Internet and other core business fields. The Company strengthened its cooperation with China Unicom and China Telecom by signing contracts with China Unicom and its branches in Liaoning and Tianjin and undertaking projects such as China Telecom´s National Purchase and MSS system construction projects. Besides, the Company maintained close cooperation with China Mobile through new businesses with its headquarters, South Base and North Information Port while making great breakthrough in cloud-enabled SMS gateway. It also developed customers in Yunnan, Henan and Liaoning in terms of paperless office business. At the same time, the Company won the bid for Leyu Communication project and actively expanded new business fields catering to Mobile Virtual Network Operators. In cloud computing, the ˝Yiceyun˝, an automatic cloud test service system launched by Neusoft, has been recognized by customers. Besides, the Company undertook the construction of private cloud and public cloud for China Mobile´s South Base with smooth progress.

In the public health and medical IT industry, the Company well maintained its market leadership. In the field of healthcare, the Company won all the telemedicine projects across Shanxi province as well as the projects for the Bureau of Health of many provinces including Guizhou, Hunan, and Liaoning and of cities including Zhengzhou, Xuzhou and Kunshan, etc. In medical IT field, the Company deepened the partnership with existing high-quality customers like Shengjing Hospital and China-Japan Friendship Hospital and developed new customers like the First Hospital of Qiqihar City, the Tenth People´s Hospital of Shanghai, Shanghai Oriental Hospital with increasingly growing market share and customer satisfaction. In the field of health services, the Company constantly promoted the development of smart wearable equipment and terminals and speeded up the deployment of health management centers. Besides, it continued to establish cooperation with hospitals, finance and insurance and real estate enterprises, promoting sustainable development of Xikang business.

In the energy industry, the Company continued to deepen cooperation with customers in traditional fields, signed contracts with the State Grid Corporation of China (SGCC) and China Southern Power Grid and gained some customers including SGCC Jiangxi Branch and Sichuan Branch as well as Guangzhou Branch and Guangxi Branch of China Southern Power Grid. In the field of petroleum and petrochemicals, the Company undertook the project of Emergency Management System for CNPC Sales Co., Ltd., expanded business with North China, Shandong, Dalian branches of CNPC. In the

ness model innovation and knowledge asset. Besides, the Company furthered the analysis and research on the fluctuation of exchange rate, took proper methods to avoid exchange risk, selected appropriate currency for quotation, and took collective responsibility with customers for risk, reducing the disadvantages to the Company to some extent. For internal aspects, the Company accelerated to carry out operational excellence plan, integrated internal organization structure and optimized personnel structure. The Company also strengthened refined expense management, furthered administrative authority decentralization, and enhanced the management of project planning, budget and accounting, improving overall efficiency.

4.1.1.4 Technological innovation

As an enterprise focusing on software technology, the Company always adheres to the strategy of open innovation and attaches great importance to input into research and development of new services/products, technologies and approaches to promote business innovation.

In 2013, in the fields of Internet, Internet of Things and mobile Internet, the Company leveraged the opportunity of business transformation driven by the new generation of information technology to strengthen the collaboration and innovation of its two R&D systems, with an aim to promote business growth with Internet-based diversified business model innovation and knowledge asset. Besides, the Company established business innovation strategy focusing on customer value rather than project opportunity. To this end, it initiated the R&D of main and referential technical structure of next generation, continued to increase the R&D investment on cloud application platform SaCa (Secure Social Active Connected Cloud with Awareness), set up public consumption and enterprise oriented Internet of Things and mobile Internet applications at a fast pace, and promoted the transfer and deployment of enterprise applications onto dynamic infrastructure. During the reporting period, the Company added new products to its SaCa family, such as SaCa EMM (Enterprise Mobile Management Platform) and SaCa DataViz (Advance Data Visualization Platform).

Considering the development trend of China's urbanization process, the Company developed integrated solutions of smart city to cope with the problems occurred in aspects of urban infrastructure, public service, healthcare and education in the process of high-speed urbanization of China. The Company has set a target of sustainable development of smart city to optimize every function for people's life and work by widespread application of smart technology (smart information technology). These solutions included comprehensive healthcare system, lifelong education service system and convenient and safe traffic system, etc. Continuous research and development on Neusoft SaCa platform aggressively promoted the launch of these new applications and diversified business model innovation.

The Company furthered the implementation of its high-efficiency strategy NeuSPA, formulated and conducted feasible improvement plan according to the results of the Company's organization-level technological capability assessment and structure auditing, improving its competitive power and profitability. The Company also promoted the transformation from personnel scale to knowledge asset-based growth model. Moreover, the Company practiced the development model of software product line, increased the input in R&D of core fields based on UniEAP V4, promoting the ability of product design, business modeling and engineering comprehensively. Besides, it greatly enhanced customer-centered design ability and input in R&D of forward-looking key technologies and features. The Company kept on participating in both international and domestic open technology standard organization, conducted and took part in the formation of industrial criterion and regulation, and dominated and participated in the formulation of industry specifications. By advancing the building of State Key Lab of Software Architecture and developing the systems for Competence Center with partners, the Company introduced a number of cutting-edge technologies to improve the ability of continuous innovation through open coop

5.6.1.2 Related transactions in connection with normal business

Unit: RMB/Yuan

Counterparty	Relevance	Type	Content	Pricing basis	Amount	Percentage to the amount of similar transaction (%)	Settling method of related transaction	Market price	Cause for material difference between transaction price and market reference price
Alpine Electronics Inc. and its subsidiaries (collectively referred to as "Alpine")	Hold more than 5% of the Company's equity	Product/ commodity selling	System integration/ software selling	Market price	200,243,700	3.09%	Cash	200,243,700	NA
Harman International Industries, Incorporated and its subsidiaries (collectively referred to as "Harman")	The Company's Chairman serves as director in Harman	Product/ commodity selling	System integration/ software selling	Market price	244,558,733	3.77%	Cash	244,558,733	NA
Toshiba Corporation and its subsidiaries (collectively referred to as "Toshiba")	Hold more than 5% of the Company's equity	Product/ commodity selling	System integration/ software selling	Market price	228,126,084	3.52%	Cash	228,126,084	NA
Nokia Neusoft Commtech Company (Note)	The Company's Chairman serves as its Vice Chairman	Product/ commodity selling	System integration/ software selling	Market price	80,830,446	1.25%	Cash	80,830,446	NA
Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. and its subsidiaries (collectively referred to as "Tianjin Ruidao")	The Company's Chairman serves as its Chairman	Service receiving	Software development and service	Market price	118,252,824	13.57%	Cash	118,252,824	NA
Dalian Neusoft Thinking Technology Development Co., Ltd. and its subsidiaries (collectively referred to as "Dalian Thinking")	The Company's Chairman serves as its Chairman	Service receiving	Software development and staff outsourcing	Market price	79,051,728	9.07%	Cash	79,051,728	NA
Shenyang Neusoft System Integration Engineering Co., Ltd. ("SY NSIE")	Its controlling shareholder serves as chairman of the Company	Product/ commodity selling	System integration/ software selling	Market price	222,594,085	3.43%	Cash	222,594,085	NA

Continued table

Counterparty	Relevance	Type	Content	Pricing basis	Amount	Percentage to the amount of similar transaction (%)	Settling method of related transaction	Market price	Cause for material difference between transaction price and market reference price
Shenyang Neusoft System Integration Engineering Co., Ltd. ("SY NSIE")	Its controlling shareholder serves as chairman of the Company	Raw material purchase	Raw material purchase	Market price	10,659,427	0.47%	Cash	10,659,427	NA
Neusoft-Philips Medical Systems Limited Liability Company ("Neusoft-Philips)	The Company's Chairman serves as its Chairman	Raw material purchase	Raw material, finished product/service purchase	Market price	304,010,440	54.91%	Cash	304,010,440	NA
Total	—	—	—	—	1,488,327,467	—	—	—	—

Note: It is formerly known as "Nokia Siemens Networks Neusoft Commtech Company". The registration of name change has been finished on December 18th, 2013.

The amount of transactions with Alpine, Harman, Toshiba and Nokia Neusoft was equivalent to the accumulative amount of related transactions in its kind in 2013. By leveraging the advantages in software development, the Company provides Alpine, Harman, Toshiba and Nokia Siemens Neusoft with software products in the fields of in-vehicle audio, navigation and industry solutions, thus generating stable and continuous income and promoting the development of its international software business.

The amount of transactions with Tianjin Ruidao was equivalent to the accumulative amount of related transactions in its kind in 2013. Tianjin Ruidao leveraged its advantages in human resource supply, training and cost efficiency to assist the Company for R&D projects and provide the Company with software development and service.

The amount of transactions with Dalian Thinking was equivalent to the accumulative amount of related transactions in its kind from June 20th, 2013 to December 31st, 2013. Dalian Thinking provided the Company with cost effective software development and HR outsourcing service relying on its HR advantage and rich experience in related technology and project.

The amount of transactions with SY NSIE was equivalent to the accumulative amount of related transactions in its kind from May 16th, 2013 to December 31st, 2013. The Company sold computer products to SY NSIE with its price advantage and professional purchase management process. The Company also purchased computer products from SY NSIE to achieve complementary advantages and mutual benefits.

The amount of transactions with Neusoft-Philips was equivalent to the accumulative amount of related transactions in its kind in 2013. The Company purchased CT scanners, MRI, X-ray apparatus and ultrasonic diagnosis equipment from Neusoft-Philips.

5.6.2 Related transactions caused by assets acquisition and selling

Unit: RMB/´0,000 Yuan

Related party	Relevance	Type	Content	Pricing basis	Book value of transferred asset	Estimated value of transferred asset	Market fair value	Transfer price	Settlement method	Gain from the transfer	Influence on business result and financial condition of the Company	Cause for material difference between transfer price and book value or estimated value
Shenyang Ruidao House Purchasing Co., Ltd.	Its controlling shareholder serves as chairman of the Company	Sales of asset	The assets, including two employee dormitory buildings and 1 office building and their auxiliary facilities, locates at No.2 Xinxiu Street, Hunnan New District, Shenyang with an area of 35,713 sqms and total building areas of 16,749.4 sqms	Asset evaluation	3,388	3,990	3,990	3,990	Cash	202		NA

Note: For more details, please refer to the *Announcement on Related Transaction of Asset Transfer Agreement with Dalian Kangruidao Investment Co., Ltd.* published on China Securities Journal and Shanghai Securities News on March 30th, 2013. As at December 31st, 2013, the procedures of transfer of property rights have been closed.

5.6.3 Related transactions for co-investment on other companies

On December 20th, 2013, the Company and its associated legal entity Harman International (China) Holdings Co., Ltd. (˝Harman China˝) set up Neusoft Harman Telematics (Dalian) Co., Ltd. (˝Neusoft Harman˝) in Dalian with registered capital of 7 million US dollars, among which, 4.2 million was invested by Harman China, accounting for 60% of the total; and 2.8 million was invested by the Company, accounting for 40% of the total. Neusoft Harman will specialize in development and wholesales of speaker, power amplifier, infotainment system host with or without navigation and in-vehicle information service as well as related technical support and service.

Harman China is a wholly owned subsidiary of Harman. The Company´s Chairman serves as Director at Harman. Harman China is the Company´s associated legal entity according to applicable regulations.

5.6.4 Related Debts and Liabilities

Unit: RMB/Yuan

Related party	Relevance	Fund provided		
		Year-begin balance	Amount occurred	Year-end balance
Aerotel Medical Systems (1998) Ltd.	Company´s directors serve as directors in this company as well	0	1,415,839	1,415,839

Note: At the 22th section of the 6th Meeting of Board of Directors on October 10th, 2013, the Board of Directors agreed Neusoft (Europe) Co., Ltd. (˝Neusoft Europe˝) to provide financial assistance to Aerotel Medical Systems (1998) Ltd. (˝Aerotel Medical˝) with USD 1 million with a term of 2 years (from October 10th, 2013 to October 9th, 2015) based on local loan interest rate. The fund will be provided based on the financial situation of Neusoft Europe and actual need of Aerotel Medical. For more details, please refer to the relevant announcement published on China Securities Journal and Shanghai Securities News on October 11th, 2013.

5.7 Major contracts and their performance

5.7.1 Custody, contracting and leasing services

1) Custody

The Company did not provide any custodian in this fiscal year.

2) Contracting

The Company was not engaged in any contracting service in this fiscal year.

3) Leasing

The Company was not engaged in significant leasing service in this fiscal year.

5.7.2 Security

Unit: RMB/´0,000 Yuan

Security provided by the Company for third parties (Excluding the subsidiaries controlled by the Company)												
Guarantor	Relationship between the guarantor and listed company	Guarantee	Amount of the security	Date of security (Date of agreement)	Commencement date	Expiry date	Security type	Has the security been fulfilled ?	Is the security overdue?	Default penalty for security	Is there any countersecurity	Is the security for the related party?	Relevance
Neusoft (Europe) Co., Ltd.	Wholly owned subsidiary	Aerotel Medical Systems (1998)Ltd.	210,000 USD	2013.04.24	2013.04.24	2014.04.22	Joint and several liability security	No	No	0	No	Yes	Its directors serve as directors as well in the Company
Neusoft (Europe) Co., Ltd.	Wholly owned subsidiary	Aerotel Medical Systems (1998)Ltd.	127000 USD	2013.06.06	2013.06.06	2014.06.05	Joint and several liability security	No	No	0	No	Yes	Its directors serve as directors as well in the Company
Total amount of security occurred in the reporting period (excluding that for the Company´s subsidiaries)								208					
Total balance of security occurred during the reporting period (excluding that for the Company´s subsidiaries) (A)								208					

Continued table

Security provided by the Company for its controlled subsidiaries											
Guarantor	Relationship between the guarantor and listed company	Guarantee	Amount of the security	Date of security (Date of agreement)	Commencement date	Expiry date	Security type	Has the security been fulfilled?	Is the security overdue?	Default penalty for security	Is there any counter security	Relevance to the Company
Neusoft Corporation	HQ	Neusoft (Hong Kong) Co., Ltd.	1.5 million USD	2013.3.20	2013.3.20	2014.3.20	Joint and several liability security	No	No	0	No	Wholly owned subsidiary
Total amount of security for the Company´s subsidiaries during the reporting period												-203
Total balance of security for the Company´s subsidiaries during the reporting period (B)												928
Total security provided by the Company (Excluding that for its controlled subsidiaries)												
Total security (A+B)												1,136
Percentage of total security to the Company´ s net assets (%)												0.21
Include:												
Amount of security for shareholders, ultimate controllers and their associates (C)												0
Amount of security directly or indirectly provided for guarantees whose asset/liability ratio is more than 70% (D)												1,136
Amount of security amount exceeding 50% of net assets (E)												0
Total amount of security mentioned above (C+D+E)												1,136
Unexpired guarantee might assume joint liability.												0

Remarks:

The security for Aerotel Medical Systems (1998) Ltd. was according to the *Proposal on Providing Security for the Amount of Bank Loan for Aerotel Medical Systems (1998) Ltd.* approved at the 2nd session of Interim Shareholders´ Meeting held on September 18th, 2012, under which the security by the Company´s wholly owned subsidiary Neusoft (Europe) Co., Ltd. for Aerotel Medical Systems, with a total warranted amount of 1 million US dollars with a term of two years (from September 18th, 2012 to September 17th, 2014) was approved.

The security for Neusoft (Hong Kong) Co., Ltd. was according to the *Proposal on Providing Limited Amount of Security for Bank Loans of Neusoft (Europe) Co., Ltd., Neusoft (Japan) Co., Ltd. and Neusoft (Hong Kong) Co., Ltd.* approved at the 2nd session of Interim Shareholders´ Meeting held on September 12th, 2013, under which, the company would provide a total amount of RMB 50 million USD or the equivalent of other currencies as security for bank loans of the company´s three wholly-owned subsidiaries for two years from the approval date of the proposal (i.e. from September 12th, 2013 to September 11th, 2015).

5.7.3 Other important contracts or transactions

1) At the 8th session of the 6th Meeting of Board of Directors held on March 12th, 2012, the proposal on signing Letter of Intent and other related document with QOROS (formerly known as ˝CQAC˝) and the proposal on signing Letter of

Intent and other related document with Alpine Electronics (China) Co., Ltd. (˝Alpine China˝) were approved. At the first Interim Shareholders´ Meeting on March 30th, 2012, the proposal on signing Letter of Intent with Alpine China was approved. For more details please refer to related announcements published on China Securities Journal and Shanghai Securities News respectively on March 15th, 2012 and March 31st, 2012.

During the reporting period, the Company run its automobile-related business according to the requirements of QOROS and recognized RMB 21.91 million Yuan of income from this business. At the same time, the Company made purchase from Alphine China and recognized RMB 20.47 million Yuan of operating cost.

2) At the 16th session of the 6th Meeting of Board of Directors on March 27th, 2013 and the 2012 Shareholders´ Meeting on April 19th, 2013, the proposal on signing Navigation Map Product Agreement with Harman Becker Automotive Systems GmbH was approved. For more details please refer to related announcements published on China Securities Journal and Shanghai Securities News respectively on March 30th, 2013 and April 20th, 2013.

During the reporting period, the Company´s indirectly controlled subsidiary Neusoft Technology Solutions GmbH purchased original map data for the production, development, test and integration of its navigation map product and sold this product by set to Harman Becker Automotive Systems GmbH. RMB 91.15 million Yuan of income from this business was recognized.

5.8 Fulfillment of undertakings

There is no committed undertaking during the reporting period.

5.9 Employment and dismissal of CPA firm

5.9.1 Financial Auditing Agency

Unit: RMB/´0,000 Yuan

Whether to appoint a CPA firm	No
Name of the appointed CPA firm	BDO CHINA SHU LUN PAN Certified Public Accountants LLP
Rewards of the appointed CPA firm	1.3 million (excluding taxes)
Term of audit of the appointed CPA firm	6 years

At the 2012 Annual Shareholders´ Meeting held on April 19th, 2013, the *Proposal on Employment of Financial Auditing Agency for 2013* was approved and the resolution related to the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP to perform financial auditing for 2013 was made. The service term was fixed from the date of approval at the 2012 Annual Shareholders´ Meeting till the date of holding the 2013 Annual Shareholders´ Meeting.

In 2013, BDO China Shu Lun Pan Certified Public Accountants LLP audited the Annual Report 2013 of the Company, for which the Company paid an amount of RMB 1.3 million Yuan (excluding tax). Till the end of the reporting period, BDO China Shu Lun Pan Certified Public Accountants LLP has performed auditing service for the Company for six years. Li Chen and Wu Jie, public certified accountants of BDO China Shu Lun Pan Certified Accountants were the authorized signatories on the relevant auditors´ reports.

5.9.2 Internal-Controlled Financial Auditing Agency

At the 16th Session of the 6th Meeting of the Board of Directors held on March 27th, 2013, the *Proposal on Employment of Internal-Controlled Financial Auditing Agency for 2013* was approved and the resolution related to the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the internal financial auditing agency of the company for 2013 was made to audit the effectiveness of the internal control and prepare the Annual Report 2013 of the Company.

In 2013, BDO China Shu Lun Pan Certified Public Accountants LLP audited the effectiveness of internal control mechanism for Annual Report 2013 of the Company, for which the Company paid an amount of RMB 400,000 Yuan (exclusive of tax).

5.10 Punishments and rectifications received by the listed company, its directors, supervisors, senior management, shareholders holding over 5% voting share of the Company, actual controllers and acquirers

In this fiscal year, the Company, its directors, supervisors, senior managements and shareholders have not received any inspection orders, administrative punishment and public reprimand or censure from the China Securities Regulatory Commission or any stock exchange and have not engaged in any illegal dealings in shares.

5.11 Listing Suspension or Termination

No listing suspension or termination occurred by the end of the reporting period.

5.12 Convertible Bonds

No convertible bonds were issued in this fiscal year.

5.13 Buyer's Credit

To facilitate the Company´s medical system operations, Dalian Kangruidao Investment Co., Ltd. has provided loan guarantees for medical system customers since August 2012. By the end of the reporting period, the balance of buyer´s credit guaranteed by Dalian Kangruidao Investment Co., Ltd. was RMB 97.67 million Yuan.

5.14 Other issues

On June 25th, 2013, the Company´s indirectly controlled subsidiary Beijing Neusoft Huiju Information Technology Co., Ltd. (˝Neusoft Huiju˝) obtained the *Approval of Public Transfer of Beijing Neusoft Huiju Information Technology Co., Ltd.´s shares in National Equities Exchange and Quotations from* China Securities Regulatory Commission (License No. [2013]812), under which Neusoft Huiju was supervised as a non-listed public company.

The shares of Neusoft Huiju were listed for public transfer in the system on July 3rd, 2013 with an abbreviated name of ˝Neusoft Huiju˝ and stock code of 430227. The designated information disclosure platform is (www.neeq.com.cn) or (www.neeq.cc.)

