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(Stock Code:0042)

Overseas Regulatory Announcement

The Board of Directors (the “Board”) of Northeast Electric Development Co., Ltd. (the “Company”) announce that it is predicted that the Company is in a deficit of accumulative net profit of approximately RMB 30,000,000—RMB 35,000,000 and earnings per share of RMB 0.0343—RMB 0.0401 in the past three quarters of this year according to the primary calculation from the financial department. The accurate financial data will be fully disclosed in the third quarterly report of 2018 before 31 October 2018. The announcement is made in accordance with Rule 13.10B of the Listing Rules.

I. Period of Results Prediction: from 1 January 2018 to 30 September 2018

II. Results Prediction: profit

It is predicted that the Company will be in a deficit of accumulative net profit of approximately RMB 30,000,000—RMB 35,000,000 and earnings per share of RMB 0.0343—RMB 0.0401 in the past three quarters of this year according to the primary calculation from the financial department.

The accurate financial data information will be fully disclosed in the third quarterly report of 2018 before 31 October 2018.

III. Reasons for Changes in the Predicted Results

Based on the actual production and operation situation of the Company in the past three quarters of 2018, the operating profit remained flat as compared with the same period of the previous year.

Due to the recovery of the guarantee payment and the recorded as non-operating revenue from the disposal of New Northeast Electric (Jinzhou) Power Capacitors Co. Ltd., a wholly-owned subsidiary of the Company, it is estimated that the net profit for the past three quarters of this year will range from approximately RMB30,000,000 to RMB35,000,000 on a cumulative basis.

IV. Did the certified public accountant audit the performance prediction? No

V. Results in the same period last year

Loss: RMB 27,880,000

Earnings per share: RMB -0.0319

VI. Other Related Explanation

The predicted results are primarily calculated by the financial department of the Company. The Board of Directors confirms that the accurate financial data will be fully disclosed in the third quarterly report of 2018 before 31 October 2018. Investors are advised to pay attention to investment risks.

By order of the Board
Li Tie
Chairman

*Haikou, Hainan Province, the PRC
12 October 2018*

The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Announcement misleading; (iii) all opinions expressed in this Announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date of the Statement, the Board of Directors comprises of five executive directors, namely Mr. Li Tie, Mr. Qin Jianmin, Mr. Li Rui, Mr. Song Xiang and Mr. Bao Zongbao; and three independent directors, namely Mr. Li Ming, Mr. Jin Wenhong and Mr. Qian Fengsheng.