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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)

LAPSE OF THE SUBSCRIPTION AGREEMENT

Reference is made to the Announcements(the “**Announcements**”) and Circular of Northeast Electric Development Co., Ltd. (the “**Company**”) dated 05 April 2017,21 April 2017,20 December 2017, 11 June 2018,03 December 2018, 26 June2019 and 30 December 2019 respectively, in relation to the Subscription. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise stated herein.

LAPSE OF THE SUBSCRIPTION AGREEMENT

As disclosed in the Announcements, Completion shall be conditional upon the fulfillment or waiver of the Conditions before the Long Stop Date.

Pursuant to the Subscription Agreement and the Side Letter approved at the 11th Meeting of the ninth Session of Board of Directors of the Company on 30 December 2019, the Completion shall be conditional upon the fulfilment or waiver of the Conditions by 30 June 2020 or such other date as the parties may agree in writing. As certain Conditions of the Subscription have not been fulfilled or waived by the Long Stop Date and the Parties have not agreed on any further extension of the Long Stop Date, the Subscription Agreement lapsed on 30 June 2020. Pursuant to the Subscription Agreement, neither party shall have any claim against the other for any matters arising from or in relation to the Subscription Agreement.

The Board considers that the lapse of the Subscription Agreement will not have any material adverse impact on the business, operation and financial position of the Group, and it will also not affect the capital operation of the Company in the future.

In view of the fact that the conditions precedent for the subscription of new H shares are unachievable on the Long Stop Date , the proposed non-public offering of H shares cannot be implemented. The Company will suspend the non-public offering of H shares, and afterwards withdraw the application for this non-public offering of H shares in accordance with statutory procedures and relevant regulations.

By order of the Board
Northeast Electric Development Co., Ltd.
Zhu Jie
Chairman

Haikou, Hainan Province, the PRC
02 July 2020

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