5.15 Description of other important issues

No material changes and error correction occurred in the accounting policies, estimates and methods during the reporting period.

(VI) Changes in Equity and Shareholders

6.1 Changes in equity

6.1.1 Statement of changes in equity

6.1.1.1 Overview

During the reporting period, the total number of shares and shareholding structure of the Company has not changed.

Unit: Share

Item	Before		Changes (+/-)					After	
	Quantity	Percent (%)	New issue	Bonus issue	Conversion from reserves	Others	Sub-total	Quantity	Percent (%)
1. Shares with trading restrictions									
a) State-owned shares									
b) Shares held by state-owned companies									
c) Shares held by other domestic investors									
Include: Shares held by companies other than state-owned companies									
Shares held by domestic natural persons									
d) Shares held by foreign investors									
Include: Shares held by foreign companies									
Shares held by foreign natural persons									
2. Floating shares without trading restrictions	1,227,594,245	100						1,227,594,245	100
a) RMB-denominated ordinary shares	1,227,594,245	100						1,227,594,245	100
b) Shares traded in non-RMB currencies and listed domestically									
c) Shares listed overseas									
d) Others									
Total shares	**1,227,594,245**	**100**						**1,227,594,245**	**100**

6.1.2 Changes in shares with trading restrictions

During the reporting period, there was no change in shares with trading restrictions. All the Company´s 1,227,594,245 shares were tradable shares without trading restrictions hereto.

6.2 Issue and listing of securities

6.2.1 Issue of securities in the past three years by the end of the reporting period

No securities were issued and listed in the past three years prior to the end of the reporting period.

6.2.2 Changes in the total number of shares, shareholding and liability structures

There is no change in the total number of shares and shareholding structure caused by bonus issue and alloted shares during the reporting period.

6.2.3 Shares held by employees

During the reporting period, no shares for employees of the Company were issued.

6.3 Shareholders and ultimate controllers

6.3.1 shareholders and their shareholdings

Unit: Share

Total number of shareholders at the end of 2013	62,680	Total number of shareholders by March 24th, 2013	76,774

Shareholdings of the top ten shareholders

Shareholder	Nature	Share holding ratio (%)	Total shareholdings	Change during the reporting period	Number of shares with trading restrictions	Number of shares pledged or frozen
NEU Science & Technology Industry Group Co., Ltd.	State-owned company	17.6248	216,361,562	0	0	67,370,000
Alpine Electronics (China) Co., Ltd.	Domestic non-state-owned company	13.9512	171,263,547	0	0	0
Baosteel Group Corporation	The state	5.1320	63,000,000	0	0	0
Toshiba Solutions Corporation	Foreign company	4.7433	58,228,036	0	0	0
Intel Capital Corporation	Foreign company	2.6045	31,973,228	0	0	0
Philips Electronics China B.V.	Foreign company	2.0328	24,954,871	0	0	0
Bank of China - Harvest Research Selected Equity Securities Investment Fund	Unknown	1.9911	24,443,018	24,443,018	0	0
ICBC - Invesco Great Wall Selected Blue Chip Equity Securities Investment Fund	Unknown	1.8938	23,248,436	23,248,436	0	0

Continued table

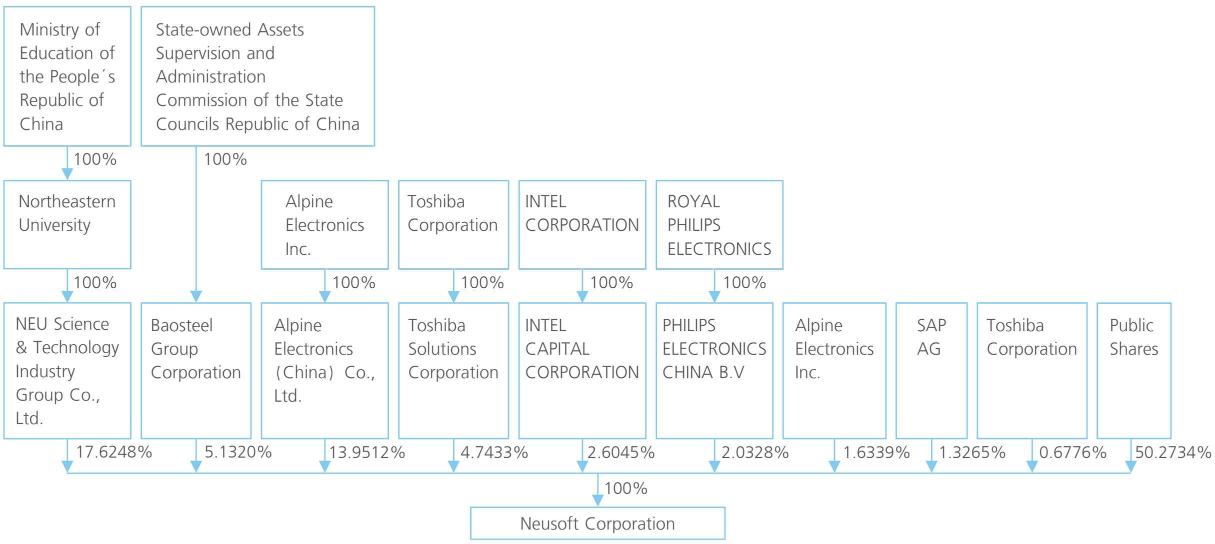
Shareholdings of the top ten shareholders						
Shareholder	Nature	Share holding ratio (%)	Total shareholdings	Change during the reporting period	Number of shares with trading restrictions	Number of shares pledged or frozen
China Construction Bank - Hua An Hongli Equity Securities Investment Fund	Unknown	1.8003	22,099,990	22,099,990	0	0
Alpine Electronics Inc.	Foreign company	1.6339	20,057,144	0	0	0

Shareholdings of top ten shareholders with shares without trading conditions			
Shareholder	Number of shares without trading restrictions	Class and number of shares	
NEU Science & Technology Industry Group Co., Ltd.	216,361,562	RMB-denominated ordinary shares	216,361,562
Alpine Electronics (China) Co., Ltd.	171,263,547	RMB-denominated ordinary shares	171,263,547
Baosteel Group Corporation	63,000,000	RMB-denominated ordinary shares	63,000,000
Toshiba Solutions Corporation	58,228,036	RMB-denominated ordinary shares	58,228,036
Intel Capital Corporation	31,973,228	RMB-denominated ordinary shares	31,973,228
Philips Electronics China B.V.	24,954,871	RMB-denominated ordinary shares	24,954,871
Bank of China - Harvest Research Selected Equity Securities Investment Fund	24,443,018	RMB-denominated ordinary shares	24,443,018
ICBC - Invesco Great Wall Selected Blue Chip Equity Securities Investment Fund	23,248,436	RMB-denominated ordinary shares	23,248,436
China Construction Bank - Hua An Hongli Equity Securities Investment Fund	22,099,990	RMB-denominated ordinary shares	22,099,990
Alpine Electronics Inc.	20,057,144	RMB-denominated ordinary shares	20,057,144
Notes on the relationship or concerted action of the said shareholders	Alpine Electronics (China) Co., Ltd. operates as an investment company solely owned by Alpine Electronics Inc. in China. The Company has no knowledge of the relationship of other shareholders such as concerted actor.		

6.3.2 Holding shareholders and ultimate controllers

6.3.2.1 At present, the Company, with stock held in separate shareholdings, has no holding shareholders or ultimate controllers. The largest shareholder is NEU Science & Technology Industry Group Co., Ltd. with a shareholding percentage of 17.6248%.

6.3.2.2 Shareholder and Control Relation Chart



6.3.2.3 Major shareholders

a) NEU Science & Technology Industry Co., Ltd.

NEU Science & Technology Industry Group Co., Ltd., approved by the Ministry of Education of the People´s Republic of China through issuing the Document of No.11 [2005] of Department of Science and Technology, the Ministry of Education on July 1st, 2005, was incorporated as a limited liability company wholly-owned by Northeastern University in compliance with a judicial restructure of NEU Industry Development Co., Ltd. (a company owned by all members of Northeastern University) in accordance with the *Guidelines for Promoting the Development of Technology Industry in China´s Colleges and Universities*. It holds the equity and business assets of investees on behalf of Northeastern University.

Date of incorporation: August 5th, 2005

Registered capital: RMB 500 million Yuan

Registered office: No.11, Lane 3, Wenhua Road, Heping District, Shenyang 110819, PR China

Legal representative: Zuo Liang

Organization code: 11772782-8

Business scope: Research/development/manufacturing/contracting of computer software/hardware, mechatronics, high-tech products, emerging materials and metallurgical products, technology consulting/service/transfer/training, importing/exporting of self-owned and commissioned products and technologies, corporate investment management, corporate assets management, property management.

b) Baosteel Group Corporation

Baosteel Group Corporation is a legally incorporated and wholly state-owned corporation for which the State-owned Assets Supervision & Administration Commission under the State Council of the People´s Republic of China performs the duty of investor on behalf of the State Council.

Date of incorporation: January 1st, 1992

Registered capital: RMB 51,082,621,000 Yuan

Registered office: Baosteel Plaza, No.370, Pudian Road, Pudong New Area, Shanghai 200122, PR China

Continued table

Geographical Distribution	
Country/city	Number
Shenyang	8,218
Dalian	5,625
Other cities in China	5,864
Japan	258
Europe/America	432
Total	**20,397**
Education	
Education	Number
Master and above	2,674
Bachelor	15,108
Graduate from 3-year college	2,278
Others	337
Total	**20,397**

7.6.2 Compensation Policy

The Company´s compensation policy aims to effectively combine the interests of employees with the Company´s business development and the interests of shareholders, and to attract, retain and motivate key talents. Responsibility, ability and contribution are the basis of the Company´s compensation policy, which effectively connects the general pay level with job value and performance.

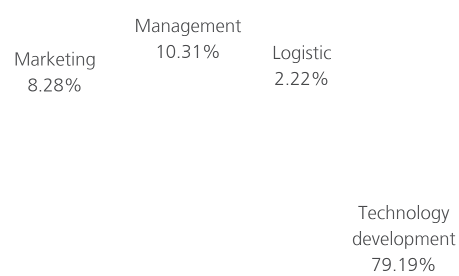
Compensations and welfare programs are important parts of the Company´s value allocation and the comprehensive pay of employees. The Company has established a growth-driven wage system, under which employee pay will be adjusted and improved according to the Company´s business status and market labor cost. At the same time, a differentiated compensation concept is advocated, so that the wage structure can be designed and adjusted based on the value of various positions and market research data. The welfare system is based on China´s national social security system, supplemented by other benefits such as Corporate Pension Plan, additional commercial insurance, gift bonus and solatium, visiting leave and travel expense reimbursement. By building a comprehensive compensation system and strengthening human resource management, the Company aims to establish a sustained and stable personnel system to ensure robust development.

7.6.3 Training Program

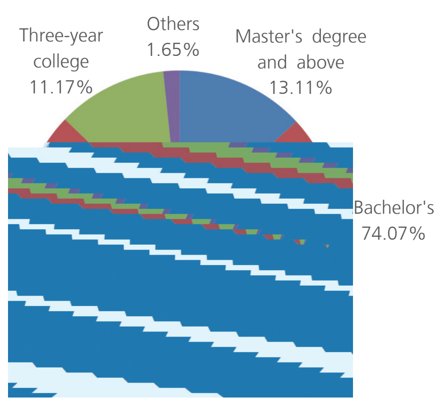
Focusing on the development and growth of employees, the Company has developed a dual-channel career development model and ˝Career Development Roadmap˝ for employees so that they can choose their career direction and opportunities according to their strengths and interests.

To promote the continuous improvement of the professional competence of employees, the Company has established and continuously improved its training system at the Company and division levels. Systematic human resource management strategies have been formulated. Besides, a wide range of trainings and further education opportunities are provided, including in-class learning, e-learning, network classroom, in-service training, assignment training, project practice, tutorials etc. Relevant curricula cover a number of areas such as technology, marketing, self-improvement and corporate systems. Moreover, leader-oriented leadership training programs as well as specific training plans for all groups of employees were also set up. Besides, customized courses based on capacity development have been offered to make a good knowledge preparation for the promotion of employees, providing a comprehensive support for their growth, fair job promotion and development space.

7.6.4 Employee Constitution



Education Level Chart



7.6.5 Labor Outsourcing

Total work hours	2,000,000 Hrs
Total pay	RMB 59,644,284 Yuan

(VIII) Corporate Governance

8.1 Statement of Corporate Governance and Management of Insider Information Sources

To ensure its smooth operation, the Company has been devoted to developing and improving its corporate governance system in accordance with the *Company Law of the People´s Republic of China, Securities Law of the People´s Republic of China*, and relevant regulations formulated by China Securities Regulatory Commission and stock exchanges in China. By revising the *Articles of Association* according to the *Guidelines for Articles of Association of Listed Companies and the Code of Corporate Governance for Listed Companies*, formulating and improving the *Rules of Procedure for the Shareholders´ Meeting, Rules of Procedure for the Board of Directors, Rules of Procedure for the Board of Supervisors, Investors Relations Management System*, and *Information Disclosure Management System*, the Company has defined the authorities and procedures for decision making to make scientific reasonable decisions. Prior to the *Guidelines on Establishment of Independent Director System of Listed Companies* issued by China Securities Regulatory Commission, the Company has developed its independent director system and organized various committees for the Board of Directors to promote standard development and corporate governance under the *Code of Corporate Governance for Listed Companies in China*. Also, it is a constituent stock of SSE Corporate Governance Index.

In accordance with the *Notice on the Matters concerning Carrying out a Special Campaign to Strengthen the Corporate Governance of Listed Companies* (No.28 [2007] of China Securities Regulatory Commission) issued by China Securities Regulatory Commission, the Company initiated a dedicated campaign involving the establishment and implementation of a series of reforming measures and actions, which helped further enhance the Company´s corporate governance.

Consequently, in 2010, it received the 2010 Best Board of Directors Award at the 9th China Corporate Governance Forum hosted by Shanghai Stock Exchange, demonstrating its efforts and achievements in corporate governance. Besides, the Company also received the Best Board of Directors Award, Chairman of the Board with the Most Strategic Vision Award and the Most Innovative Board Secretary Award granted by the *Board of Directors* Magazine in 2013.

In 2013, the Company continued its actions related to corporate governance for further optimized and improved governance. Furthermore, the Company also worked harder in building the Board of Directors, managing investor relations and perfecting a series of systems covering incentives, monitoring, internal control and training of directors, supervisors and senior managements, including:

(1) Strengthen the construction of the Board of Directors

The Board of Directors was made of 9 members from China, Japan and Europe, including experienced professionals in the fields of IT, management and finance, well-known scholars as independent directors and outside directors with an absolute majority. With the help of the Board of Directors, the Company made continuous improvements in corporate governance as well as innovations to both management and business models to move towards international development at a faster pace. Also, it provided the Company with valuable experience and support for global deployment of business and effective implementation of international merge & acquisition strategies.

All directors fulfilled their duties diligently and faithfully, attended the meetings of the Board of Directors actively, and provided professional opinions on a wide range of topics, including strategic planning, business plans, internal management optimization and risk management, thus helping the Company make scientific and reasonable decisions. Also, they protected the interests of the Company and its shareholders through strict oversight and evaluation on business affairs. As a special committee for decision making, nomination, auditing, compensation and evaluation, they played an essential role in decision making for important issues.

(2) Enhance investor relations management

With an always focus on minority investors, the Company made great efforts to provide them with easy access to company information, such as Investors´ Column on Company homepage, consulting hotline for investors, email for investors and field reception in the Company, etc., making them more confident in their shareholdings. In compliance with the Information Disclosure Management System and the Investor Relations Management System, the Company further strengthened the detailed rules for implementation and process management on investor relations management. Detailed reception processes for investors´ field and teleconference investigation were built in order to quickly arrange reception affairs according to investors´ visit purposes and demands. The Company was able to make integral accurate disclosure of information on an instant, effective and equitable basis and give investors a good understanding of its status, thereby winning great trust and high recognitions from them.

The Company made good preparation for each session of the Shareholders´ Meeting, offered detailed introduction of both business and development strategies, and responded to the questions and views of investors seriously. In addition, it also provided them with opportunities to visit and understand relevant projects, making them really owners of the Company. During the reporting period, the Company invited investors to participate in Neusoft Solution Forum 2013 to enable investors to gain insight into the Company´s innovative and market strategies. In addition, the Company has arranged visit and physical examination activities in Xikang Healthcare Management Center to have a deep communication with investors on specific business of the Company. The Company received a total number of 143 investors throughout 2013.

(3) Build up incentive/monitoring systems

Up to now, no equity incentive plans have been made available. As a high-tech company focusing on computer software, the Company has a number of high-quality talents who are important to its survival and development. Due to inadequate senior talents and fast talent turnover existing in China´s computer software industry, the Company will, in accordance with the regulations of competent authorities, develop equity incentive plans based on actual conditions to protect the interests of the Company and its shareholders and employees, thus perfecting corporate governance and promoting normal operation and sustainable development.

(4) Optimize internal control systems

The Company attached great importance to internal control management and continuously to perfect corporate governance system and various internal management systems during the reporting period. It carried out internal control evaluation in a deep-going way throughout the Company by speeding up process summarization, defect identification and evaluating system design and validity of implementation, improving internal control system comprehensively. Those efforts ensured each work have regulations to abide by and well managed, further standardizing operation and promoting corporate governance.

(5) Develop and implement the system of management of insider information sources

The Company has developed a System of Management of Insider Information Sources to define the scope of insider information and its sources as well as registration, confidentiality, obligation and responsibility of the sources.

During the reporting period, no insider information sources have bought or sold any share of the Company by leveraging the information they possess prior to the disclosure of material sensitive information.

(6) Continue to promote standardized operations

The Company organized directors, supervisors and senior management to participate in learning the laws, regulations and rules formulated by competent authorities to further strengthen their knowledge and understanding of standardized operations and integrity awareness and improve corporate governance. In order to further enhance internal management, the Company classified the responsibilities and rules of the domestic subsidiaries according to the actual situation. Trainings for corresponding management staff were also organized to enhance their knowledge and understanding of standardized operations and integrity awareness, enforce self-discipline as well as improve corporate governance.

During the reporting period, the Company´s indirectly controlled subsidiary- Beijing Neusoft Huiju Information Technology Co., Ltd. (hereafter referred as ˝Neusoft Huiju˝) listed for public transfer on the National Equities Exchange and Quotations on July 3rd, 2013 approved by China Securities Regulatory Commission (CSRC), its abbreviated name for security is ˝Neusoft Huiju˝ and security code is ˝430227˝ . This action was conducive for ˝Neusoft Huiju˝ to improve corporate governance and raise developing funds through capital platform, which was helpful to establish incentive mechanism, stabilize and attract talents to realize sustainable development of its businesses.

In addition to continuous consolidation and perfection of corporate governance, the Company will further enhance the development of corporate management and internal control systems accordingly, standardize the operation of the Shareholders´ Meeting, Board of Directors and Board of Supervisors, and continually improve the directors, supervisors and senior management´s knowledge and understanding of standard operation in good faith in accordance with applicable laws and regulations as well as relevant regulatory documents such as the *Company Law of the People´s Republic of China, Securities Law of the People´s Republic of China, Administrative Measures for the Disclosure of Information of Listed Companies* and *Stock Listing Rules* to promote standardized operations and corporate governance.

8.2 Shareholders' Meeting

8.2.1 The 2012 Shareholders' Meeting

At the 2012 Shareholders´ Meeting hold on April 19th, 2013, the following proposals were approved:

1) Annual Report of the Board of Directors 2012;

2) Annual Report 2012;

3) Annual Report of the Board of Supervisors 2012;

4) Annual Report on Work of Independent Directors 2012;

5) Annual Financial Report 2012;

6) Proposal on Profit Distribution 2012;

7) Proposal on Employment of Financial Auditing Agency 2013;

8) Proposal on Estimated Related Transactions 2013;

9) Proposal on continuous provision of financial aid to Neusoft Xikang Holdings Inc. and its subsidiaries; and

10) Proposal on signing Navigation Map Product Agreement with Harman Becker Automotive Systems GmbH

Please visit the official website of Shanghai Stock Exchange (http://www.sse.com.cn) for more information about relevant notice which was disclosed on April 20th, 2013.

8.2.2 The 1st Session of Interim Shareholders' Meeting in 2013

At the 1st Session of Interim Shareholders´ Meeting holds on July 25th, 2013, the following proposals were approved:

1) Proposal on signing Related Transactions Agreement with Shenyang Neusoft System Integration Engineering Co.,

Ltd. and Dalian Neusoft Thinking Technology Co., Ltd.;

2) Proposal on Increasing Estimated Amount of Route Related Transactions 2013

Please visit the official website of Shanghai Stock Exchange (http://www.sse.com.cn) for more information about relevant notice which was disclosed on July 26th, 2013.

