東北電氣發展股份有限公司

NEE

NORTHEAST ELECTRIC DEVELOPMENT CO.,LTD.

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

（**Stock Code:0042**）

Overseas Regulatory Announcement

The Board of Directors (the "**Board**") of Northeast Electric Development Co., Ltd. (the "**Company**" and "**NEE**", together with its subsidiaries, the "**Group**") hereby announces that it is predicted that the Company is in a surplus of net profit attributable to shareholders of listed Company of approximately RMB130 million to RMB165 million, basic earnings per share of RMB0.1488 to RMB0.1889 in the past three quarters of 2020 according to the primary calculation from the financial department of the Company. The accurate financial data will be fully disclosed in the third quarterly report of 2020 before 31 October 2020. The announcement is made in accordance with Rule 13.10B of the Listing Rules.

I. Period of Results Prediction

From 1 January 2020 to 30 September 2020

II. Situation of Results Prediction: Profit

It is predicted that the Company is in a surplus of net profit attributable to shareholders of listed Company of approximately RMB130 million to RMB165 million, basic earnings per share of RMB0.1488 to RMB0.1889 in the past three quarters of 2020 according to the primary calculation from the financial department of the Company.

The accurate financial data will be fully disclosed in the third quarterly report of 2020 before 31 October 2020.

III. Pre-auditing Results Prediction

The certified public accountant did not pre-audit the results prediction.

IV. Results in the Same Period Last Year

(I) Consolidated net profit attributable to the shareholders of the Company: RMB-5,657,128.21.
(II) Earnings per share: RMB-0.0065.
(III) Consolidated equity attributable to the equity owners of the Company: RMB13,047,018.70.

V. Reasons for Change in Results

(I) Reasons for the estimated increases in net profits

During the reporting period, our operating income fell by approximately RMB12 million compared with the same period last year, and operating loss was increased by approximately RMB11.8 million as a result of the COVID-19 ("新型冠狀病毒") outbreak.

In addition, there were non-operating profit or loss items that affect the net profit during the reporting period: Reference is made to the Announcements on Litigation Progress of the Company issued on 10 September 2020, pursuant to the Civil Ruling (2018) Qiong Min Chu No.69 issued by the Hainan Provincial Higher People's Court, NEE has been notified Shenyang High-Voltage Switchgear Co., Ltd. * (瀋陽高壓開關有限責任公司， an independent third party not related to the Company, hereinafter referred to as "Shenyang HVS") that the matured debt due from Shenyang HVS of RMB178,549,600 offset against the Company's matured debt due to Shenyang HVS of the same amount, namely, the offset amount was RMB178,549,600. The offset of debts leads to the increase in net profit attributable to shareholders of the listed company of RMB178,549,600, resulting in the increase in the owner's equity attributable to the parent company of RMB178,549,600.

(II) Reasons for changes in net assets

The Company recovered the guarantee advance of RMB22.9 million for Jinzhou Power Capacitors Co., Ltd. in 2018, which was recognised in temporary receipts under other payables based on the principle of financial prudence. During the reporting period, the Company recognised such other payable that was not required to be paid as capital reserve, withan increase of RMB22.9 million in the equity attributable to owners of the parent. Coupled with the aforesaid profits recorded during the reporting period, the net assets will turn positive at the end of the reporting period. It is expected that the equity attributable to owners of the parent as of the end of the reporting period will be approximately RMB96.3 million to RMB131.3 million.

VI. Other Related Explanation

The predicted results are primarily calculated by the financial department of the Company. The Board confirms that the accurate financial data will be fully disclosed in the third quarterly report of 2020 before 31 October 2020. Investors are advised to pay attention to investment risks.

By order of the Board
Zhu Jie
Chairman

Haikou, Hainan Province, the PRC
14 October 2020

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 this Announcement, the Board comprises of six executive Directors, namely Mr. Zhu Jie, Mr. Wang Yongfan, Mr. Bao Zongbao, Mr. Su Weiguo, Mr. Guo Qianli and Mr. Li Guoqing; and three independent non-executive Directors, namely Mr. Li Ming, Mr. Fang Guangrong and Mr. Wang Hongyu.