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

(Stock Code:0042)

Clarification Announcement

The clarification announce is published by Northeast Electric Development Co., Ltd. (“the Company”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities of the Hong Kong Stock Exchange in relation to the disclosure of Price-sensitive Information.

Introduction to the rumor

According to an article appearing in Shanghai Securities News published on 27 May 2009 (the “Article”) with the title of The H shares of *ST NEE (000585) become extremely popular due to a rumor of Buffett’s proposed investment, there is a rumor that Buffett will make great investment in low price stocks issued by state-owned grid equipment enterprises, and that he is now negotiating on stock transfer with Hong Kong Securities Clearing Company Nominees Limited (HKSCNC), a major shareholder of the NEE.

Clarification statement

1. The Company noticed the recent situation of fluctuation of the stocks price, and hereby state that the performance of its shares in the secondary market belongs to investors’ personal investment independent of the Company.
2. As the Company’s single and the biggest shareholder, New Northeast Electric Investment Company Limited holds 212,014,237 limited tradable A shares of the Company, representing

24.28% of the total issued shares of the Company. The Company is a private enterprise invested by the natural person(s). Therefore, the stocks nature of the Company is not the “stocks issued by state-owned grid equipment enterprises” mentioned in this Article.

3. Hong Kong Securities Clearing Company Limited (HKSCC) is a subsidiary wholly owned by the Stock Exchange, specially engaged in securities registration services, in which the shares of investors are mainly deposited. In fact, the shares held by HKSCNC are the total shares in the accounts of H shares holders trading on the transaction platform of HKSCC.

HKSCNC is responsible for the registration of the 257,950,000 H shares issued by the Company, but is not a direct shareholder of the Company. Accordingly, it is not entitled to conduct trading of shares, and there is no possibility that HKSCNC negotiates on stock transfer with any third party.

4. Upon the confirmation to the controlling shareholder--New Northeast Electric Investment Company Limited and actual controller, there is not any fact like that HKSCNC negotiated on stock transfer with any third party. It is predicted that the controlling shareholder and actual controller won't be altered in the next three months.

New Northeast Electric Investment Company Limited and the actual controller also promised that there wouldn't be the Company's stock transfer in the next three months.

5. At present and in the next three months, the Company won't be involved in the disclosable but undisclosed matters such as material asset reorganization, acquisition of stocks and stocks issuance. The controlling shareholder and actual controller promised that at present and in the next three months, the Company won't be involved in the disclosable but undisclosed plans and behaviors such as material asset reorganization, acquisition of stocks and stocks issuance.

Relevant risk warning

1. The Company has made an announcement of the decision made by the board of directors on the matter that the Company's A Shares implements delisting risk warning (*ST) on 中國證券報 (China Securities News) and 證券時報 (Securities Times) on 31 March 2009. Please pay attention to the investment risk.
2. As preliminarily estimated, the Company will have a loss (unaudited) on its performance to be obtained within the period of January 2009 to June 2009. The associated financial data will be disclosed in The First Half Report of 2009 which is to be published as at the end of 31 August 2009. The amount of the Company's net profits that belongs to the parent company in the same period of the last year is RMB 520,651.00.

Investors are strongly reminded that China Securities News, Securities Times and www.cninfo.com.cn and www.hkexnews.hk are the designated media for disclosure of information by the Company. All information of the Company is subject to the information published on the above designated media.

Please pay attention to the investment risk and timely access to announcements made by the Company.

The announcement is hereby made.

By order of the Board

Su Weiguo

Chairman

Shenyang, the PRC, 2 June 2009

As at the date of the Statement, the Board of Directors comprises of five executive directors, namely Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Bi Jianzhong, Mr. Liu Qingmin and Mr. Du Kai; and five independent non-executive directors, namely Mr. Wu Qicheng, Mr. Lin Wenbin, Mr. Xiang Yongchun, Ms. Liang Jie and Mr. Liu Hongguang.