8.2.3 The 2nd Session of Interim Shareholders' Meeting in 2013

At the 2nd interim Shareholders´ Meeting 2013 held on September 12th, 2013, the *Proposal on Providing Limited Amount of Security for Bank Loans of Neusoft (Europe) Co., Ltd., Neusoft (Japan) Co., Ltd. and Neusoft (Hong Kong) Co., Ltd.* was approved.

Please visit the official website of Shanghai Stock Exchange (http://www.sse.com.cn) for more information about relevant notice which was disclosed on September 13th, 2013.

8.3 Directors' performance of duties and responsibilities

8.3.1 Attendance to the meetings of the Board of Directors and the Shareholders' Meeting

During the reporting period, the Board of Directors held 8 sessions of meeting in total, including 2 in-person meetings and 6 tele/video conferences; 3 sessions of shareholders´ meeting. The content below shows the attendance of directors in such meetings.

Name of director	Independent director	Attendance at the meetings of the Board of Directors						Attendance at the Shareholders' Meeting
		Number of attendance to meetings of the Board of Directors in 2013	Number of personal attendance	Number of attendance by telephone/ video means	Number of delegate attendance	Number of absence	Failure to attend the meeting of the Board of Directors for two consecutive years	Times
Liu Jiren	No	8	8	6	0	0	No	3
Wang Yongfeng	No	8	8	6	0	0	No	3
Seizo Ishiguro	No	8	8	6	0	0	No	1
Klaus Michael Zimmer	No	8	8	6	0	0	No	0
Akira Kasano	No	8	8	6	0	0	No	0
Chen Ximin	No	8	8	6	0	0	No	1
Fang Hongxing	Yes	8	8	6	0	0	No	3
Xue Lan	Yes	8	8	6	0	0	No	1
Gao Wen	Yes	8	8	6	0	0	No	0

8.3.2 Dissidence to items relevant to the Company from independent directors

During the reporting period, no independent directors raise any objection against the resolutions and other items of the Board of Directors.

8.4 Important suggestions proposed by special committees under the Board during the reporting period

The Board of Directors has four special committees including the Strategy/Decision Making Committee, Nomination Committee, Auditing Committee and Compensation & Evaluation Committee. Independent directors actively participated in the operations of the special committees, playing an essential role in decision making for important issues. The Strategy/Decision Making Committee is consisted of 7 members, including 2 independent directors; the Nomination Committee is consisted of 3 members, including 2 independent directors, one of whom serves as Chairman; the Auditing Committee is made up of 3 independent directors, among them, Fang Hongxing is an expert in accounting who also serves as Chairman of the Committee; the Compensation and Evaluation Committee is made up of 3 members, of which, 2 are independent directors with 1 serving as Chairman of the Committee. During the reporting period, all special committees fulfilled its duties and responsibilities in a diligent and faithful manner.

8.5 The Board of Supervisors Statement on existing risks of the Company

The Board of Supervisors has no objection against the auditing items during the reporting period.

8.6 Statement on disclaimer of warranty for independent operations in business, personnel, assets, organization, finance and other aspects for its controlling shareholders

By the end of the reporting period, the Company has no controlling shareholders.

8.

Neusoft Corporation

Consolidated Balance Sheet at December 31 (Continued)

(Expressed in Renminbi unless otherwise indicated)

Liabilities and owners´ (shareholders´) equity	Note 5	Year-end balance	Year-begin balance
Current liabilities:			
Short-term borrowings	5.21	209,139,575	511,312,055
Borrowings from central bank			
Customer and interbank deposits			
Borrowings from bank and other financial institutions			
Trading financial liabilities			
Notes payable	5.22	191,495,518	107,630,675
Accounts payable	5.23	805,545,291	620,096,812
Advance receipts	5.24	593,558,197	497,627,237
Securities sold under repurchase agreements			
Fees and commissions payable			
Employee pays payable	5.25	354,922,512	329,621,795
Taxes payable	5.26	67,598,043	65,941,991
Interests payable			
Dividend payable			
Other payables	5.27	183,768,414	212,020,218
Cession insurance premiums payable			
Provision for insurance contracts			
Acting trading securities			
Acting underwriting securities			
Non-current liabilities due within one year	5.28	469,158,667	
Other current liabilities	5.29	3,664,444	120,743
Subtotal		2,878,850,661	2,344,371,526
Non-current liabilities:			
Long-term borrowings	5.31	554,000,000	84,000,000
Bonds payable			403,658,667
Long-term accounts payable	5.32	128,046,431	179,459,431
Special accounts payable			
Estimated liabilities	5.30	22,085,086	18,628,581
Deferred tax liabilities	5.19	7,214,022	3,738,493
Other non-current liabilities	5.33	270,190,713	222,597,627
Subtotal		981,536,252	912,082,799
Total		3,860,386,913	3,256,454,325
Owners' (shareholders') equity			
Paid-in capital (share capital)	5.34	1,227,594,245	1,227,594,245
Capital reserves	5.35	359,512,069	356,289,108
Less: treasury stocks			
Special reserves			
Surplus reserves	5.36	719,551,079	667,275,850
General risk provisions			
Undistributed profits	5.37	3,096,964,347	2,922,439,964
Converted difference in foreign currency statements		-73,859,185	-54,261,434
Total owners' equity attributable to parent company		5,329,762,555	5,119,337,733
Minority interest		186,301,325	125,641,275
Subtotal		5,516,063,880	5,244,979,008
Total		9,376,450,793	8,501,433,333

The accompanying Notes are integral part of these financial statements.

Neusoft´s legal representative: Liu Jiren Neusoft´s accounting principal: Zhang Xiaoou Accounting body´s principal: Shi Peijun

Neusoft Corporation

Income Statement 2013

(Expressed in Renminbi unless otherwise indicated)

Item	Note 13	Amount in this period	Amount in previous period
1. Revenue from operations	13.5	4,327,149,932	3,705,696,757
Less: Operating costs	13.5	3,447,244,092	2,694,231,947
Business taxes and surtaxes		46,052,351	73,695,704
Sales expenses		203,371,088	192,933,758
Administrative expenses		477,747,859	376,159,961
Financial expenses		40,502,316	40,914,330
Impairment loss on assets		63,254,583	33,446,174
Add: Income from change in fair value (˝-˝ for loss)		5,010,630	7,645,112
Investment income (˝-˝ for loss)	13.6	193,882,176	116,274,913
Including: Income from investment on associates and joint ventures		3,603,937	1,448,885
2. Operating profit (˝-˝ for loss)		247,870,449	418,234,908
Add: Non-operating incomes		103,875,852	93,473,496
Less: Non-operating expenses		1,887,871	1,633,648
Including: Loss on disposal of non-current assets		1,183,727	1,027,214
3. Total profit (˝-˝ for loss)		349,858,430	510,074,756
Less: Income tax		1,356,906	39,593,849
4. Net profit (˝-˝ for loss)		348,501,524	470,480,907
5. Earning per share (EPS):			
(1) Basic EPS			
(2) Diluted EPS			
6. Other composite income			
7. Total composite income		348,501,524	470,480,907

The accompanying Notes are integral part of these financial statements.
Neusoft´s legal representative: Liu Jiren Neusoft´s accounting principal: Zhang Xiaoou Accounting body´s principal: Shi Peijun

Neusoft Corporation

Consolidated Income Statement 2013

(Expressed in Renminbi unless otherwise indicated)

Item	Note 5	Amount in this period	Amount in previous period
1. Revenue from operations		7,452,753,233	6,960,195,011
Including: Operating income	5.38	7,452,753,233	6,960,195,011
Interest income			
Earned premium			
Fee and commission income			
2. Total cost of operations		7,314,647,659	6,677,046,223
Including: Operating costs	5.38	5,308,680,595	4,729,720,928
Interest expenses			
Fee and commission expenses			
Retirement pension			
Net compensation expenses			
Net reserves for reinsurance contract			
Policy dividend expenses			
reinsurance expenses			
Business taxes and surtaxes	5.39	67,218,955	111,108,386
Sales expenses	5.40	657,573,048	635,074,786
Administrative expenses	5.41	1,173,997,714	985,944,947
Financial expenses	5.42	39,185,293	78,565,067
Impairment loss on assets	5.45	67,992,054	136,632,109
Add: Income from change in fair value ("-" for loss)	5.43	17,332,730	14,224,580
Investment income ("-" for loss)	5.44	85,929,224	112,124,066
Including: Income from investment on associates and joint ventures		33,813,510	39,038,402
Exchange income ("-" for loss)			
3. Operating profit ("-" for loss)		241,367,528	409,497,434
Add: Non-operating incomes	5.46	207,129,411	139,552,127
Less: Non-operating expenses	5.47	3,366,765	6,381,048
Including: Loss on disposal of non-current assets		1,823,907	5,173,148
4. Total profit ("-" for loss)		445,130,174	542,668,513
Less: Income tax	5.48	60,598,760	106,899,561
5. Net profit ("-" for loss)		384,531,414	435,768,952
Including: Net profit of the merged party which has been realized prior to the combination			

Continued table

Item	Note 5	Amount in this period	Amount in previous period
Net profit attributable to the shareholders of the parent company		410,938,749	456,313,926
Minority interest		-26,407,335	-20,544,974
6. EPS:			
(1) Basic EPS	5.49	0.33	0.37
(2) Diluted EPS	5.49	0.33	0.37
7. Other composite income	5.50	-13,800,587	-11,853,741
8. Total composite income		370,730,827	423,915,211
Total composite income attributable to the shareholders of the parent company		394,652,625	444,420,178
Total composite income attributable to minority shareholders		-23,921,798	-20,504,967

The accompanying Notes are integral part of these financial statements.
Neusoft´s legal representative: Liu Jiren Neusoft´s accounting principal: Zhang Xiaoou Accounting body´s principal: Shi Peijun

Neusoft Corporation

Cash Flow Statement 2013

(Expressed in Renminbi unless otherwise indicated)

Item	Amount in this period	Amount in previous period
1. Cash flow from operating activities		
Cash received from the sales of products or provision of labor services	4,374,163,177	3,888,212,496
Tax refund	73,670,937	32,015,708
Other cash receipts relating to operating activities	1,412,752,745	1,498,246,370
Subtotal	5,860,586,859	5,418,474,574
Cash paid for goods and labor services	3,578,828,605	3,227,360,254
Cash paid to and for employees	972,441,832	924,942,579
Payments for taxes	210,852,538	216,183,677
Other cash payment relating to operating activities	781,961,819	699,540,199
Subtotal	5,544,084,794	5,068,026,709
Net cash flow from operating activities	316,502,065	350,447,865
2. Cash flow from investment activities		
Cash received from disinvestment	3,505,000,000	1,360,000,000
Cash received from investment income	194,121,051	109,127,566
Net cash received from disposal of fixed assets, intangible asset and other long-lived assets	38,181,204	26,855,346
Net cash received from disposal of subsidiaries and other operating units	22,859,800	54,523,596
Other cash received relating to investment activities	88,608,075	299,939,131
Subtotal	3,848,770,130	1,850,445,639
Cash paid for purchase/construction of fixed assets, intangible asset and other long-lived assets	88,482,722	79,611,913
Cash paid for investment	3,385,000,000	1,020,000,000
Net cash received from subsidiaries and other operating units	247,265,096	875,000,000
Other cash payments relating to investment activities	270,124,827	210,143,985
Subtotal	3,990,872,645	2,184,755,898
Net cash flow from investment activities	-142,102,515	-334,310,259
3. Cash flow from financing activities		
Cash received from investors		
Cash received from borrowings	700,000,000	500,000,000
Cash received from issuing bonds		
Other cash received relating to financing activities		
Subtotal	700,000,000	500,000,000
Cash paid for borrowings	500,000,000	250,000,000
Cash paid for dividends, profit distribution or interest expenses	238,040,307	47,114,736

Continued table

Item	Amount in this period	Amount in previous period
Other cash paid relating to financing activities	1,351,372	100,000
Subtotal	739,391,679	297,214,736
Net cash flow from financing activities	**-39,391,679**	**202,785,264**
4. Effect of change in exchange rate on cash and cash equivalents	**16,259,462**	**-2,458,314**
5. Net increase of cash and cash equivalents	**151,267,333**	**216,464,556**
Add: Year-begin cash and cash equivalent balance	1,047,858,225	831,393,669
6. Year-end cash and cash equivalent balance	**1,199,125,558**	**1,047,858,225**

The accompanying Notes are integral part of these financial statements.
Neusoft´s legal representative: Liu Jiren Neusoft´s accounting principal: Zhang Xiaoou Accounting body´s principal: Shi Peijun

Neusoft Corporation

Consolidated Cash Flow Statement 2013

(Expressed in Renminbi unless otherwise indicated)

Item	Note 5	Amount in this period	Amount in previous period
1. Cash flow from operating activities			
Cash received from sales of products or provision of labor services		7,735,400,303	7,275,198,214
Net increase of customer and inter-bank deposits			
Net increase of loans from central bank			
Net increase of borrowings from other financial institutions			
Cash received from primary insurance premium			
Net cash received from reinsurance business			
Net increase of policy holder reserve and investment fund			
Net increase of disposal of trading financial assets			
Cash received from interests, fees and commissions			
Net increase of borrowings from banks and other financial institutions			
Net increase of repurchase business fund			
Tax refund		123,223,573	56,067,242
Other cash receipts relating to operating activities	5.51	324,570,537	366,904,197
Subtotal		8,183,194,413	7,698,169,653
Cash paid for goods and labor services		3,892,658,197	3,462,929,495
Net increase of loans and advances to customers			
Net increase of deposits in central bank and other banks			
Cash paid for primary insurance indemnity			
Cash paid for interests, fees and commissions			
Cash paid for policy dividend			
Cash paid to and for employees		2,956,845,862	2,892,181,223
Payments for taxes		484,457,633	521,646,458
Other cash payments relating to operating activities	5.51	545,381,189	504,176,955
Subtotal		7,879,342,881	7,380,934,131
Net cash flow from operating activities		303,851,532	317,235,522
2. Cash flow from investment activities			
Cash received from disinvestment		3,680,500,000	1,116,000,000
Cash received from investment income		74,995,334	49,327,100
Net cash received from disposal of fixed assets, intangible asset and other long-lived assets		38,315,863	27,099,505
Net cash received from disposal of subsidiaries and other operating units		27,807,037	415,773,861
Other cash received relating to investment activities	5.51	30,343,128	270,000

Continued table

Item	Note 5	Amount in this period	Amount in previous period
Subtotal		3,851,961,362	1,608,470,466
Cash paid for purchase/construction of fixed assets, intangible asset and other long-lived assets		489,300,713	406,343,260
Cash paid for investment		3,524,235,058	1,116,000,000
Net increase of pledged loan			
Net cash received from subsidiaries and other operating units		14,812,656	38,500,000
Other cash payments relating to investment activities	5.51	7,652,904	143,985
Subtotal		4,036,001,331	1,560,987,245
Net cash flow from investment activities		**-184,039,969**	**47,483,221**
3. Cash flow from financing activities			
Cash received from investors		4,000,000	60,288,436
Including: Cash received from investment absorption of minority share-holders by subsidiaries		4,000,000	60,288,436
Cash received from borrowings		738,648,281	642,975,880
Cash received from issuing bonds			
Other cash received relating to financing activities			
Subtotal		742,648,281	703,264,316
Cash paid for borrowings		553,003,399	625,800,807
Cash paid for dividends, profit distribution or interest expenses		245,836,415	62,454,803
Including: Dividends & profits paid to minority shareholders by subsidiaries		1,003,047	3,610,159
Other cash paid relating to financing activities	5.51	1,351,372	100,000
Subtotal		800,191,186	688,355,610
Net cash flow from financing activities		**-57,542,905**	**14,908,706**
4. Effect of change in exchange rate on cash and cash equivalents		**4,659,448**	**-28,135,034**
5. Net increase of cash and cash equivalents		**66,928,106**	**351,492,415**
Add: Year-begin cash and cash equivalent balance		2,088,199,345	1,736,706,930
6. Year-end cash and cash equivalent balance		**2,155,127,451**	**2,088,199,345**

The accompanying Notes are integral part of these financial statements.
Neusoft´s legal representative: Liu Jiren Neusoft´s accounting principal: Zhang Xiaoou Accounting body´s principal: Shi Peijun

Neusoft Corporation

Statement of Changes in Equity 2013

(Expressed in Renminbi unless otherwise indicated)

Item	Amount in this period							
	Paid-in capital (share capital)							
1. Balance at the end of previous period	1,227,594,245							
Add: Change in accounting policies								
Prior-period error correction								
Other								
2. Year-begin balance	1,227,594,245							
3. Changes through this period (- for decrease)								
(1) Net profit								
(2) Other composite income								
Subtotal of (1) & (2)								
(3) Capital paid in and reduced by owners								
1) Capital paid in by owners								
2) Amounts of share-based payments recognized in owners equity								
3) Other								
(4) Dividends								
1) Appropriation of surplus reserves								
2) Appropriation of general risk provisions								
3) Dividends to owners (shareholders)								
4) Other								
(5) Internal carry-over of shareholdersequity								
1) Capitalized capital reserves								
2) Capitalized surplus reserves								
3) Surplus reserves for making up losses								
4) Other								
(6) Special reserves								
1) Appropriation								
2) Use								
(7) Other								
4. Year-end balance	1,227,594,245							

The accompanying Notes are integral part of these financial statements.

Neusoft s legal representative: Liu Jiren Neusoft s accounting principal: Zhang Xiaoou Accounting body s principal: Shi Peijun

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Neusoft Group (Hong Kong) Co., Ltd.	Wholly owned	Hong Kong	Limited liability company	850,000 USD	Development, sales and consulting of computer software	850,000 USD		100	100	Yes			
Hebei Neusoft Co., Ltd. (Note 1)	Con-trolled	Qinhuangdaoh	Limited liability company	10,000,000	Computer software development & network integration	8,500,000		85	85	Yes	2,428,848		
Shanghai Neufashion Digital Technology Co., Ltd.	Wholly owned	Shanghai	Limited liability company	20,000,000	Computer software/ hardware	20,000,000		100	100	Yes			
Shenyang Neusoft System Integration Technology Co., Ltd.	Wholly owned	Shenyang	Limited liability company	20,000,000	Computer software/ hardware, technical consulting and services	20,000,000		100	100	Yes			
Neusoft Group (Guangzhou) Co., Ltd.	Wholly owned	Guangzhou	Limited liability company	130,000,000	Computer software/ hardware, technical consulting and services	130,000,000		100	100	Yes			
Neusoft Group (Shanghai) Co., Ltd.	Wholly owned	Shanghai	Limited liability company	200,000,000	Computer software/ hardware, technical consulting and services	200,000,000		100	100	Yes			
Hangzhou Neusoft Co., Ltd.	Wholly owned	Hangzhou	Limited liability company	500,000	Computer software/ hardware, technical consulting and services	500,000		100	100	Yes			
Neusoft Group (Tianjin) Co., Ltd.	Wholly owned	Tianjin	Limited liability company	20,000,000	Computer software/ hardware	20,000,000		100	100	Yes			
Neusoft Group (Tangshan) Co., Ltd.	Wholly owned	Tangshan	Limited liability company	30,000,000	Computer software/ hardware, technical consulting and services	30,000,000		100	100	Yes			
Neusoft Group (Hainan) Co., Ltd.	Wholly owned	Hainan	Limited liability company	100,000,000	Computer software/ hardware, technical consulting and services	100,000,000		100	100	Yes			
Neusoft Group (Wuxi) Co., Ltd.	Wholly owned	Wuxi	Limited liability company	20,000,000	Computer software/ hardware, technical consulting and services	20,000,000		100	100	Yes			
Neusoft Group (Wuhu) Co., Ltd.	Wholly owned	Wuhu	Limited liability company	10,000,000	Computer software/ hardware development and services	10,000,000		100	100	Yes			

