

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.



(Stock Code:0042)

ANNOUNCEMENT ON THE TERMINATION OF NON-PUBLIC ISSUANCE OF H SHARES AND THE WITHDRAWAL OF RELEVANT APPLICATION DOCUMENTS

Northeast Electric Development Limited (“NEE” or the “Company”) considered and approved the Resolution on the Termination of Non-public Issuance of H Shares and the Withdrawal of Relevant Application Documents at the sixteenth meeting of the ninth session of the Board and the eleventh meeting of the ninth session of the Supervisory Committee convened on 17 July 2020. The relevant matters are hereby announced as follows:

I. Basic Information on the Non-Public Issuance of H Shares

Reference is made to the announcements of the Company dated 5 April 2017, 21 April 2017, 7 August 2017, 20 December 2017, 11 June 2018, 3 December 2018, 26 June 2019 and 30 December 2019 in relation to the subscription for new H shares (the “Announcements”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise stated herein.

On 5 April 2017, the related party HNA Hotel Group (Hong Kong) Company Limited and the Company entered into the Share Subscription Agreement to subscribe for 155,830,000 new H Shares to be allotted and issued by NEE at a price of HK\$2.40 per share.

On 5 June 2017, the Company held the second Extraordinary General Meeting, the second A Shares Class Meeting and the second H Shares Class Meeting of 2017 to consider and approve the proposal on non-public issuance of H shares (“Non-public Issuance”) and relevant resolutions.

On 4 August 2017, the Company submitted its application for Non-public Issuance to the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) and received the Notice Regarding the CSRC’s Acceptance of the Application for Administrative Permission (No.171506) on 7 August 2017, the Notice Regarding CSRC’s First Feedback on the Review of Administrative Permission Items (No.171506) on 16 August 2017, and the Notice Regarding CSRC’s Second Feedback on the Review of Administrative Permission Items (No.171506) on 23 August 2017, which were all replied in time. Currently, the Non-public Issuance is still under review by the international department of the CSRC.

Upon consideration and approval at the Board meeting of the Company, the Company signed the Confirmation Letter on Extension of the Deadline of the H Share Subscription Agreement with the counterparties five times on 20 December 2017, 11 June 2018, 3 December 2018, 26 June 2019 and 30 December 2019 successively, in an effort to extend the deadline of the subscription agreement to 30 June 2020.

For details of the above content, please refer to the interim announcements and periodical reports disclosed by the Company via the designated media for information disclosure.

II. Reasons for Termination of the Non-Public Issuance by the Company

Since certain subscription conditions under the Share Subscription Agreement failed to be satisfied or waived before the deadline 30 June 2020 and the counterparties didn’t reach an agreement on any further extension of the deadline, the Share Subscription Agreement has become invalid on 30 June 2020. Therefore, the issuance of new H shares becomes unenforceable.

III. Procedures for Consideration of the Company's Termination of the Non-Public issuance

In view of the fact that the Non-public Issuance has been terminated automatically with the expiration of the Share Subscription Agreement on 30 June 2020. After the Resolution on the Termination of Non-public Issuance of H Shares and the Withdrawal of Relevant Application Documents was considered and approved at the 16th meeting of the ninth session of the Board and the 11th meeting of the ninth session of the Supervisory Committee held on 14 July 2020, the Company has determined to terminate the Non-public Issuance and to apply to the CSRC for withdrawing the application documents for the Non-public Issuance of H shares.

As authorized by the resolution adopted at the second Extraordinary General Meeting, the second A Shares Class Meeting and the second H Shares Class Meeting of 2017 held on 5 June 2017, the Company's termination of the Non-public Issuance shall not subject to the consideration by the general meeting consideration.

IV. Effect of the Termination of the Non-Public issuance on the Company and Subsequent Arrangements

The termination of the Non-public Issuance will not have a material adverse impact on the business, operations and financial position of the Group, nor will it affect the Company's future capital operations. No harm will be caused to the interests of the Company and all the shareholders, and especially for the minority shareholders. Pursuant to the Share Subscription Agreement, neither party may have any claim against the other party in respect of any matter arising out of or in connection with the Share Subscription Agreement.

By order of the Board

Zhu Jie

Chairman

Haikou, Hainan Province, the PRC

17 July 2020

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.