The 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 howsoever 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**）

ANNOUNCEMENT ON THE ESTIMATED RESULT FOR THE YEAR OF 2019

This announcement is made by Northeast Electric Development Co., Ltd. (the "**Company**") pursuant to Rule 13.09 (2) and 13.10B of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and Inside Information Provisions (as defined in the Listing Rules) (the "**Inside Information Provisions**") under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board of Directors (the "**Board**") of the Company hereby announces that it is expected to record the net loss attributable to the equity owners of the Company for the year of 2019 in the range of RMB29 million to RMB43.5 million, the losses per share in the range of RMB0.033 to RMB0.05, while the consolidated equity attributable to the equity owners of the Company in the range of RMB-58.5 million to RMB-39 million.

I. Period of Estimated Results

From 1 January 2019 to 31 December 2019

II. Estimated Results

According to the primary calculation of the financial department of the Company, it is expected to record the net loss attributable to the equity owners of the Company in the range of RMB29 million to RMB43.5 million, the losses per share in the range of RMB0.033 to RMB0.05, while the consolidated equity attributable to the equity owners of the Company in the range of RMB-58.5 million to RMB-39 million in the year of 2019.

The finalized financial information of the Company shall be fully disclosed in the announcement on annual result for the year of 2019 by 31 March 2020.

III. Pre-Auditing Status

The figures of the estimated result contained in this announcement have not been pre-audited by the certified public accountants.

IV. Results for the Corresponding Period of the Preceding Year

(I) Consolidated net profit attributable to the shareholders of the Company: RMB 14.5961 million.
(II) Earnings per share: RMB0.02.
(III) Consolidated equity attributable to the equity owners of the Company: RMB 8.6192 million.

V. Reasons for Change in Results

(I) Reasons for the estimated decreases in net profits

1. The revenue of the Company during the reporting period was estimated to achieve over RMB100 million, representing an increase of 220% compared with the corresponding period of the preceding year. Meanwhile, the Company is expected to record operating losses ranging from RMB10 million to RMB20 million this year, representing a reduction in loss by more than RMB20 million compared with the corresponding period of the preceding year, due to the increasing profits from hotel

catering business, cutting down the losses from existing businesses and the disposal of loss making subsidiary completed last year, as well as effective cost control.

2. Considering the deteriorating business condition of the minority equity investments and their controlling shareholders, during the reporting period, the long-term equity investments and financial assets are estimated to be impaired respectively in the amount of RMB22 million and RMB30 million (i.e. the non-operating losses of RMB52 million in total) based on the prudent considerations. According to the new accounting standard for financial instruments, the impairment in long-term equity investments shall result in a decrease in both current profit or loss and net assets, while the impairment loss of financial assets measured at fair value through other comprehensive income shall result in a decrease in net assets only.

3. The Company has recognized the investment income of approximately RMB33 million upon the completion of major asset restructuring, specifically asset disposal, in the year of 2018. Additionally, the profits for last year were increased as the result of the government grant of RMB20 million received for the relocation of the subsidiary’s new factory. During the reporting period, no profits are generated from such non-operating items.

(II) Reasons for Changes in Net Assets

During the reporting period, due to the impact of operating losses and no non-operating profits generated, in addition to the small opening balance, the consolidated equity attributable to the equity owners of the Company in the end of year is estimated to be RMB-58.5 million to RMB-39 million.

VI. Other Explanatory Items

The estimated results are primarily calculated and reviewed by the financial department of the Company. The Board is of the view that the finalized financial data will be fully disclosed in announcement on annual result for the year of 2019 by 31 March 2020. Investors are advised to exercise caution with investment risks.

By order of the Board
Zhu Jie
Chairman

Haikou, Hainan Province, the PRC
22 January 2020

As at the date of this Announcement, the Board comprises of five executive Directors, namely Mr. Zhu Jie, Ms. Ma Yun, Mr. Bao Zongbao, Mr. Su Weiguo and Ms. Liu Huafen; and three independent non-executive Directors, namely Mr. Li Ming, Mr. Qian Fengsheng and Mr. Fang Guangrong.