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Neusoft Group (Nanjing) Co., Ltd.	Wholly owned	Nanjing	Limited liability company	12,000,000	Computer software/ hardware development, sales and technical consulting	12,000,000		100	100	Yes			
Shenyang Neusoft Transportation Information Technology Co., Ltd. (Note 2)	Wholly owned	Shenyang	Limited liability company	7,000,000	Computer services	5,844,950		100	100	Yes			
Neusoft Group (Zhengzhou) Co., Ltd.	Wholly owned	Zhengzhou	Limited liability company	10,000,000	Sales and development of computer software/hardware	10,000,000		100	100	Yes			
Neusoft Group (Nanchang) Co., Ltd.	Wholly owned	Nanchang	Limited liability company	20,000,000	Computer hardware development/production, technical consulting, services	20,000,000		100	100	Yes			
Neusoft (Europe) Co., Ltd.	Wholly owned	Switzerland	Limited liability company	37,900,000 瑞士法郎	Computer software/ hardware, technical consulting and services	259,661,004		100	100	Yes			
Neusoft Group (Chongqing) Co., Ltd.	Wholly owned	Chongqing	Limited liability company	20,000,000	Development and sales of computer software/hardware	20,000,000		100	100	Yes			
Neusoft Group (Ningbo) Co., Ltd.	Wholly owned	Ningbo	Limited liability company	20,000,000	Development and sales of computer software/hardware	20,000,000		100	100	Yes			
Neusoft Group (Xuzhou) Co., Ltd.	Wholly owned	Xuzhou	Limited liability company	10,000,000	Development and sales of computer software/hardware	10,000,000		100	100	Yes			
Neusoft Group (Karamay) Co., Ltd.	Wholly owned	Karamay	Limited liability company	20,000,000	Design, production and sales of computer software/ hardware	20,000,000		100	100	Yes			
Neusoft Group (Changchun) Co., Ltd.	Wholly owned	Changchun	Limited liability company	30,000,000	Development/sales/ installation/technical consulting of computer software/hardware and electronic products	30,000,000		100	100	Yes			
Hefei Neusoft Technology Co., Ltd. (Note 3)	Wholly owned	Hefei	Limited liability company	500,000	Computer software/ hardware, system integration, technology consulting	451,952			100	Yes			

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Dalian Neusoft Business Process Consulting Services Co., Ltd. (Note 4)	Wholly owned	Dalian	Limited liability company	25,000,000	Computer software/ hardware	25,000,000			100	Yes			
Beijing Neusoft Huiju Information Technology Co., Ltd. (Note 5)	Con-trolled	Beijing	company limited by shares	30,000,000	Computer software, technical consulting and services	27,265,000			80.28	Yes	8,585,858		
Beijing Neusoft Yuetong Software Technology Co., Ltd. (Note 6)	Con-trolled	Beijing	Limited liability company	15,000,000	Computer software/ hardware/services	10,500,000			70	Yes	4,724,959		
Beijing Inbridge Consulting Co., Ltd. (Note 7)	Wholly owned	Beijing	Limited liability company	100,000	Economic information consulting and corporate management service	100,000			100	Yes			
Neusoft Yuetong Software Technology (Dalian) Co., Ltd. (Note 8)	Wholly owned	Dalian	Limited liability company	5,000,000	Computer software/ hardware, technical consulting and services	5,000,000			100	Yes			
Neusoft Capital International Co., Ltd. (Note 9)	Wholly owned	British Virgin Is-lands	Limited liability company	1,000,000 USD	Project investment, asset management and investment consulting	100,000 USD			100	Yes			
Neusoft Xikang Holdings Co., Ltd. (Note 10)	Con-trolled	Cayman Islands	Limited liability company	51,000 USD	IT and related consulting services	2,800,000 USD			70	Yes	-37,430,516		
Neusoft Xikang International Co., Ltd. (Note 11)	Wholly owned	Hong Kong	Limited liability company	1,000,000 HKD	IT and related consulting services	1,000,000 HKD			100	Yes			
Neusoft A&T Diagnostics Co., Ltd. (Note 12)	Con-trolled	Shenyang	Limited liability company	60,000,000	Production and sales of medical equipment and lab automation system, development and sales of computer hardware/ software and app systems	30,600,000			51	Yes	18,821,232		
Shenyang Neusoft Medical Systems Import & Export Co., Ltd. (Note 13)	Wholly owned	Shenyang	Limited liability company	5,000,000	Import & export of goods and technologies	5,000,000			100	Yes			
Shenyang Neusoft Spectrum MRI Technologies Co., Ltd. (Note 14)	Con-trolled	Shenyang	Limited liability company	10,000,000	R&D and manufacturing of Low-filed permanent magnet products, MRI technology development and consulting	8,000,000			80	Yes	4,550,466		

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Neusoft Positron Medical Systems Co., Ltd. (Note 15)	Con-trolled	Shenyang	Limited liability company	3,500,000 USD	Development and manufacturing of PET systems, technology consulting/service	3,465,000 USD			99	Yes	-102,373		
Neusoft Medical System U.S.A. Inc. (Note 16)	Wholly owned	UK	Limited liability company	12,000,000 USD	R&D/manufacturing of medical systems, technology consulting & service	6,000,000 USD			100	Yes			
Neusoft Medical Systems (Middle East) Co., Ltd. (Note 17)	Wholly owned	United Arab Emirates	Limited liability company	3,500,000 USD	Medical systems and relevant technical consulting and services	2,600,000 USD			100	Yes			
Neusoft Medical System Peru Inc. (Note 18)	Wholly owned	Peru	Limited liability company	1,800,000 USD	Medical systems and relevant technical consulting and services	100,385 USD			100	Yes			
Neusoft Xikang Healthcare Technology Co., Ltd. (Note 19)	Wholly owned	Beijing	Limited liability company	8,000,000 USD	Computer software/hardware, electronics product development, corporate investment management & consulting	8,000,000 USD			100	Yes			
Tianjin Xikang Healthcare Technology Co., Ltd. (Note 20)	Con-trolled	Tianjin	Limited liability company	30,000,000	Computer software/hardware, electronics product development, corporate investment management & consulting	4,500,000			75	Yes	1,065,364		
Liaoning Neusoft Xikang Healthcare Management Co., Ltd. (Note 21)	Wholly owned	Shenyang	Limited liability company	50,000,000	Health information management/consulting, management services, management system development	50,000,000			100	Yes			
Shenyang Neusoft Xikang Medical Systems Co., Ltd. (Note 22)	Wholly owned	Shenyang	Limited liability company	10,000,000	Computer software/hardware development for medical systems, healthcare consulting services	10,000,000			100	Yes			
Jiangsu Xikang Healthcare Management Co., Ltd. (Note 23)	Wholly owned	Nanjing	Limited liability company	5,000,000	R&D of electronic products, technical development, transfer, consulting and lease of computer software/hardware	5,000,000			100	Yes			

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Hainan Xikang Healthcare Management Co., Ltd. (Note 24)	Wholly owned	Chengmai	Limited liability company	5,000,000	Health information service and archive management, medical institution consulting, equipment sales and lease	5,000,000			100	Yes			
Guangzhou Xikang Healthcare Technology Co., Ltd. (Note 25)	Wholly owned	Guangzhou	Limited liability company	1,000,000	Healthcare consulting, corporate management, sales and lease of healthcare equipment	1,000,000			100	Yes			
Anhui Xikang Healthcare Management Co., Ltd. (Note 26)	Wholly owned	Hefei	Limited liability company	1,000,000	Health management, health consulting, medical institution management consulting, healthcare archive management, sales and lease of healthcare equipment	1,000,000			100	Yes			
Hubei Xikang Healthcare Management Co., Ltd. (Note 27)	Wholly owned	Wuhan	Limited liability company	1,000,000	Subject to laws and regulations of China and shall be approved by related authorization department.	1,000,000			100	Yes			
Luoyang Xikang Healthcare Management Co., Ltd. (Note 28)	Wholly owned	Luoyang	Limited liability company	1,000,000	Healthcare consulting, corporate management, sales and lease of healthcare equipment	1,000,000			100	Yes			
Hunan Xikang Healthcare Management Co., Ltd. (Note 29)	Wholly owned	Changsha	Limited liability company	10,100,000	Health management, health consulting, medical institution management consulting, healthcare archive management, sales and lease of healthcare equipment	10,100,000			100	Yes			
Jiangxi Xikang Healthcare Management Co., Ltd. (Note 30)	Wholly owned	Nanchang	Limited liability company	2,000,000	Healthcare consulting, corporate management, sales and lease of healthcare equipment	2,000,000			100	Yes			
Jinzhou Xikang Healthcare Management Co., Ltd. (Note 31)	Wholly owned	Jinzhou	Limited liability company	1,000,000	Healthcare consulting, corporate management, sales and lease of healthcare equipment	1,000,000			100	Yes			

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Shenzhen Xikang Healthcare Management Co., Ltd. (Note 32)	Wholly owned	Shenzhen	Limited liability company	500,000	Healthcare consulting/ management, medical project investment, development and sales of technologies for healthcare products; Technical development, sales, lease and technical consulting of electronic products and computer hardware/ software; corporate image planning, meeting business planning and investment consulting	500,000			100	Yes			
Shenyang Xikang Alps Technologies Co., Ltd. (Note 33)	Con-trolled	Shenyang	Limited liability company	1,000,000 USD	Design, research and development of sensors and related electronic products, components, software/ hardware; related technical consulting and service	550,000 USD			55	Yes	1,595,148		
Beijing Neusoft Xikang Hospital Management Co., Ltd. (Note 34)	Wholly owned	Beijing	Limited liability company	5,500,000	Hospital management; sales of electronic products, software, mechanical equipment; sales and lease of computer and communication equipment; lease of medical equipment; technology development, transfer and consulting	5,500,000			100	Yes			
Dalian Neusoft Xikang Healthcare Management Co., Ltd. (Note 35)	Wholly owned	Dalian	Limited liability company	500,000	Healthcare consulting; lease of electronic products, computer and communication equipment, Construction engineering and mechanical equipment; computer software development, consulting and service; general trading	500,000			100	Yes			

Continued table

Subsidiary	Type	Domicile	Nature	Registered capital	Scope of business	Actual investment amount at the end of the period	Balance of other items constituting net investment on the subsidiary	Equity ratio (%)	Votings hare (%)	Whether it is included in the consolidated financial statements	Minority interest	Amount of minority interest used to offset minority profit/loss	Balance of the owner's equity of parent company after offsetting the portion by which the loss of current period borne by the minority shareholders of the subsidiary exceeds the beginning balance of owner's equity of the subsidiary shared by the minority shareholders
Shanghai Xikang Healthcare Management Co., Ltd. (Note 36)	Wholly owned	Shanghai	Limited liability company	500,000	Healthcare consulting, business information consulting, sales and lease of computer software/ hardware, mechanical equipment; and communication equipment	500,000			100	Yes			
Chongqing Xikang Healthcare Management Co., Ltd. (Note 37)	olly owned	Chongqing	Limited liability company	500,000	Healthcare management, information consulting, management consulting of medical institutions, healthcare record management; sales and lease of electronic products, computer hardware/ software; development, transfer and consulting of computer hardware/ software technology	500,000				Yes			
Tianjin Xikang Hospital Management Co., Ltd. (Note 38)	Wholly owned	Tianjin	Limited liability company	500,000	Hospital management, sales of electronic products, software, mechanical equipment, communication equipment; lease of computer, communication equipment, medical equipment; technical development, transfer, consulting and service	500,000			100	Yes			
Dalian Yida Xikang Healthcare Management Co.,Ltd. (Note 39)	Con-trolled	Dalian	Limited lia-bility com-pany	10,000,000	Computer software/ hardware、technical consulting and service; general trading	6,000,000			60	Yes	3,995,729		

Note 1: This subsidiary is formerly known as Qinhuangdao Neusoft Co., Ltd.;

Note 2: The Company purchased 49.5% shares of this subsidiary during this reporting period and held 100% shares after the purchase.;

Note 3: This subsidiary was invested by another subsidiary Shanghai Neufashion Digital Technology Co., Ltd. with an equity ratio of 100%;

Note 4: This subsidiary was invested by another subsidiary Shenyang Neusoft Information Technology Services Co., Ltd. with an equity ratio of 100%;

Note 5: This subsidiary was invested by another subsidiary Liaoning Neusoft Venture Capital Investment Co., Ltd. with an equity ratio of 80.28%;

Note 6: This subsidiary was invested by another subsidiary Liaoning Neusoft Venture Capital Investment Co., Ltd. with an equity ratio of 70%;

Note 7: This subsidiary was invested by Beijing Neusoft Huiju Information Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 8: This subsidiary was invested by Beijing Neusoft Yuetong Software Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 9: This subsidiary was invested by another subsidiary Liaoning Neusoft Venture Capital Investment Co., Ltd. with an equity ratio of 100%;

Note 10: This subsidiary was invested by another subsidiary Neusoft (Hong Kong) Co., Ltd. with an equity ratio of 70%;

Note 11: This subsidiary was invested by Neusoft Xikang Holdings Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 12: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 51%;

Note 13: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 100%;

Note 14: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 80%;

Note 15: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 99%;

Note 16: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 100%;

Note 17: This subsidiary was invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. with an equity ratio of 100%;

Note 18: This subsidiary was jointly invested by another subsidiary Shenyang Neusoft Medical Systems Co., Ltd. and its subsidiary with an equity ratio of 100%;

Note 19: This subsidiary was invested by Neusoft Xikang International Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 20: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 75%;

Note 21: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 22: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 23: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 24: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 25: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 26: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 27: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 28: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 29: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 30: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 31: This subsidiary was invested by Liaoning Neusoft Xikang Healthcare Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 32: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 33: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 55%;

Note 34: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 35: This subsidiary was invested by Liaoning Neusoft Xikang Healthcare Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 36: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 37: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 38: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 100%;

Note 39: This subsidiary was invested by Neusoft Xikang Healthcare Technology Co., Ltd., a subsidiary indirectly controlled by the Company, with an equity ratio of 60%.

1) The balance of overseas deposited monetary capital at the end of this period is RMB 141,391,222 Yuan after translation;

2) Among other monetary capital at the end of this period, RMB 52,878,183 Yuan is the equity investment fund deposited in the designated bank-supervised account of Neusoft-Philips for the acquisition by Shenyang Neusoft Medical Systems Co., Ltd., please refer to Note 4.5 for details; RMB 5,442,591 Yuan is the Company´s subsidiary Neusoft Group (Dalian) Co., Ltd., Neusoft Group (Beijing) Co., Ltd., Liaoning Neusoft Venture Capital Investment Co., Ltd. and the Company´s indirectly controlled subsidiary Shenyang Neusoft Medical Systems Import & Export Co., Ltd.´s margin deposit, which was not recognized as cash or cash equivalent when preparing the cash flow statement; RMB 766,643 Yuan is Liaoning Neusoft Venture Capital Investment Co., Ltd.´s refundable deposits which can be refunded or used for investment and recognized as cash or cash equivalent when preparing the cash flow statement.

5.2 Trading financial assets

Item	Fair value at year-end	Fair value at year-begin
Trading financial assets	32,249,913	14,917,183
Total	32,249,913	14,917,183

5.3 Notes receivable

5.3.1 Type

Type	Year-end balance	Year-begin balance
Banker´s acceptance	8,084,346	13,731,461
Commercial acceptance bill	6,090,000	610,602
Total	14,174,346	14,342,063

5.3.2 There is no pledged note receivable as of the end of this period

5.3.3 Notes endorsed by the Company but undue yet as of the end of this period:

Top 5 notes:

Drawer	Date of invoice	Due date	Amount	Remark
CSSC	July 30th, 2013	January 14th, 2014	1,000,000	Paid before the disclosing date
Fujian Hongxing Pottery Development Co., Ltd.	July 12th, 2013	January 10th, 2014	600,000	Paid before the disclosing date
Luzhou Naxi District Kaili Trading Co., Ltd.	July 23rd, 2013	January 23rd, 2014	500,000	Paid before the disclosing date
Taizhou Jiangxing Shipping Machine Building Co., Ltd.	August 8th, 2013	February 8th, 2014	500,000	Paid before the disclosing date
CSR Qingdao Sifang Co., Ltd.	August 27th, 2013	February 27th, 2014	420,000	Paid before the disclosing date
Total			3,020,000	

5.3.4 There is no undue but discounted banker´s acceptance or commercial acceptance bill as of the end of this period

5.3.5 Among notes receivable as of the end of this period, there is no note receivable from any shareholding company holding over 5% (including 5%) voting share of the Company.

5.4 Accounts receivable

5.4.1 Aging analysis

Age	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within one year (including one year)	1,637,253,956	81.39	17,652,391	1.08	1,129,882,712	75.16	12,474,788	1.10
1-2 years (including 2 years)	200,018,829	9.94	28,760,140	14.38	211,795,050	14.09	27,786,702	13.12
2-3 years (including 3 years)	75,751,365	3.77	11,124,934	14.69	99,439,056	6.62	11,830,364	11.90
3-5 years	65,865,717	3.27	30,988,776	47.05	33,176,124	2.21	15,113,744	45.56
Over 5 years	32,614,673	1.63	32,614,673	100.00	28,942,847	1.92	28,942,847	100.00
Total	2,011,504,540	100.00	121,140,914		1,503,235,789	100.00	96,148,445	

5.4.2 Disclosure by type

Type	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single appropriation of provision for bad debts	331,410,923	16.48	47,753,285	14.41	219,627,652	14.61	21,829,540	9.94
Accounts receivable with appropriation of provision for bad debts by portfolio	1,555,362,634	77.32	50,251,121	3.23	1,156,208,747	76.91	44,193,577	3.82
Accounts receivable with insignificant single amount but single appropriation of provision for bad debts	124,730,983	6.20	23,136,508	18.55	127,399,390	8.48	30,125,328	23.65
Total	2,011,504,540	100.00	121,140,914		1,503,235,789	100.00	96,148,445	

5.4.3 Accounts receivable with significant single amount and single appropriation of provision for bad debts

Account receivable from	Book amount	Provision for bad debts	Appropriation ratio (%)	Reason
China Unicom	105,208,452	27,398,564	26.04	Significant amount with receivable proportion of over 70%
China Telecom	67,536,927	4,520,059	6.69	Significant amount with receivable proportion of over 90%
Beijing China Power Information Technology Co., Ltd.	46,347,756	3,737,039	8.06	Significant amount with receivable proportion of over 90%
Nokia Neusoft Commtech Company (Nokia Neusoft)	33,513,720	5,847,628	17.45	Significant amount with receivable proportion of over 80%

Continued table

Account receivable from	Book amount	Provision for bad debts	Appropriation ratio (%)	Reason
State Grid Electric Power of Xinjiang State Grid East Inner Mongolia Electric Power Company Limited	20,849,208	417,122	2.00	Significant amount with receivable proportion of over 95%
China Mobile	18,775,526	1,426,643	7.60	Significant amount with receivable proportion of over 90%
Yulin Health Bureau	15,000,000	2,096,360	13.98	Significant amount with receivable proportion of over 85%
Shenyang Metro Co., Ltd.	13,816,085	2,147,771	15.55	Significant amount with receivable proportion of over 80%
State Grid East Inner Mongolia Electric Power Company Limited	10,363,249	162,099	1.56	Significant amount with receivable proportion of over 95%
Total	331,410,923	47,753,285		

Accounts receivable with appropriation of provision for bad debts by aging analysis method in portfolio:

Age	Year-end balance			Year-begin balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	1,382,890,750	88.91	13,828,908	961,107,880	83.12	9,611,079
1-2 years	71,234,539	4.58	1,424,690	90,404,269	7.82	1,808,085
2-3 years	33,105,454	2.13	1,655,273	57,314,918	4.96	2,865,746
3-5 years	38,655,157	2.48	3,865,516	19,414,459	1.68	1,941,446
Over 5 years	29,476,734	1.90	29,476,734	27,967,221	2.42	27,967,221
Total	1,555,362,634	100.00	50,251,121	1,156,208,747	100.00	44,193,577

Accounts receivable with insignificant single amount but single appropriation of provision for bad debts:

Account receivable from	Book balance	Provision for bad debts	Appropriation ratio (%)	Reason
Contract payment for software and system integration	6,243,505	6,243,505	100.00	Account receivable with long age which is estimatedly unrecoverable
Contract payment for software and system integration	7,759,581	3,518,890	45.35	Account receivable with long age with recoverable proportion of about 50%
Contract payment for software and system integration	110,727,897	13,374,113	12.08	Account receivable with long age with recoverable proportion of about 90%
Total	124,730,983	23,136,508		

5.4.4 Account receivable recovered or received in this period:

Account receivable	Recovery reason	Basis of confirming original provision for bad debts	Accumulated appropriated provision for bad debts before recovery	Recovery amount	Recovered provision for bad debts
Sale amount receivable	Great effort was made to work off the receivables during the reporting period	Aging analysis method	9,224,367	6,291,721	6,257,071

5.4.5 There is no account receivable received through reorganization or other methods in this period

5.4.6 Actual write-off accounts receivable:

Receivable from	Category	Write-off amount	Reason	Whether caused by related transaction
Development Planning Department, the First Research Institute, China Aerospace Science and Technology Corporation	Sales payment	1,646,000	It is estimatedly unrecoverable	No
Dezhou Power Plant of Shandong Huaneng Power Generation Corporation	Sales payment	1,030,059	It is estimatedly unrecoverable	No
Hefei Zhihe Technology Co., Ltd.	Sales payment	770,000	It is estimatedly unrecoverable	No
Personnel Training Bureau of the Ministry of Public Security of the PRC	Sales payment	678,000	It is estimatedly unrecoverable	No
Yangzhou Municipal Public Security Bureau	Sales payment	594,000	It is estimatedly unrecoverable	No
Hohehot Municipal Human Resources and Social Security Bureau	Sales payment	480,000	It is estimatedly unrecoverable	No
Shanghai GFC Toshiba Elevator Co., Ltd.	Sales payment	325,980	It is estimatedly unrecoverable	No
State Grid Shanxi Electric Power Company	Sales payment	313,000	It is estimatedly unrecoverable	No
Chengdu Jinyuan Technology Development Co., Ltd.	Sales payment	308,800	It is estimatedly unrecoverable	No
Guizhou Shuicheng Iron & Steel (Group) Co., Ltd.	Sales payment	300,000	It is estimatedly unrecoverable	No
Others	Sales payment	1,263,166	It is estimatedly unrecoverable	No
Total		7,709,005		

5.4.7 Accounts receivable from shareholder companies with over 5% (including 5%) voting share of the Company:

Receivable from	Year-end balance		Year-begin balance	
	Book balance	Appropriated provision for bad debts	Book balance	Appropriated provision for bad debts
Toshiba Corporation	38,657,104	386,571	5,852,557	58,526
Alpine	18,874,252	188,743	3,998,077	39,981
Baosteel Group Corporation	7,734,608	231,346	563,008	30,130

5.4.8 Top 5 debtors of accounts receivable

Debtor	Relationship with the Company	Book balance	Age	Proportion to the total (%)
China Unicom	Non-related party	105,208,452	Within 1 year+over 5 years	5.23
China Telecom	Non-related party	67,536,927	Within 5 years	3.36
Shanxi Xingji Technology and Trade Co., Ltd.	Non-related party	57,874,323	Within 1 year	2.88
Shandong Neusoft System Integration Engineering Co., Ltd.	Non-related party	56,762,767	Within 1 year	2.82
Beijing Kedong Electric Power Control System Co., Ltd.	Non-related party	53,945,704	Within 2 years	2.68
Total		341,328,173		16.97

5.4.9 Accounts receivable from related parties

The accounts receivable from related parties is RMB 206,126,457 Yuan, accounting for 10.25% of the year-end balance, please refer to Note 7.4.11 for details.

