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 2020

The Board of Directors (the "**Board**") of the Company hereby announces that 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).

I. Period of Estimated Results

From 1 January 2020 to 31 December 2020

II. Estimated Results

Unit: RMB

Items	Amount for the	Amount for the

	reporting period	Same period of last year
Net profit attributable to shareholders of the listed company (RMB’000)	approximately 54,000～70,000	-40,170
Net profits attributable to shareholders of the listed company after extraordinary items (RMB’000)	approximately -158,000～-142,000	-41,160
Total operating revenues (RMB’000)	approximately 75,000～85,000	102,340
Operating income after deductions (RMB’000)	approximately 74,500～84,500	102,250
Basic earnings per share (RMB/Share)	approximately 0.062～0.080	-0.046
	As at the end of the reporting period	**As at the end of last year**
Owner's equity attributable to the parent company (RMB’000)	approximately -180,000～-150,000	-56,590

Remarks：The operating income after deductions refers to the operating income after deducting income from non-principal business and revenue that was not considered as commercial in nature.

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. Reasons for Changes in Results

According to the primary calculation of the Company, it is expected to record the net profit attributable to shareholders of the listed company in the range of RMB54 million to RMB70 million, with a year-on-year increase of RMB94.17 million to

RMB110.17 million; while it is expected that the owner's equity attributable to the parent company in the range of RMB-180 million to RMB-150 million at the end of 2020, with a year-on-year decrease of RMB93.41 million to RMB123.41 million.

(I) Reasons for Changes in net profits

1. During the reporting period, our operating income from hotel-related businesses fell by approximately RMB29 million compared with the same period last year, and operating loss was increased by approximately RMB10 million as a result of the COVID-19 ("新型冠狀病毒") outbreak to hotel-related businesses.

2. As the liquidity risk of the Company's connected party HNA Group Co., Ltd. and its connected party is significant, the Company will make provisions for impairment of assets with regard to long-term equity investments and deposits based on the principle of prudence in accounting, resulting in the decrease in the net profits of approximately RMB120 million.

3. The expropriation of idle land from subsidiaries by Haizhou House Expropriation Office of Fuxin increased the net profit attributable to shareholders of the listed company by approximately RMB32 million.

4. 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 and on 11 September 2020 , the Company 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 offset against the Company's matured

debt due to Shenyang HVS of the same amount. The offset of debts leads to the increase in net profit attributable to shareholders of the listed company of approximately RMB179 million, resulting in the increase in the owner's equity attributable to the parent company of approximately RMB179 million.

(II) Reasons for Changes in Net Assets

It is expected that the owner's equity attributable to the parent company in the range of RMB-180 million to RMB-150 million at the end of 2020, with a year-on-year decrease of RMB93 million to RMB123 million .

1. During the reporting period, the Company recognised such other payable that was not required to be paid as capital reserve, with an increase of approximately RMB23 million in the owner's equity attributable to the parent company.

2. It is expected to record the net profit attributable to shareholders of the listed company in the range of RMB54 million to RMB70 million, resulting in the increase same amount in the net assets.

3. As the liquidity risk of the Company's connected party HNA Group Co., Ltd. and its connected party is significant, the Company will make provisions for impairment of assets with regard to financial assets measured at fair value through other comprehensive income based on the principle of prudence in accounting, resulting in the decrease in the net assets of approximately RMB196 million.

V. Other Explanatory Items

1. The estimated results are primarily calculated and reviewed by the financial

department of the Company. The Board confirms that the accurate financial data will be fully disclosed in announcement on annual result for the year of 2020 by 31 March 2021.

2. As the liquidity risk of the Company's connected party HNA Group Co., Ltd. and its connected party is significant, to date, the management of the Company is unable to accurately estimate the amount of impairment provision, which may pose risks of major adjustments to the net profits, net profits after extraordinary items and net assets of the Company.

3. In view of the negative audited net assets at the end of 2019, the Company's A shares have been warned by the Shenzhen Stock Exchange of the delisting risk. According to the relevant provisions of the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange promulgated on 31 December 2020, where a company records a negative audited net profit for the year of 2020 (the net profit before and after deducting non-recurring gains and losses, whichever is less) with operating income lower than RMB100 million or negative net assets at the end of the period, the Company's A shares will be warned of the delisting risk (*ST) upon the publishment of the Company's 2020 Annual Report.

Investors are advised to exercise caution with investment risks.

By order of the Board
Zhu Jie
Chairman

Haikou, Hainan Province, the PRC
30 January 2021

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) the indirect controlling shareholder of Beijing Haihongyuan Investment Management Co., Ltd., the largest shareholder of the Company.*; (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.