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(Stock Code:0042)

Overseas Regulatory Announcement

The Board of Directors (the “Board”) of Northeast Electric Development Co., Ltd. (the “Company”) is pleased to announce that the Company will suffer from a loss of about RMB 75,000,000 to RMB 110,000,000 and loss per share of RMB 0.086 to RMB 0.126 in the past year of 2016 according to the preliminary calculation from the financial management department. The accurate financial data will be disclosed in the year report of 2016 before 31 March 2017. Now, an announcement is made in accordance with the provision specified in Article 13.10B of the Listing Rule.

I. Period of Performance Prediction:

from 1 January 2016 to 31 December 2016

II. Situation of Performance Prediction: Loss

It is predicted that the Company will suffer from a loss of about RMB 75,000,000 to RMB 110,000,000 and loss per share of RMB 0.086 to RMB 0.126 in the past year of 2016 according to the preliminary calculation from the financial management department.

The accurate financial data will be disclosed in the year report of 2016 by the close of business before 31 March 2017.

III. Reasons for Performance of Changes

1. The operating revenue of this year decrease about 60% compared to the prior year.
2. The bad debt provisions for inventory impairment and account receivables of this year are significant.

It is estimated the accumulated net profit in FY2016 recorded losses of RMB 75,000,000 to RMB 110,000,000.

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

V. The performance in the same period last year

Net profit: RMB 4,933,337.50

Earnings per share: RMB 0.01

VI. Other Related Explanation

The performance prediction has been primarily calculated by the financial management department of the Company. The Board of Directors confirms that the accurate financial data will be disclosed in the past year report of 2016 by the close of business before 31 March 2017, investors are advised to be aware of the risks involved.

By order of the Board
Su Jianghua
Chairman

Changzhou, Jiangsu Province, the P R C
26 January 2017

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 six directors, namely Mr. Su Jianghua, Mr. Su Weiguo, Mr. Wang Zheng, Mr. Liu Jun, Mr. Li Min, and Mr. Feng Xiaoyu ; and three independent directors, namely Mr. Zhang Luyang , Mr. Jin Wenhong and Mr. Qian Fengsheng.