5.4.10 Account receivable with terminated recognition due to transfer of financial assets:

Item	Amount	Profit or loss related to the termination
Shenyang Branch of China CITIC Bank Corporation Limited	9,704,193	N/A

Note: The account receivable with terminated recognition due to transfer of financial assets is caused by the non-recourse factoring business between Shenyang Neusoft Medical Systems Co., Ltd. and Shenyang Branch of China CITIC Bank Corporation Limited.

5.4.11 There is no fully terminated recognition of transferred accounts receivable in this period.

5.4.12 There is no securitization of accounts receivable as the subject.

5.5 Other receivables

5.5.1 Aging analysis

Age	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within one year (including one year)	123,636,274	59.65	1,236,363	1.00	155,365,832	72.60	1,553,658	1.00
1-2 years (including 2 years)	53,055,967	25.60	4,024,766	7.59	35,501,556	16.59	3,410,015	9.61
2-3 years (including 3 years)	18,240,502	8.80	1,332,452	7.30	11,259,545	5.26	1,820,796	16.17
3-5 years	9,533,062	4.60	1,154,266	12.11	10,547,120	4.93	1,124,714	10.66
Over 5 years	2,819,025	1.35	2,819,025	100.00	1,329,498	0.62	1,329,498	100.00
Total	207,284,830	100.00	10,566,872		214,003,551	100.00	9,238,681	

5.5.2 Disclosure by type

Type	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable with significant single amount and single appropriation of provision for bad debts								
Account receivable with appropriation of provision for bad debts by portfolio	200,137,582	96.55	6,842,326	3.42	203,841,742	95.25	4,924,915	2.42
Account receivable with insignificant single amount and single appropriation of provision for bad debts	7,147,248	3.45	3,724,546	52.11	10,161,809	4.75	4,313,766	42.45
Total	207,284,830	100.00	10,566,872		214,003,551	100.00	9,238,681	

5.5.3 Other receivables with appropriation of provision for bad debts by aging analysis method in portfolio:

Age	Year-end balance			Year-begin balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	120,178,999	60.05	1,201,790	150,880,712	74.03	1,508,807
1-2 years	50,031,837	25.00	1,000,637	32,746,471	16.06	654,930
2-3 years	17,797,947	8.89	889,897	9,136,521	4.48	456,826
3-5 years	9,309,774	4.65	930,977	9,748,540	4.78	974,854
Over 5 years	2,819,025	1.41	2,819,025	1,329,498	0.65	1,329,498
Total	200,137,582	100.00	6,842,326	203,841,742	100.00	4,924,915

Appropriation of provision for bad debts in other receivables with insignificant single amount and separate impairment test:

Other receivables	Book balance	Provision for bad debts	Appropriation ratio (%)	Reason
Suspense credit	3,895,273	2,311,897	59.35	It is estimated that the recoverable proportion is about 40%.
Open credit	3,251,975	1,412,649	43.44	It is estimated that the recoverable proportion is about 60%.
Total	7,147,248	3,724,546		

5.5.4 Other receivable recovered or received in this period:

Other receivable	Recovery reason	Basis of confirming original provision for bad debts	Accumulated appropriated provision for bad debts before recovery	Recovery amount	Recovered provision for bad debts
Suspense credit	Great effort was made to work off the receivables during the reporting period	Aging analysis method	2,616,808	2,586,028	2,582,008

5.5.5 Other actual write-off receivable in this period:

The amount of other actual write-off receivable, which is mainly the estimatedly unrecoverable advance, is RMB 246,851 Yuan in this period.

5.5.6 There is no other receivable from Shareholding Company with over 5% (including 5%) voting share of the Company

5.5.7 Top 5 debtors of other receivable:

Debtor	Relationship with the Company	Book balance	Age	Proportion to the total (%)	Debtor
Dalian Airport Customs	Non-related party	8,603,103	Within 3 years	4.15	Deposit
Hebei Anda Investment Consulting Co., Ltd.	Non-related party	5,767,018	1-2 years	2.78	Deposit
Ningbo Traffic Management Bureau	Non-related party	5,104,753	Within 2 years	2.46	Deposit
Shenzhen Funding Technology Co., Ltd.	Non-related party	4,255,702	Within 1 year	2.05	Deposit
Dalian Metro Co., Ltd.	Non-related party	3,979,248	Within 1 year	1.92	Deposit
Total		27,709,824		13.36	

5.5.8 Account receivable from related parties

The accounts receivable from related parties is RMB 1,415,839 Yuan, accounting for 0.68% of the year-end balance, please refer to Note 7.4.11 for details.

5.5.9 There is no termination of recognition of other receivables

5.5.10 There is no fully terminated recognition of transferred other receivables in this period

5.5.11 There is no securitization of other receivables as the subject

5.6 Prepayments

5.6.1 Presentation by age

Age	Year-end balance		Year-begin balance	
	Book balance	Ratio (%)	Book balance	Ratio (%)
Within 1 year	226,242,321	99.27	114,146,161	96.38
1-2 years	304,439	0.13	2,658,537	2.24
2-3 years	741,171	0.33	1,161,961	0.98
Over 3 years	627,625	0.27	474,408	0.40
Total	227,915,556	100.00	118,441,067	100.00

5.6.2 Top 5 prepayments

Prepayment to	Relationship with the Company	Amount	Term	Remark
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	Non-related party	28,375,531	Within 1 year	合同约定的预付款
Lenovo (Beijing) Co., Ltd.	Non-related party	19,547,685	Within 1 year	Contracted prepayment
Hebei Far East Communication System Engineering Co., Ltd.	Non-related party	19,477,327	Within 1 year	Contracted prepayment
Shenyang Zhongxing Electric Power Communication Co., Ltd.	Non-related party	17,100,000	Within 1 year	Contracted prepayment
SAP (Beijing) Software System Co., Ltd.	Non-related party	16,316,870	Within 2 years	Contracted prepayment
Total		100,817,413		

5.6.3 Among the prepayments at the end of this period, no Shareholding Company with over 5% (including 5%) voting share of the Company owes any debt for prepayment.

5.6.4 Prepayment to related parties

The amount is RMB 218,398 Yuan, accounting for 0.1% of the year-end balance, please refer to Note 7.4.11 for details.

5.7 Inventories

5.7.1 Presentation by type

Item	Year-end balance			Year-begin balance		
	Book balance	Provision for inventory write-down	Book value	Book balance	Provision for inventory write-down	Book value
Raw materials	305,151,375	28,067,279	277,084,096	175,401,478	11,612,195	163,789,283
Work in process	637,468,017	29,818,004	607,650,013	570,219,685	20,195,171	550,024,514
Finished products	111,848,990		111,848,990	117,159,085		117,159,085
Total	1,054,468,382	57,885,283	996,583,099	862,780,248	31,807,366	830,972,882

5.7.2 Provision for inventory write-down

Type	Year-begin balance	Appropriation amount	Write-down amount		Other (note)	Year-end balance
			Reversed	Write-off		
Raw materials	11,612,195		1,087,896		17,542,980	28,067,279
Work in process	20,195,171	9,939,786		316,953		29,818,004
Finished products						
Total	31,807,366	9,939,786	1,087,896	316,953	17,542,980	57,885,283

Note: This is mainly caused by change in the consolidation of the financial statements.

5.7.3 Depreciation provision for inventory write-down

Item	Basis	Reason for reversion of the provision	Proportion of reversed amount to year-end balance of the inventory
Raw materials	Provision for inventory write-down is made or adjusted at the lower one between the cost and net realizable value	External sales	0.36%
Work in process	Provision for inventory write-down is made or adjusted at the lower one between the cost and net realizable value		
Finished products	Provision for inventory write-down is made or adjusted at the lower one between the cost and net realizable value		

5.8 Other current assets

Item	Year-end balance	Year-begin balance
Bank finance product (Note 1)	224,949,474	
Deferred business tax	1,409,565	5,510,731
Leasing expenses	1,072,083	694,777
Deferred property tax	454,712	276,220
Other (Note 2)	8,183,697	7,808,787
Total	236,069,531	14,290,515

Note 1: The Company and its subsidiary Shenyang Neusoft Medical Systems Co., Ltd., Shenyang Zhuri Digital Advertising Communications Co., Ltd. and Shenyang Xikang APS Technology Co., Ltd. purchased the finance products (that buyers should repay the loan and the accrued interest outright) from bank based on their financial situations. The investment fund and accrued income have been recovered at the end of March 2014.

Note 2: This mainly refers to amortized heating expense.

5.9 Available-for-sale financial assets

5.9.1 Overview

Item	Fair value at year-end	Fair value at year-begin
(1) Available-for-sale Security		
(2) Available-for-sale equity instrument (note)	26,594,230	
(3) Other		
Total	26,594,230	

Note: During the reporting period, the Company´s controlled subsidiary Liaoning Neusoft Venture Capital Investment Co., Ltd. subscribed for 16,500,000 public shares of Sinosoft Technology Group Limited through QDII wealth management product managed by CICC.

5.9.2 There is no available-for-sale financial asset with restricted trade period as at the end of this reporting period.

5.9.3 Cost, fair value, amount of changes in fair value included in other composite income and appropriated impairment amount of available-for-sale financial assets as at December 31st, 2013

Item	Available-for-sale equity instrument	Available-for-sale Security	Total
Cost of equity instrument/amortized cost of security	19,235,058		19,235,058
amount of changes in fair value included in other composite income	7,359,172		7,359,172
Fair value	26,594,230		26,594,230
Appropriated impairment amount			

5.10 Held-to-maturity investment

5.10.1 Overview

Item	Year-end balance	Year-begin balance
Bank finance products (Note)		403,159,918
Total		403,159,918

Note: The principal with an amount of RMB 400 million Yuan and the accrued income have been recovered in this period.

5.10.2 There is no sale of held-to-maturity investment in this period

5.11 Long-term receivables

Item	Year-end balance				Year-begin balance			
	Amount	Ratio (%)	Provision for bad debts	Net value	Amount	Ratio (%)	Provision for bad debts	Net value
Rental deposit (Note 1)	3,038,023	15.38		3,038,023	4,435,822	16.86		4,435,822
Instalment (Note 2)	16,716,680	84.62	248,663	16,468,017	21,877,518	83.14	359,165	21,518,353
Total	19,754,703	100.00	248,663	19,506,040	26,313,340	100.00	359,165	25,954,175

Note 1: This refers to the deposit paid by Neusoft (Japan) Co., Ltd. for rental which will be recovered upon the lease contract is terminated; Based on the operations of the subsidiary, the period when the contract will be terminated cannot be estimated precisely; and

Note 2: This refers to receivable of Shenyang Neusoft Medical Systems Co., Ltd. from sales of products by instalment; and provision for bad debt based on the age of the receivable is appropriated.

5.12 Long-term equity investment

5.12.1 Overview

Item	Year-end balance	Year-begin balance
Joint ventures	7,459,244	4,765,722
Associates	131,599,655	309,603,803
Others	65,077,538	80,774,832
Subtotal	204,136,437	395,144,357
Less: impairment provision	26,907,106	5,070,000
Total	177,229,331	390,074,357

5.12.2 Investment in joint ventures and associates

Investee	Equity ratio (%)	Voting share (%)	Year-end total assets	Year-end total liabilities	Year-end net assets	Total business income in this period	Net profit in this period
1. Joint ventures							
Beijing Huiyuan Xikang Healthcare Technology Co., Ltd. (Huiyan Xikang)	50.00	50.00	5,691,030	271,040	5,419,990	1,284,996	-4,111,454
Shanghai Shimao Xikang Healthcare Management Co., Ltd. (Note 1)	50.00	50.00	9,019,090	-479,408	9,498,498		-501,502
2. Associates							
Nokia Neusoft Commtech Company (Note 2)	46.00	46.00	457,140,552	322,806,524	134,334,028	265,956,220	14,672,157
Shenyang CataData Technology Co., Ltd.	16.67	16.67	7,501,005	1,821	7,499,184	113,551	-6,931,116
Shenyang Toshiba Neusoft Information Systems Co., Ltd.	40.00	40.00	22,401,299	11,489,295	10,912,004	33,898,072	-4,975,172
Chongqing Guo´ao 100 Years Xikang Health Management Co., Ltd.	20.00	20.00	964,863	3,098,198	-2,133,335	1,000	-507,285
NEC Neusoft Information Technologies Company Limited	30.00	30.00	35,727,058	699,198	35,027,860	4,928,113	-2,230,686
Aerotel Medical Systems (1998) Ltd.	31.38	31.38	17,292,496	14,790,536	2,501,960	7,169,034	-3,364,565
Shenyang Neusoft System Integration Engineering Co., Ltd.	26.65	26.65	320,151,862	229,098,862	91,053,000	487,853,195	13,420,834
Beijing Venusource Information Technology Co., Ltd.	34.43	34.43	32,925,937	1,258,440	31,667,497	20,543,195	109,735

Note 1: In February 2013, the Company´s indirectly controlled subsidiary Neusoft Xikang Healthcare Technology Co., Ltd. invested RMB 5 million Yuan in this Company with an equity ratio of 50%.

Note 2: This company was formerly known as Nokia Siemens Networks Neusoft Commtech Company.

5.12.3 Details of long-term equity investments

Investee	Calculation method	Initial investment cost	Year-begin balance	Change in owners' equity	Year-end balance	Equity ratio (%)	Voting share (%)	Difference between equity ratio and voting share	Accumulated provision for impairment	Appropriated provision for impairment in this period	Cash dividend in this period	Investee
Nokia Neusoft Commtech Company	Equity method	26,713,621	55,044,460	6,749,192		61,793,652	46.00	46.00				
Shenyang CataData Technology Co., Ltd.	Equity method	15,000,000	12,950,050	-1,155,186		11,794,864	16.67	16.67				
Shenyang Toshiba Neusoft Information Systems Co., Ltd.	Equity method	9,051,000	6,354,871	-1,990,069		4,364,802	40.00	40.00				
Neusoft-Philips Medical Systems Limited liability company (Note 1)	Equity method	120,050,000	188,172,609	-188,172,609								58,555,000
Liaoning Shengjing Xikang Healthcare Co., Ltd. (Note 2)	Equity method	490,000	919	-919								
Chongqing Guo´ao 100 Years Xikang Health Management Co., Ltd.	Equity method	400,000					20.00	20.00				
NEC Neusoft Information Technologies Company Limited (Note 3)	Equity method	15,000,000	3,677,564	6,830,794		10,508,358	30.00	30.00				
Aerotel Medical Systems (1998) Ltd.	Equity method	10,675,548	9,427,333	-912,054		8,515,279	31.38	31.38				
Shenyang Neusoft System Integration Engineering Co., Ltd.	Equity method	20,000,000	22,840,656	598,598		23,439,254	26.65	26.65				2,313,209
Beijing Venusource Information Technology Co., Ltd.	Equity method	10,500,000	11,135,341	48,105		11,183,446	34.43	34.43				
Beijing Huiyuan Xikang Healthcare Technology Co., Ltd.	Equity method	5,000,000	4,765,722	-2,055,727		2,709,995	50.00	50.00				
Shanghai Shimao Xikang Healthcare Management Co., Ltd. (Note 4)	Equity method	5,000,000		4,749,249		4,749,249	50.00	50.00				
Subtotal		237,880,169	314,369,525	-175,310,626		139,058,899						60,868,209
Dalian Weavesoft Co., Ltd.	Cost method	45,352	45,352			45,352	5.00	5.00				
Dalian Neusoft Institute of Information (Note 5)	Cost method	6,000,000	6,000,000	-6,000,000								
Dalian Neusoft Institute of Information Technology (Note 5)	Cost method	3,600,000	3,600,000	-3,600,000								
Chengdu Neusoft Institute of Information	Cost method	3,000,000	3,000,000			3,000,000	17.47	17.47		1,200,000		
Nanhai Neusoft Institute of Information Technology (Note 5)	Cost method	3,000,000	3,000,000	-3,000,000								
Dalian Neusoft Information Services Co., Ltd.	Cost method	1,877,722	1,877,722			1,877,722	10.00	10.00				
Beijing Huada Infosec Technology Co., Ltd.	Cost method	150,000	150,000			150,000	0.90	0.90				
Beijing Co-Create Open Source Software Company	Cost method	770,000	770,000			770,000	6.29	6.29		770,000		

Continued table

Investee	Calculation method	Initial investment cost	Year-begin balance	Change in owners' equity	Year-end balance	Equity ratio (%)	Voting share (%)	Difference between equity ratio and voting share	Accumulated provision for impairment	Appropriated provision for impairment in this period	Cash dividend in this period	Investee
Beijing Shoufa Infosec Data System Technology Co., Ltd.	Cost method	3,350,000	3,350,000			3,350,000	8.86	8.86				
Dongzhong Commtech Co., Ltd. (Note 6)	Cost method	3,000,000	3,000,000	-3,000,000								
Shenyang Torch Incorporated Company (Note 6)	Cost method	100,000	100,000	-100,000								
Lotus Business Consulting Co., Ltd.	Cost method	347,358	347,358			347,358	6.30	6.30				16,324
Tianjin Shenzhou Universal Data Technology Co., Ltd.	Cost method	3,000,000	3,000,000			3,000,000	5.00	5.00				199,300
Nanchang Biotech A&C Biotechnical Industry Incorporated Company	Cost method	27,600,000	27,600,000			27,600,000	9.01	9.01				
Appconomy, Inc. (Note 7)	Cost method	24,937,106	24,934,400	2,706		24,937,106	15.20	15.20		24,937,106	24,937,106	
Subtotal		80,777,538	80,774,832	-15,697,294		65,077,538				26,907,106	24,937,106	215,624
Total		318,657,707	395,144,357	-191,007,920		204,136,437				26,907,106	24,937,106	61,083,833

Note 1: During this reporting period, the Company´s subsidiary Shenyang Neusoft Medical Systems Co., Ltd. acquired 25% equity in this company and held 74% equity in this subsidiary in total after the acquisition. This company was included in the consolidated statements since the end of 2013 and no accounting by equity method will be made for it as an associate.

Note 2: In December 2013, the business registration of this company was cancelled.

Note 3: During this reporting period, the Company´s subsidiary Shenyang Neusoft Information Technology Services Co., Ltd. invested RMB 7.5 million Yuan of subscribed capital contributions to this company, increasing the initial investment cost to RMB 15 million Yuan without change in equity ratio.

Note 4: During this reporting period, the Company´s indirectly controlled subsidiary Neusoft Xikang Healthcare Technology Co., Ltd. invested RMB 5 million Yuan in this Company with an equity ratio of 50%.

