

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



東北電氣發展股份有限公司

NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

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

(Stock Code: 0042)

PROPOSED CHANGES IN AUDITORS AND ADOPTION OF CHINA ACCOUNTING STANDARDS ONLY FOR FULFILMENT OF STATUTORY OBLIGATION AND PERIODIC FINANCIAL REPORTING REQUIREMENTS UNDER THE LISTING RULES

The Board of Directors of the Company announces that the Company intends to prepare only one set of financial statements for any financial period commencing on and after 1 January 2012 under China Accounting Standards for fulfillment of the Company's statutory obligation and periodic financial reporting requirements under the Amended Listing Rules. The Board of Directors of the Company further proposes to remove Pengcheng CPAs and Ting Ho Kwan & Chan respectively as the domestic auditors and overseas auditors of the Company and appoint CHCC as the auditors of the Company for the year 2012.

Northeast Electric Development Co., Ltd. (the "Company") will prepare only one set of financial statements for any financial period commencing on and after 1 January 2012 under China Accounting Standards for Business Enterprises ("China Accounting Standards") and remove Shenzhen Pengcheng Certified Public Accountants Co., Ltd. ("Pengcheng CPAs") and Ting Ho Kwan & Chan ("THKC") respectively as the domestic auditors and overseas auditors of the Company and appoint Crowe Horwath China Certified Public Accountants (LLP) ("CHCC") as the auditors of the Company for the year 2012, in light of the acceptance by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of matters in relation to the adoption of Mainland accounting and auditing standards and the appointment of Mainland audit firms. Details are announced as follows:

I. Preparing Financial Statements under China Accounting Standards

According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by the Stock Exchange in December 2010 and the related amendments to the Rules Governing the Listing of Securities on the Stock Exchange ("the Amended Listing Rules"), Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with China Accounting Standards for the purpose of fulfillment of the periodic financial reporting requirements under the Amended Listing Rules. The Company is only required to prepare one set of financial statements for any financial period commencing on or after 1 January 2012 under China Accounting Standards.

The Company is not aware of any financial impact which will be brought by preparing financial statements under China Accounting Standards for the purpose of fulfillment of the Company's statutory obligation and periodic financial reporting requirements under the Amended Listing Rules of the Stock Exchange save and except the difference in recognition of debt restructuring of the Company by previously adopting the financial statements for the year 2011 prepared under Hong Kong Financial Reporting Standards.

II. Changes in Auditors for 2012

To improve the efficiency of information disclosure and reduce information disclosure costs, the Company will remove Pengcheng CPAs and THKC respectively as the domestic auditors and overseas auditors of the Company and appoint CHCC as the auditors of the Company for the year 2012, to audit the financial statements of the Company in accordance with China Auditing Standards, and prepare financial statements in accordance with China Accounting Standards, and to shoulder the duties as overseas auditors under the Amended Listing Rules of the Stock Exchange (including but not limited to the annual financial report and annual audit of related items) in light of the fact that the Company is allowed to prepare only one set of financial statements for any financial period commencing on and after 1 January 2012, and accounting firms approved by the Ministry of Finance of China (中國財政部, "MOF") and China Securities Regulatory Commission (中國證監會, "CSRC") are allowed to audit these financial statements in accordance with China Accounting Standards on Auditing (內地審計準則, "China Auditing Standards").

CHCC is a CPAs firm approved by the MOF and the CSRC and is qualified to provide auditing services to Mainland incorporated issuers under China Accounting Standards.

Pengcheng CPAs and THKC respectively have confirmed that there were no matters regarding the proposed removal that need to be brought to the attention of the shareholders of the Company. The Board is not aware of any matter regarding the removal that needs to be brought to the attention of the shareholders of the Company. The Board and Audit Committee have confirmed that, the Company has no disagreement with Pengcheng CPAs and Ting Ho Kwan & Chan regarding the removal. The Board would like to extend sincere gratitude to Pengcheng CPAs and THKC for its precious contribution and service in the term of office.

The aforesaid proposal regarding amendments to relevant articles of Articles of Association for preparing financial statements under China Accounting Standards and changes in audit firms for the year 2012 have been considered and approved at the nineteenth meeting of the sixth session of Supervisory Committee of the Company on 14 January 2013, but is still subject to the approval of the first extraordinary general meeting of shareholders of 2013. Please refer to the announcement of the Company for details of the notice of the general meeting on the same date.

By order of the Board

Su Weiguo

Chairman

Yingkou, Liaoning Province, the People's Republic of China

14 January 2013

As at the date of the Statement, the Board of Directors comprises of five executive directors, namely Mr. Su Weiguo, Mr. Wang Shouguan, Mr. Liu Tongyan, Mr. Liu Qingmin and Mr. Liu Bing; and three independent non-executive directors, namely Mr. Wu Qicheng, Mr. Xiang Yongchun and Mr. Wang Yunxiao.