Note 5: During this reporting period, the Company finished the procedures of investment change in Nanhai Neusoft Institute of Information Technology, Dalian Neusoft Institute of Information and Dalian Neusoft Institute of Information Technology and recognized the income from equity transfer of these three institutes, please refer to "Note 7.4.10.(1)" section for details.

Note 6: During this reporting period, the Company wrote off the appropriated impairment provision of long-term equity investment in full amount for Dongzhong Commtech Co., Ltd. and Shenyang Torch Incorporated Company in previous years.

Note 7: During this reporting period, the Company has exercised the warrants of 443,693 shares in Appconomy, Inc. with the price at USD 0.001 dollar per share, increasing the initial investment cost to RMB 24,937,106 Yuan. The Company held 15.20% issued shares in Appconomy, Inc. after the exercise. Besides, according to recoverable situation of long-term equity investment, the Company appropriated the impairment provision of long-term equity investment in full amount.

5.12.4 Limitation on capital transfer from investee to investor: N/A

5.12.5 Sale of long-term equity investment with the price obviously higher than its book value: N/A

5.13 Investment property

Item	Year-begin balance	Increase in this period	Decrease in this period	Year-end balance
1. Original book value	392,708,986	18,135,165	1,248,137	409,596,014
(1) Houses and buildings	329,157,220	18,135,165	1,248,137	346,044,248
(2) Land use right	63,551,766			63,551,766
2. Accumulated depreciation and amortization	75,656,997	10,321,432	293,970	85,684,459
(1) Houses and buildings	64,310,519	8,732,833	293,970	72,749,382
(2) Land use right	11,346,478	1,588,599		12,935,077
3. Net value of investment property	317,051,989	8,448,165	1,588,599	323,911,555
(1) Houses and buildings	264,846,701	8,448,165		273,294,866
(2) Land use right	52,205,288		1,588,599	50,616,689
4. Accumulated amount of provision for impairment on investment property				
(1) Houses and buildings				
(2) Land use right				
5. Book value of investment property	317,051,989	8,448,165	1,588,599	323,911,555
(1) Houses and buildings	264,846,701	8,448,165		273,294,866
(2) Land use right	52,205,288		1,588,599	50,616,689

The increase of accumulated depreciation and amortization is RMB 10,321,432 Yuan, of which, 8,622,688 Yuan is appropriated and 1,698,744 Yuan is transferred into depreciation due to re-classification.

The original amount transferred into increased investment property due to re-classification is RMB 17,326,892 Yuan.

5.14 Original price and accumulated depreciation of fixed assets

5.14.1 Fix assets

Item	Year-begin balance	Increase in this period		Decrease in this period	Year-end balance
1. Original book value	2,370,060,505	220,584,553		115,697,776	2,474,947,282
Including: Houses and buildings	1,733,217,024	47,945,922		63,652,470	1,717,510,476
Electronic equipment	380,252,063	74,573,138		43,157,387	411,667,814
Transportation equipment	16,512,241	4,305,527		2,068,166	18,749,602
Other equipment	240,079,177	93,759,966		6,819,753	327,019,390
		Increase in this period	Including: appropriation in this period		
2. Accumulated depreciation	567,903,935	192,802,003	133,377,872	55,294,926	705,411,012
Including: Houses and buildings	185,972,850	47,633,599	47,633,599	13,242,823	220,363,626
Electronic equipment	251,402,383	65,778,349	59,835,331	36,398,194	280,782,538
Transportation equipment	10,780,619	2,779,119	2,170,571	1,496,962	12,062,776
Other equipment	119,748,083	76,610,936	23,738,371	4,156,947	192,202,072
3. Net book value of fixed assets	1,802,156,570	17,477,024		50,097,324	1,769,536,270

Continued table

Item	Year-begin balance	Increase in this period	Decrease in this period	Year-end balance
Including: Houses and buildings	1,547,244,174		50,097,324	1,497,146,850
Electronic equipment	128,849,680	2,035,596		130,885,276
Transportation equipment	5,731,622	955,204		6,686,826
Other equipment	120,331,094	14,486,224		134,817,318
4. Impairment provision	888,088		248,041	640,047
Including: Houses and buildings				
Electronic equipment	885,630		248,041	637,589
Transportation equipment				
Other equipment	2,458			2,458
5. Book value of fixed assets	1,801,268,482	17,725,065	50,097,324	1,768,896,223
Including: Houses and buildings	1,547,244,174		50,097,324	1,497,146,850
Electronic equipment	127,964,050	2,283,637		130,247,687
Transportation equipment	5,731,622	955,204		6,686,826
Other equipment	120,328,636	14,486,224		134,814,860

RMB 133,377,872 Yuan is appropriated for depreciation of fixed assets in this period.

The original amount for conversion of construction in progress into fixed assets is RMB 43,218,719 Yuan.

The original amount of increased fix assets due to change in consolidation in this period is RMB 87,289,685 Yuan, accumulated depreciation increases to RMB 59,424,131 Yuan.

For underlying security of fixed assets as of December 31st, 2013, please refer to Note 5.31 for details.

5.14.2 There is no idle fixed asset as of the end of this period

5.14.3 There is no leased fixed asset based on financing lease

5.14.4 There is no leased fixed asset based on operating lease

5.14.5 There is no hold-to-sale fixed asset as of the end of this period

5.14.6 Fixed assets without property right certificates

Item	Book value	Reason	Remark
Houses and buildings	416,469,861	The application and approval procedures are in progress.	The certificates will be obtained after the procedures are finished.

5.14.7 Sale of fixed assets with the price obviously higher than its book value:

Item	Book value	Sales price	Basis
Houses and buildings	11,068,362	23,255,539	Evaluation report
Houses, buildings and land	33,877,381	39,900,000	Evaluation report, please refer to note 7.4.9 (1) for details.

5.15 Construction in progress

5.15.1 Overview

Item	Year-end balance			Year-begin balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Beijing Software Park	19,291,278		19,291,278	130,316,802		130,316,802
Renovation of canteen of Shenyang Software Park				32,521,121		32,521,121
Hainan Software Park (Phase I)	122,181,914		122,181,914	30,333,467		30,333,467
Dalian Hekou Park (Phase II)	12,533,222		12,533,222	1,270,181		1,270,181
Medical Information platform	1,736,831		1,736,831	558,907		558,907
Cloud base factory and office building	76,633,268		76,633,268			
Xikang renovation project (phase II)	8,344,065		8,344,065	403,451		403,451
Cloud base healthcare center (Phase I)	32,330,919		32,330,919	152,028		152,028
Renovation of supporting project of Shenyang No. 3 Street	3,697,774		3,697,774			
Total	276,749,271		276,749,271	195,555,957		195,555,957

5.15.2 Changes in construction in progress

Project	Budget	Year-begin balance	Increase in this period	Conversion into fixed assets	Other decrease	Proportion of project input to budget (%)	Schedule (%)	Accumulated capitalized interests	Including: amount of capitalized interests in this period	Capitalization rate	Capital source	Year-end balance
Beijing Software Park	576,000,000	130,316,802	96,527,681		207,553,205	39	41				Own capital	19,291,278
Renovation of canteen of Shenyang Software Park	43,000,000	32,521,121	9,873,715	42,394,836		99	100				Own capital	
Hainan Software Park (Phase I)	210,840,000	30,333,467	91,848,447			58	90				Own capital	122,181,914
Dalian Hekou Park (Phase II)	72,370,000	1,270,181	11,263,041			17	35				Own capital	12,533,222
Medical Information platform	2,720,000	558,907	2,001,807	823,883		94	69				Own capital	1,736,831
Cloud base factory and office building	475,520,000		76,633,268			16	17				Own capital	76,633,268

Continued table

Project	Budget	Year-begin balance	Increase in this period	Conversion into fixed assets	Other decrease	Proportion of project input to budget (%)	Schedule (%)	Accumulated capitalized interests	Including: amount of capitalized interests in this period	Capitalization rate	Capital source	Year-end balance
Xikang renovation project (phase II)	57,230,000	403,451	42,202,901		34,262,287	74	83				Own capital	8,344,065
Cloud base healthcare center (Phase I)	136,070,000	152,028	32,178,891			24	40				Own capital	32,330,919
Office in Shenzhen	2,330,000		2,512,477		2,512,477	108	100				Own capital	
Renovation of supporting project of Shenyang No. 3 Street	6,700,000		3,697,774			55	90				Own capital	3,697,774
Total	1,582,780,000	195,555,957	368,740,002	43,218,719	244,327,969							276,749,271

5.15.3 Schedule of significant construction in progress

Item	Schedule
Beijing Software Park	This project is being constructed with rate of progress of 41%
Hainan Software Park (Phase I)	This project is being constructed with rate of progress of 90%
Dalian Hekou Park (Phase II)	This project is being constructed with rate of progress of 35%
Cloud base healthcare center (Phase I)	This project is being constructed with rate of progress of 40%
Cloud base factory and office building	This project is being constructed with rate of progress of 17%

5.16 Intangible asset

5.16.1 Overview

Item	Year-begin book balance	Increase in this period	Decrease in this period	Year-end book balance
1．Original book value	505,035,641	295,469,116	15,098,928	785,405,829
(1) Land use right	396,070,901	207,553,205	13,855,493	589,768,613
(2) Property use right				
(3) Purchased proprietary technology	86,528,659	60,953,630	1,243,435	146,238,854
(4) Others	22,436,081	26,962,281		49,398,362
2．Accumulated amortization	115,619,263	47,037,454	9,056,653	153,600,064
(1)Land use right	60,995,809	9,264,906	3,309,701	66,951,014
(2) Property use right				
(3) Purchased proprietary technology	37,572,743	20,785,516	5,746,952	52,611,307

Continued table

Item	Year-begin book balance	Increase in this period	Decrease in this period	Year-end book balance
(4) Others	17,050,711	16,987,032		34,037,743
3. Purchased proprietary technology	389,416,378	242,389,387		631,805,765
(1) Land use right	335,075,092	187,742,507		522,817,599
(2) Property use right				
(3) Purchased proprietary technology	48,955,916	44,671,631		93,627,547
(4) Others	5,385,370	9,975,249		15,360,619
4. Impairment provision	140,240			140,240
(1) Land use right				
(2) Property use right				
(3) Purchased proprietary technology				
(4) Others	140,240			140,240
5. Book value of intangible assets	389,276,138	242,389,387		631,665,525
(1) Land use right	335,075,092	187,742,507		522,817,599
(2) Property use right				
(3) Purchased proprietary technology	48,955,916	44,671,631		93,627,547
(4) Others	5,245,130	9,975,249		15,220,379

(1) The decrease of land use right is caused by the right transfer by the Company to Shenyang Ruidao House Purchasing Co., Ltd., please refer to Note 7.4.9 (1) for details; other decreases are mainly caused by change in the consolidation.

(2) The amortization amount of intangible asset in this period increases by RMB 47,037,454 Yuan, of which the current amortization amount is RMB 21,803,077 Yuan and the remaining is caused by change in the consolidation.

(3) There is no intangible asset for mortgage or warranty as at the end of this period, please refer to note 5.14.7.

5.16.2 Please refer to Note 5.14.7 for sale of intangible assets with the price obviously higher than its book value

5.16.3 Other remarks:

In December 2013, the Company´s subsidiary Shenyang Neusoft Medical Systems Co., Ltd. (˝Neusoft Medical˝) purchased 25% equity in Neusoft-Philips and held 74% equity in total after this acquisition. Neusoft-Philips was recorded in the consolidated financial statements at the end of 2013. According to the evaluation results, the fair value of purchased intangible asset from Neusoft-Philips is RMB 17,116,561 Yuan higher than its book value. Therefore, Neusoft Medical consolidated the intangible asset of Neusoft-Philips based on the fair value upon the acquisition date.

5.17 Goodwill

Investee or item forming goodwill	Year-begin balance	Increase	Decrease	Change caused by exchange rate	Year-end balance	Provision for impairment at the end of the period
Neusoft (Japan) Co., Ltd. (Note 1)	3,928,116				3,928,116	
Liaoning Neusoft Venture Capital Investment Co., Ltd. (Note 2)	77,123				77,123	
Beijing Lanruisoft Co., Ltd. (Note 3)	315,360				315,360	
NMSG business and assets (Note 4)	80,421,271			979,450	81,400,721	71,298,041
Neusoft Technology Solutions GmbH (Note 5)	33,270			406	33,676	33,676
VND business and assets (Note 6)	48,135,033			586,236	48,721,269	4,418,349
Taproot business and assets (Note 7)	18,490,493			-554,818	17,935,675	17,935,675
Beijing LBS Social Insurance Information Technology Co., Ltd. (Note 8)	1,809,071				1,809,071	
Beijing Neusoft Viewhigh Technology Co., Ltd. (Note 9)	99,953,597				99,953,597	19,446,797
Neusoft-Philips Medical Systems Limited liability company (Neusoft-Philips) (Note 10)		15,068,061			15,068,061	
Total	**253,163,334**	**15,068,061**		**1,011,274**	**269,242,669**	**113,132,538**

The Company conducted impairment test on goodwill at the end of this period; the present value of estimated future cash flow is adopted as the recoverable amount of related asset group and asset group portfolio. According to the Five-year Budget-based Cash Flow Forecast approved by the Company´s managements, if the book value of goodwill is higher than the recoverable amount of related asset group, the difference shall be appropriated as provision for impairment of goodwill. There is no impairment on goodwill in this period after the test. The change in provision for goodwill impairment is subject to the fluctuation of exchange rate.

Note 1: This Company invested into the subsidiary in June 2001 with an equity ratio of 60%. In December 2003, the Company acquired the remaining 40%. The difference by which the acquisition price exceeds the attributable net assets was recognized as equity investment difference and amortized by 10 years starting January 2004; On January 1st, 2007, according to the *Accounting Standards for Business Enterprises No. 38 - First Time Adoption of Accounting Standards for Business Enterprises*, the Company presented the amortization of debit balance of the equity investment balance as of the end of 2006 as goodwill when preparing the consolidated financial statement.

Note 2: On December 27th, 2004, the Company invested additional RMB 500 Yuan to acquire 4.76% equity in Liaoning Neusoft Venture Capital Investment Co., Ltd. The difference by which the purchase price exceeds the fair value of identifiable net assets attributable to the Company was presented as goodwill; On January 1st, 2007, according to the Accounting Standards for Business Enterprises No. 38 - First Time Adoption of Accounting Standards for Business Enterprise, the amortization of debit balance of the equity investment balance as of the end of 2006 was presented as goodwill when preparing the consolidated financial statements.

Note 3: The Company acquired 14% equity in Beijing Lanruisoft Co., Ltd. in April 2007; the difference by which the purchase price exceeds the fair value of identifiable net assets attributable to the Company was presented as goodwill when preparing the consolidated financial statements.

Note 4: In October 2009, Neusoft (Europe) Co., Ltd. (˝Neusoft Europe˝) acquired 100% equity in Sesca Mobile Software Oy (later changed for Neusoft Mobile Solutions Oy), Almitas Oy (nullified in 2010 with all operations and employees merged into Neusoft Mobile Solutions Oy) and Sesca Technologies SRL (later changed for Neusoft Mobile Solutions SRL), the consideration of the transactions aggregated 9 million EUR, the difference by which the acquisition price exceeds the fair value of identifiable net assets was presented as goodwill when preparing the consolidated financial statements. Because the key accounts, operations, management team of Neusoft Mobile Solutions Oy (including Almitas Oy) and Neusoft Mobile Solutions SRL are basically same, they are recognized as an asset group for goodwill impairment test; The change in provision for goodwill impairment is subject to the fluctuation of exchange rate.

Note 5: In April 2010, Neusoft Europe acquired 100% equity in Johanna GmbH (later changed for Neusoft Technology Solutions GmbH); the consideration for this transaction aggregated 29,000 EUR; the difference by which the acquisition price exceeds the fair value of identifiable net assets attributable to Neusoft Europe was recognized as goodwill when preparing the consolidated financial statements. The change in provision for goodwill impairment is subject to the fluctuation of exchange rate.

Note 6: In June 2010, Neusoft Europe s subsidiary in Germany, Neusoft Technology Solutions GmbH (NTS), acquired the business of Car Navigation System-related computer hardware, mechanical hardware and applications as well as all supporting tangible fixed assets, inventories, rights, contracts, labor contracts from its subsidiary Harman (collectively referred to as VND Operations and Assets) with transaction consideration of EUR 6 million; The difference by which the acquisition price exceeds the fair value of its attributable net assets was recognized as goodwill when preparing the consolidated financial statements; The change in provision for goodwill impairment is subject to the fluctuation of exchange rate.

Note 7: In February 2010, the Company s wholly owned subsidiary Neusoft Science & Technology Co., Ltd. acquired the develop

Continued table

Subsidiary	Type	Form	Domicile	Legal representative	Business scope	Registered capital	Equity ratio (%)	Voting share (%)	Organization code
Dalian Neusoft Xikang Healthcare Co., Ltd.	Wholly owned	Limited liability company	Dalian	Lu Zhaoxia	Health consulting; lease of electronic products, computer and communication equipment, engineering and mechanical equipment; development, consulting and related service of computer software; general trading	500,000		100.00	05114778-2
Shanghai Xikang Healthcare Co., Ltd.	Wholly owned	Limited liability company	Shanghai	Lu Zhaoxia	Health consulting, business information consulting, sales and lease of electronic products, computer software, mechanical equipment, communication device	500,000		100.00	06088014-2
Chongqing Neusoft Xikang Healthcare Co., Ltd.	Wholly owned	Limited liability company	Chongqing	Lu Zhaoxia	Healthcare management, information consulting, medical institution management consulting, healthcare record management; sales and lease of electronic products, computer and communication equipment, engineering and mechanical equipment; technical development, consulting and related service	500,000		100.00	06288300-5
Tianjin Xikang Hospital Management CO., Ltd.	Wholly owned	Limited liability company	Tianjin	Lu Zhaoxia	Hospital management, sales of electronic products, computer, software, mechanical equipment, communication device; lease of computer, communication device and medical equipment; Technological development, transfer, consulting and service	500,000		100.00	06989656-2
Dalian Yida Xikang Healthcare Management Co., Ltd.	Controlled	Limited liability company	Dalian	Liu Jiren	Health consulting; lease of electronic products, computer and communication equipment, engineering and mechanical equipment; development, consulting and related service of computer software; general trading	10,000,000		60.00	07948041-3

7.2 Joint ventures and associates

Investee	Form	Domicile	Legal representative	Business scope	Registered capital	Equity ratio (%)	Voting share (%)	Relevance	Organization code
1.Joint ventures									
Beijing Huiyuan Xikang Healthcare Technology Co., Ltd.	Limited liability company	Beijing	Jiang Xu	Technical development, consulting, transfer and service; corporate management and consulting; sales of electronic products, computer software; lease of commodities and mechanical equipment	10,000,000	50.00	50.00	Joint venture	05144350-6
Shanghai Shimao Xikang Healthcare Management Co., Ltd.	Limited liability company	Shanghai	Liu Saifei	Healthcare management consulting; corporate management service; data processing; sales of electronic products, computer software/hardware	10,000,000	50.00	50.00	Joint venture	06257733-1
2.Associates									
Nokia Neusoft Commtech Company	Limited liability company	Dalian	Ma Boce	Mobile application products and solutions	7,000,000 USD	46.00	46.00	Associate	71699395-x
Shenyang CataData Technology Co., Ltd.	Limited liability company	Shenyang	Dong Yanchun	Sales and development of computer software/hardware	12,000,000	16.67	16.67	Associate	55079395-7
Chongqing Guo´ao 100 Years Xikang Health Management Co., Ltd.	Limited liability company	Chongqing	Zhang Jingdong	Development of health science and technology projects; health management service	2,000,000	20.00	20.00	Associate	57342964-8
NEC Neusoft Information Technologies Company Limited	Limited liability company	Dalian	Tohru Miwa	Sales and development of computer software/hardware	50,000,000	30.00	30.00	Associate	57088436-2
Shenyang Toshiba Neusoft Information Systems Co., Ltd.	Limited liability company	Shenyang	Masahiko yauuchi	Sales and development of computer software/hardware	3,500,000 USD	40.00	40.00	Associate	57349218-8
Aerotel Medical Systems (1998) Ltd.	Limited liability company	Israel	David Rubin	Tele-diagnosis/healthcare/wellness solutions	8,587 ILS	31.38	31.38	Associate	
Shenyang Neusoft System Integration Engineering Co., Ltd.	Limited liability company	Shenyang	Han Wei	Development, sales and consulting of computer software	75,000,000	26.65	26.65	Associate	243776663
Beijing Venusource Information Technology Co., Ltd.	Limited liability company	Beijing	Chen Jian	Computer software/hardware, technical service	30,500,000	34.43	34.43	Associate	58443161-2

7.3 Other related parties

Other related party	Relation	Organization code
NEU Science & Technology Industry Group Co., Ltd. ("NEU")	Shareholder with over 5% equity in the Company	11772782-8
Alpine Electronics, Inc., Alpine Electronics (China) Co., Ltd. ("Alpine")	Shareholder with over 5% equity in the Company, where the Company's directors take important position	
Toshiba Solutions Corporation ("Toshiba Corporation")	Shareholder with over 5% equity in the Company	
Baosteel Group Corporation	Shareholder with over 5% equity in the Company	13220082-1
Nanhai Neusoft Institute of Information Technology	The Company's Chairman and CEO serves as President of this institute	74919300-0
Chengdu Neusoft Institute of Information	The Company's Chairman and CEO serves as President of this institute	74963918-0
Dalian Neusoft Institute of Information	The Company's Chairman and CEO serves as President of this institute	76544538-6
Harman International Industries, Incorporated and its subsidiaries (collectively referred to as "Harman")	The Company's Chairman and CEO serves as Director at Harman	
Dalian Kangruidao Investment Co., Ltd. ("Dalian Kangruidao")	The Company's Chairman and CEO serves as Director and Chairman at this company	58200763-1
Dalian Neusoft Holding Co., Ltd. ("Dalian Neusoft Holding")	Dalian Kangruidao's controlled subsidiary	58203862-2
Dalian Neusoft Institute of Information Technology	Education institution owned by Dalian Neusoft Holding	42244491-2
Dalian Neusoft Thinking Technology Development Co., Ltd. ("DL Thinking")	Dalian Kangruidao's wholly owned subsidiary	76077566-9
Dalian Neusoft Park Industrial Development Co., Ltd. ("DNPID")	Dalian Neusoft Holding's controlled subsidiary	740920764-4
Tianjin Neusoft Ruidao Education Information Technology Co., Ltd. ("TJ Ruidao")	Dalian Neusoft Holding's controlled subsidiary	59290802X
Chengdu Neusoft Co., Ltd. ("CD Neusoft")	Chengdu Neusoft Institute of Information's wholly owned subsidiary	55643276-5
Shenyang Ruidao House Purchasing Co., Ltd. ("Ruidao House Purchasing")	Dalian Kangruidao's wholly owned subsidiary	06470928-9
Dalian Yunguan Technology Co., Ltd.	Dalian Neusoft Holding's wholly owned subsidiary	05808908-7

7.4 Related-party transactions

7.4.1 Transactions among the subsidiaries that are controlled by the Company and included in the consolidated financial statements and between such subsidiaries and the Company have been offsetted

7.4.2 Related transactions from purchase of products and labor service

Related party	Type	Content	Pricing	Amount in this period		Amount in previous period	
				Amount	Proportion to similar transaction (%)	Amount	Proportion to similar transaction (%)
Neusoft-Philips	Purchase of products	Raw material or finished products	Negotiation based on market price	304,010,440	54.91	393,312,137	69.87
Alpine	Purchase of products	Raw material or finished products	Negotiation based on market price	13,555,934	0.60	17,479,699	0.99
Shenyang Neusoft System Integration Engineering Co., Ltd.	Purchase of products	Raw material or finished products	Negotiation based on market price	13,028,245	0.57	32,483,496	1.83
TJ Ruidao	Purchase of products	Raw material or finished products	Negotiation based on market price	274,800	0.01		
Nokia Neusoft	Purchase of products	Raw material or finished products	Negotiation based on market price			7,609,402	0.43
TJ Ruidao	Labor service	Payment for rental and property management	Negotiation based on market price	118,252,824	13.57	32,500,000	7.04
DL Thinking	Labor service receiving	Payment for rental and property management	Negotiation based on market price	79,051,728	9.07		
Alpine	Labor service receiving	Payment for rental and property management	Negotiation based on market price	7,500,000	0.86		
Shenyang Neusoft System Integration Engineering Co., Ltd.	Labor service receiving	Payment for rental and property management	Negotiation based on market price	7,300,000	0.84	11,520,000	2.49
Beijing Venusource Information Technology Co., Ltd. (Venusource)	Labor service receiving	Payment for rental and property management	Negotiation based on market price	1,980,738	0.23		
CD Neusoft	Labor service receiving	Payment for rental and property management	Negotiation based on market price	1,759,543	0.20	6,617,662	1.43
NEC Neusoft Information Technology Co., Ltd.	Labor service receiving	Payment for rental and property management	Negotiation based on market price	689,623	0.08		
NEU	Labor service receiving	Payment for rental and property management	Negotiation based on market price	344,000	0.04	819,000	0.18
TJ Ruidao	Labor service receiving	Payment for training fee	Negotiation based on market price	2,958,798	8.16		
DNPID	Labor service receiving	Payment for lease and property management fee	Negotiation based on market price	374,055	0.36	423,371	0.49
Total				551,080,728		502,764,767	

7.4.3 Related transactions from product sales and provision of labor service

Related party	Related transaction	Content	Pricing	Amount in this period		Amount in this period	
				Amount	Proportion to similar transaction (%)	Amount	Proportion to similar transaction (%)
Shenyang Neusoft System Integration Engineering Co., Ltd. ("SY ESIE")	Sales of products	System integration or software	Negotiation based on market price	316,884,279	4.89	126,199,507	2.11
Harman	Sales of products	System integration or software	Negotiation based on market price	244,558,733	3.77	224,939,395	3.76
Toshiba Neusoft	Sales of products	System integration or software	Negotiation based on market price	228,126,084	3.52	184,356,833	3.09
Alphine	Sales of products	System integration or software	Negotiation based on market price	200,243,700	3.09	184,816,274	3.09
Nokia Neusoft	Sales of products	System integration or software	Negotiation based on market price	80,830,446	1.25	112,600,705	1.88
Baosteel	Sales of products	System integration or software	Negotiation based on market price	8,662,143	0.13	1,324,282	0.02
Shimao Xikang	Sales of products	System integration or software	Negotiation based on market price	1,198,297	0.02		
Venusource	Sales of products	System integration or software	Negotiation based on market price	1,147,500	0.02		
TJ Ruidao	Sales of products	System integration or software	Negotiation based on market price	749,026	0.01	828,499	0.01
NEU	Sales of products	System integration or software	Negotiation based on market price	680,180	0.01	339,000	0.01
DL Yunguan	Sales of products	System integration or software	Negotiation based on market price	673,981	0.01		
NEC Neusoft	Sales of products	System integration or software	Negotiation based on market price	211,379	0.003		
Neusoft Philips	Sales of products	System integration or software	Negotiation based on market price	196,976	0.003	3,464,046	0.06
Huiyuan Xikang	Sales of products	System integration or software	Negotiation based on market price	67,584	0.001	295,727	0.005
Dalian Neusoft Institute of Information Technology	Sales of products	System integration or software	Negotiation based on market price			1,333,333	0.02
Nanhai Neusoft Institute of Information Technology	Sales of products	System integration or software	Negotiation based on market price			1,000,000	0.02
Chengdu Neusoft Institute of Information	Sales of products	System integration or software	Negotiation based on market price			1,000,000	0.02
CD Neusoft	Sales of products	System integration or software	Negotiation based on market price			990,000	0.02

Continued table

Related party	Related transaction	Content	Pricing	Amount in this period		Amount in this period	
				Amount	Proportion to similar transaction (%)	Amount	Proportion to similar transaction (%)
Neusoft Institute of Information	Sales of products	System integration or software	Negotiation based on market price			112,950	0.002
Chongqing Guo´ao 100 Years	Sales of products	System integration or software	Negotiation based on market price			56,906	0.001
Neusoft Philips	Sales of products	Materials and parts	Negotiation based on market price	18,880,982	2.15	13,389,230	1.50
Neusoft Philips	Provision of labor service	Rental and property management income	Negotiation based on market price	12,667,759	14.72	12,330,576	14.88
TJ Ruidao	Provision of labor service	Rental and property management	Negotiation based on market price	4,640,114	5.39	1,697,417	2.05
Toshiba Corporation	Provision of labor service	Rental and property management	Negotiation based on market price	470,336	0.55		
SY ESIE	Provision of labor service	Rental and property management	Negotiation based on market price	303,458	0.35		
NEC Neusoft	Provision of labor service	Rental and property management	Negotiation based on market price	257,831	0.30	616,956	0.74
Alpine	Provision of labor service	Rental and property management	Negotiation based on market price			240	0.0003
Neusoft Philips	Provision of labor service	Management service income	Negotiation based on market price	3,298,643	0.05	538,496	0.01
DL Thinking	Provision of labor service	Management service income	Negotiation based on market price	1,873,585	0.03		
NEC Neusoft	Provision of labor service	Management service income	Negotiation based on market price	300,026	0.005	990,217	0.02
NEU	Provision of labor service	Management service income	Negotiation based on market price	211,321	0.003		
Total				1,127,134,363		873,220,589	

7.4.4 There is no related-party trusteeship in this period

7.4.5 There is no related-party contract in this period

7.4.6 Related leasing (as the leasor)

Leasor	Leasee	Leased asset	Asset amount	Start date	Finish date	Income	Recognized lease income
Neusoft Corporation	Neusoft Philips	Property	37,535,647	2012-9-1	2013-12-31	Lease agreement	8,591,415
Neusoft Corporation	TJ Ruidao	Property	16,390,950	2013-5-16	2015-5-15	Lease agreement	2,042,679
Neusoft Corporation	TJ Ruidao	Property	5,907,731	2013-1-1	2013-12-31	Lease agreement	1,324,067
Neusoft Corporation	Toshiba Corporation	Property	1,611,290	2013-1-1	2013-12-31	Lease agreement	470,336
Neusoft Corporation	NEC Neusoft	Property	1,081,751	2012-12-1	2014-4-30	Lease agreement	257,831
Neusoft Corporation	SY ESIE	Property	1,662,599	2012-3-25	2013-3-24	Lease agreement	42,152
Neusoft Corporation	SY ESIE	Property	2,002,298	2013-2-1	2014-1-31	Lease agreement	261,306
Shenyang Neusoft Medical Systems Co., Ltd.	Neusoft Philips	Property	15,386,017	2012-9-1	2014-8-31	Lease agreement	1,915,849
Neusoft Group (Tianjin) Co., Ltd.	TJ Ruidao	Property	26,414,879	2013-8-1	2014-7-31	Lease agreement	823,996
Neusoft Group (Dalian) Co., Ltd.	TJ Ruidao	Property	2,711,425	2013-1-1	2013-12-31	Lease agreement	362,080
Neusoft Group (Dalian) Co., Ltd.	TJ Ruidao	Property	245,996	2012-7-1	2013-7-1	Lease agreement	16,425
Neusoft Group (Dalian) Co., Ltd.	TJ Ruidao	Property	518,443	2013-7-1	2013-12-31	Lease agreement	33,841
Neusoft Group (Dalian) Co., Ltd.	TJ Ruidao	Property	588,522	2013-1-1	2013-6-30	Lease agreement	37,026
Total							16,179,003

Related leasing (as the leasee)

Leasor	Leasee	Leased asset	Asset amount	Start date	Pricing basis of the rent charge	Rent charge recognized in this period
DNPID	Liaoning Neusoft Venture Capital Investment Co., Ltd.	Property	2013-1-1	2013-12-31	Lease agreement	110,449
DNPID	Neusoft Yuetong Software Technology (Dalian) Co., Ltd.	Property	2013-1-1	2013-12-31	Lease agreement	86,747
DNPID	Dalian Neusoft Business Process Consulting Co., Ltd.	Property	2013-1-1	2014-12-31	Lease agreement	176,859
Total						374,055

7.4.7 Related-party guarantee

Guarantor	Secured party	Secured amount	Start date	Expiry date	The guarantee obligations are closed or not
Neusoft (Europe) Co., Ltd.	Aerotel Medical Systems (1998) Ltd.	210,000 USD	2013-04-24	2014-04-22	No
Neusoft (Europe) Co., Ltd.	Aerotel Medical Systems (1998) Ltd.	127,000 USD	2013-06-06	2014-06-05	No

Remark: These are joint and several liability securities for borrowings from the bank.

7.4.8 Borrowing to related party

Related party	Borrowed amount	Start date	Expiry date
Aerotel Medical Systems (1998) Ltd. (Note)	180,000 USD	2013-10-11	2014-10-10
Aerotel Medical Systems (1998) Ltd. (Note)	50,000 USD	2013-11-8	2014-11-7

Note: During this reporting period, the Company´s subsidiary Neusoft (Europe) Co., Ltd. borrowed 230,000 USD to Aerotel Medical Systems (1998) Ltd. with a term of 12 months and annual interest rate at 4.70%; and received the interest with an amount of 1,735 USD in this period.

7.4.9 Asset transfer and debt restructuring of related party

(1) In July 2013, the Company transferred its right to use the land with an area of 35,713 square meters, the ownerships of 1 office building and 2 dormitory buildings as well as the supporting facilities to Shenyang Ruidao House Purchasing Co., Ltd. According to Beijing Zhongtianhe Asset Evaluation Co., Ltd., the evaluated value is RMB 39.9 million Yuan, which is recognized as the transaction price as mutually agreed. The registration of asset transfer has been finished and all due payment for this transfer has been paid by the end of this reporting period. Income from asset transfer with an amount of RMB 2.02 million Yuan was obtained in this reporting period, accordingly, the book value of fixed assets increased by RMB 23.58 million Yuan and intangible asset by RMB 10.3 million Yuan.

(2) In December 2013, the Company transferred its software copyright to Shenyang Neusoft System Integration Engineering Co., Ltd. with a value of RMB 2 million Yuan evaluated by Beijing Zhongtianhe Asset Evaluation Co., Ltd. According to the transfer agreement, the transaction price is the evaluated value. The registration of copyright transfer has been finished and all due payment for this transfer has been paid by the end of this reporting period. Income from asset transfer with an amount of RMB 1.38 million Yuan was obtained.

7.4.10 Other related-party transactions

(1) According to related agreement, Neusoft IT Services transferred its 60% equity in DNPID and the Company´s original sponsor investment in Dalian Neusoft Institute of Information, Chengdu Neusoft Institute of Information, Dalian Neusoft Institute of Information Technology and Nanhai Neusoft Institute of Information Technology to Dalian Neusoft Holdings Co., Ltd. In 2012, the Company and Neusoft IT Services have received all the payment for this transfer with an amount of RMB 442,340,000 Yuan and finished the registration of equity change. During this reporting period, the Company has finished the registration of change in sponsor investment in Dalian Neusoft Institute of Information, Dalian Neusoft Institute of Information Technology and Nanhai Neusoft Institute of Information Technology and recognized RMB 590,000 Yuan of income from the transfer. As at the end of the reporting period, the registration of change in sponsor investment in Chengdu Neusoft Institute of Information was still in progress.

(2) In 2013, the Company´s indirectly controlled subsidiary Neusoft Xikang Healthcare Technology Co., Ltd. purchased weak current engineering materials valued at RMB 4.07 million Yuan from Shandong Neusoft System Integration Engineering Co., Ltd. for the refurbishment project of Xikang. All the payment for the materials has been paid.

(3) Compensation for Directors, Supervisors and Senior Management

Unit: RMB 10,000 Yuan

Item	Amount in this period	Amount in previous period
Compensation for Directors, Supervisors and Senior Management	1,898.04	1,733.58

7.4.11 Related-party accounts receivable and payable

Accounts receivable

Item	Related party	Year-end balance		Year-begin balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	SY ESIE	56,762,767	567,628	1,026,000	20,520
	Harman	48,174,811	562,886	48,629,991	486,300
	Toshiba Corporation	38,657,104	386,571	5,852,557	58,526
	Nokia Neusoft	33,513,720	5,847,628	28,264,043	2,787,316
	Alpine	18,874,252	188,743	3,998,077	39,981
	Baosteel	7,734,608	231,346	563,008	30,130
	DL Thinking	1,986,000	19,860		
	Chongqing Guo´ao 100 Years	320,400	16,020	320,400	6,408
	TJ Ruidao	93,370	934		
	Neusoft Institute of Information	9,425	4,712	9,425	94
	Neusoft-Philips (Note)			2,987,562	29,876
	CD Neusoft			159,995	1,600
	Total	206,126,457	7,826,328	91,811,058	3,460,751
Advance receipts					
	DNPID	218,398			
	Total	218,398			
Other receivable					
	Aerotel Medical Systems (1998) Ltd.	1,415,839	14,158		
	Total	1,415,839	14,158		

Note: During this reporting period, the Company´s subsidiary Shenyang Neusoft Medical Systems Co., Ltd. acquired 25% equity in this company and held 74% equity in this subsidiary in total after the acquisition. This company was recorded in the consolidated financial statements at the end of 2013.

Accounts payable

Item	Related party	Year-end balance	Year-begin balance
Accounts payable			
	Neusoft-Philips		114,082,010
	Alpine	6,285,699	518,177
	SY ESIE	1,288,535	31,215
	Total	**7,574,234**	**114,631,402**
Note payable			
	TJ Ruidao	244,000	
	Total	**244,000**	
Prepayment			
	NEU	602,720	
	Toshiba Corporation		919,588
	Neusoft-Philips		12,541
	Venusource	600,000	
	Total	**1,202,720**	**932,129**
Other accounts payable			
	NEU	8,531,789	4,783,862
	Dalian Neusoft Holding	3,140,000	16,328,100
	DL Thinking	1,913,368	
	NEC Neusoft	212,868	212,868
	Total	**13,798,025**	**21,324,830**

7.4.12 Related-party commitment

Contracted but not necessarily presented commitments with respect to related parties as at the balance sheet date:

Type	Content	Related party	Amount at the end of reporting period
Selling of products to related party	System integration or software	Toshiba Corporation	48,762,462
	System integration or software	Alpine	35,981,246
	System integration or software	Harman	27,186,955
	System integration or software	Nokia Neusoft	13,918,101
	System integration or software	TJ Ruidao	1,000,000
		Total	**126,848,764**
Service provided by the related party	Technical development service	TJ Ruidao	597,600

Note 8 Share-based Payment

There is no share-based payment in this reporting period.

Note 9 Contingent Items

9.1 There is no contingent liability and related financial impact caused by pending action or arbitration in this reporting period.

9.2 Contingent liability caused by debt guarantee for other company in this period:

Secured party	Secured amount (0,000 USD	Expiry date	Influence on the Company's financial situation
Related party:			
Aerotel Medical Systems（1998）Ltd.	210,000 USD	2014-4-22	It is estimated that no security loss will occur.
Aerotel Medical Systems（1998）Ltd.	127,000 USD	2014-5-5	It is estimated that no security loss will occur.
Total	337,000 USD		

9.3 Other contingent items

There is no other contingent item required to be disclosed.

Note 10 Commitments

10.1 Investment contract signed but not performed or fully performed yet and relevant expenditure

10.1.1 At the 23rd section of the 5th Meeting of Board of Directors on January 7th 2011, the Board of Directors agreed to acquire the equity of Beijing Neusoft Viewhigh Technology Co., Ltd. (Neusoft Viewhigh) and sign MoU, Equity Transfer Agreement and Letter of Agreement respectively with Viewhigh Technology Co., Ltd. (authorized representative Guo Xuewen), Intel China (authorized representative Duan Chenghui) and Beijing Taihedingcheng Investment Consulting Co., Ltd.(authorized representative Zhang Wei) (hereafter collectively referred to as "Counterparties"). According to the agreements, the acquisition consideration is within RMB 114,101,440 Yuan, and the Company will accept the transfer of 73.14% equity in Neusoft Viewhigh. Besides, the Company will acquire the remaining equity of Neusoft Viewhigh by cash or share of Neusoft Corporation in 2014 and 2015 and hold 100% equity. (For other related transactions please refer to Neusoft Corporation's announcement numbered "Temporary 2011—01)

10.1.2 At the 2nd section of the 6th Meeting of Board of Directors on January 7th, 2011, the Board of Directors agreed to set up Neusoft Xikang Holding Co., Ltd. (Neusoft Xikang) and its subsidiary in Cayman Islands and provide RMB 200 million Yuan for financial support which expires on July 14th, 2013.

In order to promote further development of Neusoft Xikang, the Company and Neusoft (Hong Kong) Co., Ltd.'s funding support with a total amount of up to RMB 400 million Yuan for Neusoft Xikang and its subsidiary in Cayman Islands was approved at the 16th section of the 6th Meeting of Board of Directors on March 27th, 2013.

As at the approved reporting date of this financial report, Neusoft Hong Kong provided financial assistance to Neusoft Xikang and Neusoft Xikang International Co., Ltd. (Subsidiary of Neusoft Xikang) respectively with HKD 1.5 million and USD 8 million; the Company provided Neusoft Xikang Healthcare Technology Co., Ltd. with entrusted loan with an amount of RMB 300 million Yuan.

10.1.3 At the 22th section of the 6th Meeting of Board of Directors on October 10th, 2013, the Board of Directors agreed Neusoft (Europe) Co., Ltd. ("Neusoft Europe") to provide financial assistance to Aerotel Medical Systems (1998) Ltd. ("Aerotel Medical") with USD 1 million with a term of 2 years (from October 10th, 2013 to October 9th, 2015) based on local loan interest rate. The fund will be provided based on the financial situation of Neusoft Europe and actual need of Aerotel Medical. As at the approved reporting date of this financial report, USD 230,000 has been provided.

10.2 There is no signed and being performed or to be performed large-amount contract awarded in this period.

10.3 There is no signed and being performed or to be performed large-amount lease contract in this period.

10.4 Merger Agreement signed and being performed or to be performed

In December 2009, the Company acquired all the assets of software business for electric power information collection systems owned by Ningbo Hiker Electric Power Software Technology Co., Ltd. (formerly known as Zhejiang Hiker Electric Power Software Technology Co., Ltd. with total consideration of RMB 23,268,000 Yuan. As at the approved reporting date of this financial report, the Company has paid RMB 23,000,000 Yuan, the remaining due payment of RMB 268,000 Yuan will not be paid as mutually agreed by both sides based on the implementation of this project.

10.5 There is no signed and being performed or to be performed restructuring plan in this reporting period.

10.6 There is no performance of significant financial commitment in this reporting period.

10.7 Other significant financial commitments

10.7.1 As at December 31st, 2013, the balance of Bank Guarantee of the Company and its subsidiaries which is within the period of validity is as follows: Balance of Bank Guarantee: RMB 387,248,219 Yuan; USD 32,206,170.

10.7.2 For underlying security of assets please refer to 5.31.1.

Note 11 Items after the Balance Sheet Date

11.1 Profit distribution

At the 25th section of the 6th Meeting of Board of Directors on March 26th, 2014, 10% statutory surplus reserve and 5% arbitrary surplus reserve was proposed to appropriated based on the parent company´s net profit in 2013. According to the Company´s future development plan, the Board of Directors plans to give returns to shareholders. Based on total share capital of 1,227,594,245 shares on December 31st, 2013, a cash dividend of RMB 1.1 Yuan per 10 shares will be distributed to all shareholders. Total cash dividends amount to RMB 135,035,367 Yuan (tax included). The remaining undistributed profits will be carried over to the following year. The sections mentioned above shall be approved at the Shareholders´ Meeting.

11.2 Other items

Settlement of large-amount accounts payable, advance receipts and other payables with age of over 1 year:

Item	Company	Year-end balance	Settled amount
Accounts payable			
	Shenzhen Eternal Asia Supply Chain Incorporated Company	12,928,534	
	Beijing Ericsson Communication Systems Co., Ltd.	4,694,195	
	SHTECH (Shanghai) Co., Ltd.	3,973,478	
	Hytera Communications Co., Ltd.	2,652,886	
	Guangzhou Victel Technology Co., Ltd.	2,069,918	
Other payables			
	Dalian Neusoft Holding Co., Ltd.	3,140,000	
	NEU	2,304,672	
Advance receipts			
	Qinhuangdao Branch of Agricultural Bank of China	5,807,935	866,766
	Dalian Commodity Exchange	4,628,324	2,473,000
	Bureau of Human Resources and Social Security of Lanzhou	3,550,538	3,550,538
	Subei People´s Hospital of Jiangsu Province	2,978,000	
	Gansu Branch of China National Tobacco Corporation	2,347,394	

11.2.1 There is no event the Company shall announce occurring after the balance sheet date.

Note 12 Other Significant Items

12.1 Merger

On the acquisition date December 25th, 2013, the Company´s indirectly controlled company Shenyang Neusoft Medical Systems Co., Ltd. (˝Neusoft Medical˝) purchased 25% equity in Neusoft-Philips Medical Systems Limited Liability Company (Neusoft-Philips) According to the asset assessment report (2013 No. 3556) issued by China Enterprise Appraisals Co., Ltd., the acquisition consideration was RMB 92.89 million Yuan as mutually agreed (Please refer to Neusoft Corporation´s announcements numbered˝L2013-021˝and ˝L2014-002˝). The Company held 74% equity in Neusoft-Philips after the acquisition. The business registration of change was finished on December 25th, 2013 and Neusoft-Philips was recorded in the consolidated financial statements at the end of 2013. As at December 31st, 2013, RMB 40.02 million Yuan has been paid; according to applicable regulations of the State Administration of Foreign Exchange of China, the remaining due payment with an amount of RMB 52.88 million Yuan has been transferred to the designated bank-supervised account of Neusoft-Philips and finally paid on January 2014.

12.2 There is no outstanding, convertible-for-share financial instrument in this period

12.3 Assets and liabilities measured by fair value

Unit: RMB Yuan

Item	Year-begin balance	Profit/loss from change in fair value	Accumulated fair value change included in profit/loss	Appropriation for impairment	Year-end balance	Item
Financial assets						
(1) Financial assets measured at fair value through profit or loss (excluding derivative financial asset)	14,917,183		17,332,730			32,249,913
(2) Derivative financial asset						
(3) Available-for-sale financial assets		19,235,058		7,359,172		26,594,230
Subtotal	14,917,183	19,235,058	17,332,730	7,359,172		58,844,143
Investment property						
Productive biological assets						
Others						
Subtotal	**14,917,183**	**19,235,058**	**17,332,730**	**7,359,172**		**58,844,143**
Financial liabilities						

12.4 Foreign currency dominated financial assets and liabilities

Please refer to Note 12.3.

12.5 Pension plan and significant change

The Company initiated the Corporate Pension Plan in January 2008. The Company´s contractual employees who have worked for more than a year and are legally involved in the basic pension insurance scheme are qualified to participate in the plan voluntarily. The Company and participating employees are jointly responsible for the payment of the pensions on a quarterly basis. The pensions assumed by the Company are appropriated on a monthly basis and included in related costs. The Company uses fund and entrust based measures and exclusive accounts to manage the pension plan; and the fund is strictly separated with fixed assets or other assets and not included in the financial statements.

12.6 Other items

On June 25th, 2013, the Company´s indirectly controlled subsidiary Beijing Neusoft Huiju Information Technology Co., Ltd. (˝Neusoft

Huiju") obtained *the Approval of Public Transfer of Beijing Neusoft Huiju Information Technology Co., Ltd.'s shares in National SME Equity Transfer System* from China Securities Regulatory Commission (License No. [2013]812), under which Neusoft Huiju was supervised as a non-listed public company. The shares of Neusoft Huiju were listed for public transfer in the system on July 3rd, 2013 with an abbreviated name of "Neusoft Huiju" and stock code of 430227. The designated information disclosure platform is www.neeq.com.cn or www.neeq.cc.

12.7 There is no other significant item to be disclosed.

Note 13 Notes to Main Items of the Parent Company's Financial Statements

13.1 Accounts receivable

13.1.1 Overview

Age	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year (including one year)	791,353,187	79.79	7,913,531	1.00	453,372,870	71.85	4,533,729	1.00
1-2 years (including two years)	127,098,290	12.81	27,301,730	21.48	118,980,309	18.86	25,930,408	21.79
2-3 years (including 3 years)	40,360,439	4.07	9,355,387	23.18	41,635,884	6.60	8,940,203	21.47
3-5 years	27,113,560	2.73	27,113,560	100.00	13,106,813	2.08	13,106,813	100.00
Over 5 years	5,906,352	0.60	5,906,352	100.00	3,878,937	0.61	3,878,937	100.00
Total	991,831,828	100.00	77,590,560		630,974,813	100.00	56,390,090	

13.1.2 Disclosure by type

Type	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single appropriation of provision for bad debts	305,244,525	30.78	47,379,089	15.52	197,551,106	31.31	21,506,203	10.89
Accounts receivable with appropriation of provision for bad debts by portfolio	554,541,032	55.91	8,286,139	1.49	307,212,154	48.69	5,946,397	1.94
Accounts receivable with insignificant single amount but single appropriation of provision for bad debts	132,046,271	13.31	21,925,332	16.60	126,211,553	20.00	28,937,490	22.93
Total	991,831,828	100.00	77,590,560		630,974,813	100.00	56,390,090	

13.1.3 Accounts receivable with significant single amount and single appropriation of provision for bad debts

Account receivable from	Book amount	Provision for bad debts	Appropriation ratio (%)	Reason
China Unicom	95,330,727	27,225,699	28.56	Significant amount with receivable proportion of over 70%
Nokia Neusoft	32,486,985	5,837,360	17.97	Significant amount with receivable proportion of over 80%
Beijing China Power Information Technology Co., Ltd.	33,067,175	3,604,233	10.90	Significant amount with receivable proportion of over 85%
China Telecom	66,270,730	4,487,553	6.77	Significant amount with receivable proportion of over 90%
Shenyang Metro Co., Ltd.	13,741,085	2,147,021	15.62	Significant amount with receivable proportion of over 80%
Yulin Health Bureau	15,000,000	2,096,360	13.98	Significant amount with receivable proportion of over 85%
China Mobile	18,135,366	1,401,642	7.73	Significant amount with receivable proportion of over 90%
State Grid Electric Power of Xinjiang	20,849,208	417,122	2.00	Significant amount with receivable proportion of over 95%
State Grid East Inner Mongolia Electric Power Company Limited	10,363,249	162,099	1.56	Significant amount with receivable proportion of over 95%
Total	305,244,525	47,379,089		

In account receivable portfolio, accounts receivable with appropriation of provision for bad debts by aging analysis method:

Age	Year-end balance			Year-begin balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	551,772,619	99.50	5,517,726	304,308,845	99.05	3,043,088
1-2 years						
2-3 years						
3-5 years						
Over 5 years	2,768,413	0.50	2,768,413	2,903,309	0.95	2,903,309
Total	554,541,032	100.00	8,286,139	307,212,154	100.00	5,946,397

Account receivable with insignificant single amount but single appropriation of provision for bad debts:

Account receivable for	Book balance	Provision for bad debts	Appropriation ratio (%)	Reason
Contract payment for software and system integration	5,068,145	5,068,145	100.00	Account receivable with long age which is estimatedly unrecoverable
Contract payment for software and system integration	7,759,581	3,518,890	45.35	Account receivable with long age with recoverable proportion of about 50%
Contract payment for software and system integration	119,218,545	13,338,297	11.19	Account receivable with long age with recoverable proportion of about 90%
Total	132,046,271	21,925,332		

13.1.4 Account receivable recovered or received in this period:

Account receivable	Recovery reason	Basis of confirming original provision for bad debts	Accumulated appropriated provision for bad debts before recovery	Recovery amount	Recovered provision for bad debts
Sale amount receivable	Great effort was made to work off the receivables during the reporting period	Aging analysis method	6,160,600	5,074,766	5,074,766

13.1.5 Actual write-off accounts receivable:

Receivable from	Category	Write-off amount	Reason	Whether caused by related transaction
Development Planning Department, the First Research Institute, China Aerospace Science and Technology Corporation	Sales payment	1,646,000	It is estimatedly unrecoverable	No
Dezhou Power Plant of Shandong Huaneng Power Generation Corporation	Sales payment	1,030,059	It is estimatedly unrecoverable	No
Personnel Training Bureau of the Ministry of Public Security of the PRC	Sales payment	678,000	It is estimatedly unrecoverable	No
Yangzhou Municipal Public Security Bureau	Sales payment	594,000	It is estimatedly unrecoverable	No
Hohehot Municipal Human Resources and Social Security Bureau	Sales payment	480,000	It is estimatedly unrecoverable	No
Shanghai GFC Toshiba Elevator Co.,Ltd.	Sales payment	325,980	It is estimatedly unrecoverable	No
State Grid Shanxi Electric Power Company	Sales payment	313,000	It is estimatedly unrecoverable	No
Guizhou Shuicheng Iron & Steel (Group) Co., Ltd.	Sales payment	300,000	It is estimatedly unrecoverable	No
Others	Sales payment	388,512	It is estimatedly unrecoverable	No
Total		5,755,551		

13.1.6 Accounts receivable from shareholder companies with over 5% (including 5%) voting share of the Company:

	Year-end balance		Year-begin balance	
	Book balance	Appropriated provision for bad debts	Book balance	Appropriated provision for bad debts
Baosteel	7,734,608	231,346	563,008	30,130
Alpine	401,567	4,016	3,895,227	38,952
Toshiba Corporation	24,762,987	247,630	377,255	3,773

13.1.7 Top 5 debtors of accounts receivable

Debtor	Relationship with the Company	Book balance	Age	Proportion to the total (%)
China Unicom	Non-related party	95,330,727	Within 1 year - over 5 years	9.61
China Telecom	Non-related party	66,270,730	Within 5 years	6.68
Shenyang Neusoft System Integration Engineering Co., Ltd.	Related party	56,762,767	Within 1 year	5.72
Beiche Construction Engineering Limited liability company	Non-related party	38,001,314	Within 1 year	3.83
Beijing Kedong Electric Power Control System Limited liability company	Non-related party	36,296,704	Within 1 year	3.66
Total		292,662,242		29.50

13.1.8 Accounts receivable from related parties

Company	Relationship with the Company	Book balance	Proportion to the total (%)
SY NSIE	Dalian Neusoft Holding´ s controlled subsidiary	56,762,767	5.72
Nokia Neusoft	The Company´ s associate	32,486,985	3.28
Neusoft (Japan) Co., Ltd.	The Company´ s wholly owned subsidiary	30,747,467	3.10
Toshiba Corporation	Shareholder of the Company	24,762,987	2.50
Shenyang Neusoft System Integration Technology Co., Ltd.	The Company´ s wholly owned subsidiary	8,583,353	0.87
Baosteel	Shareholder of the Company	7,734,608	0.78
Hunan Neusoft Co., Ltd.	The Company´ s wholly owned subsidiary	6,587,403	0.66
Neusoft Technology Solutions GmbH	The Company´ s indirectly controlled subsidiary	5,473,969	0.55
Harman	The Company's chairman and CEO serves as director at Harman	1,943,263	0.20
Shenyang Neusoft Xikang Medical Systems Co., Ltd.	The Company´ s indirectly controlled subsidiary	852,538	0.09
Wuhan Neusoft Information Technology Co., Ltd.	The Company´ s wholly owned subsidiary	758,310	0.08
Alpine	Shareholder of the Company	401,567	0.04
Tianjin Neusoft Ruidao Education Information Technology Co., Ltd.	The Company's chairman and CEO serves as Chairman and The Company's Vice Chairman and President serves as director at this Company	92,160	0.01
Neusoft Institute of Information	The Company's chairman and CEO serves as President at this institute	9,425	0.001
Total		177,196,802	17.881

13.1.9 There is no account receivable with terminated recognition due to transfer of financial assets in this period.

13.1.10 There is no fully terminated recognition of transferred account receivable in this period.

13.1.11 There is no securitization of accounts receivable as the subject.

13.2 Other receivables

13.2.1 Aging analysis

Age	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within one year (including one year)	152,948,747	73.35	1,529,488	1.00	109,647,648	73.87	1,096,476	1.00
1-2 years (including 2 years)	33,339,791	15.99	3,630,443	10.89	24,903,443	16.78	3,198,053	12.84
2-3 years (including 3 years)	12,126,529	5.82	1,026,754	8.47	8,078,019	5.44	1,632,217	20.21
3-5 years	7,704,316	3.69	971,390	12.61	5,040,999	3.40	574,102	11.39
Over 5 years	2,412,111	1.15	2,412,111	100.00	760,584	0.51	760,584	100.00
Total	208,531,494	100.00	9,570,186		148,430,693	100.00	7,261,432	

13.2.2 Disclosure by type

Type	Year-end balance				Year-begin balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable with significant single amount and single appropriation of provision for bad debts								
Account receivable with appropriation of provision for bad debts by portfolio	201,384,246	96.57	5,845,640	2.90	138,858,944	93.55	3,006,672	2.17
Account receivable with insignificant single amount and single appropriation of provision for bad debts	7,147,248	3.43	3,724,546	52.11	9,571,749	6.45	4,254,760	44.45
Total	208,531,494	100.00	9,570,186		148,430,693	100.00	7,261,432	

13.2.3 Other receivables with appropriation of provision for bad debts by aging analysis method in portfolio:

Age	Year-end balance			Year-begin balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	149,491,472	74.23	1,494,915	105,162,528	75.73	1,051,625
1-2 years	30,315,661	15.05	606,313	22,148,358	15.95	442,968
2-3 years	11,683,974	5.81	584,199	6,545,055	4.71	327,253
3-5 years	7,481,028	3.71	748,102	4,242,419	3.06	424,242
Over 5 years	2,412,111	1.20	2,412,111	760,584	0.55	760,584
Total	201,384,246	100.00	5,845,640	138,858,944	100.00	3,006,672

Other receivables with insignificant single amount but single appropriation of provision for bad debts

Other receivables	Book balance	Provision for bad debts	Appropriation ratio (%)	Reason
Suspense credit	3,895,273	2,311,897	59.35	Recoverable proportion is about 40%
Open credit	3,251,975	1,412,649	43.44	Recoverable proportion is about 60%
Total	7,147,248	3,724,546		

13.2.4 Other receivables received in full or part amount in this period with appropriation of provision for bad debts in full amount or at large proportion in preceding year:

Other receivable	Recovery reason	Basis of confirming original provision for bad debts	Accumulated appropriated provision for bad debts before recovery	Recovery amount	Recovered provision for bad debts
Suspense credit	Great effort was made to work off the receivables during the reporting period	Aging analysis method	2,616,808	2,586,028	2,582,008

13.2.5 There is no other actual write-off receivable in this period

13.2.6 There is no other receivable from Shareholding Company with over 5% (including 5%) voting share of the Company

13.2.7 Top 5 debtors of other receivable:

Debtor	Relationship with the Company	Book balance	Age	Proportion to the total (%)	Nature or content
Neusoft Group (Hainan) Co., Ltd.	The Company´s wholly owned subsidiary	63,000,000	Within 1 year	30.21	Open credit
Neusoft Group (Tianjin) Co., Ltd.	The Company´s wholly owned subsidiary	10,000,000	Within 1 year	4.80	Open credit
Hebei Anda Investment Consulting Co., Ltd.	Non-related party	5,767,018	1-2 years	2.77	Deposit
Xi´an Neusoft System Integration Co., Ltd.	The Company´s wholly owned subsidiary	5,481,926	Within 1 year	2.63	Open credit
Ningbo Traffic Management Bureau	Non-related party	5,104,753	Within 2 years	2.45	Deposit
Total		89,353,697		42.86	

13.2.8 Other accounts receivable from related parties:

Company	Relationship with the Company	Amount	Proportion to the total (%)
Neusoft Group (Hainan) Co., Ltd.	The Company´s wholly owned subsidiary	63,000,000	30.21
Neusoft Group (Tianjin) Co., Ltd.	The Company´s wholly owned subsidiary	10,000,000	4.80
Xi'an Neusoft System Integration Co., Ltd.	The Company´s wholly owned subsidiary	5,481,926	2.63
Neusoft Group (Chengdu) Co., Ltd.	The Company´s wholly owned subsidiary	4,474,559	2.15
Hunan Neusoft Co., Ltd.	The Company´s wholly owned subsidiary	1,870,000	0.90
Total		84,826,485	40.69

13.2.9 There is no other receivable with terminated recognition due to transfer of financial assets in this period

13.2.10 There is no fully terminated recognition of transferred other receivables in this period

13.2.11 There is no securitization of other receivable as the subject in this period

13.2.12 There is no other government subsidies in this period

13.3 Other current assets

Item	Year-end balance	Year-begin balance
Bank finance product (Note 1)	200,418,904	
Entrusted loan for Neusoft Xikang Healthcare Technology Co., Ltd.	270,000,000	
Deferred business tax	1,403,109	5,345,619
Deferred property tax	454,712	276,220
Other (Note 2)	1,634,456	83,199,624
Total	473,911,181	88,821,463

Note 1: The Company purchased the finance products (that buyers should repay the loan and the accrued interest outright) from bank based on its financial situation. The principal and accrued interest has been recovered at the end of March 2014.

Note 2: This mainly refers to amortized heating expense.

13.4 Long-term equity investment

13.4.1 Details

Unit: RMB

Nokia Neusoft Commtech Company												
Shenyang CataData Technology Co., Ltd.												
Shenyang Toshiba Neusoft Information Systems Co., Ltd.												
Subtotal												
Shenzhen Neusoft Co., Ltd.												
Neusoft Group (Beijing) Co., Ltd.												
Shandong Neusoft System Integration Co., Ltd.												
Hunan Neusoft Co., Ltd.												
Nanjing Neusoft System Integration Co., Ltd.												