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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS LEASE AGREEMENTS

THE LEASE AGREEMENTS

The Board is pleased to announce that with a view of satisfying the operation needs of the Group, Garden Lane Hotel, an indirect non-wholly-owned subsidiary of the Company, entered into the Lease Agreements with the Lessors on 13 July 2021, pursuant to which the Lessors agreed to lease the Leased Properties to Garden Lane Hotel for a term commencing from 1 September 2021 to 31 December 2022.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, Beijing Haihongyuan Investment Management Co., Ltd.* (北京海鴻源投資管理有限公司) ("**Beijing Haihongyuan**") holds 81,494,850 A Shares, representing approximately 9.33% of the equity interest in the Company. Beijing Haihongyuan is wholly-owned by HNA Tourism Group Limited* (海航旅遊集團有限公司), which is in turn owned as to 69.96% by HNA Group Co. Ltd.* (海航集團有限公司) ("**HNA Group**"). HNA Group is owned as to 70% by Hainan Traffic Administration Holdings Company Limited* (海南交管控股有限公司), which is in turn owned as to 50% by Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司) ("**Tang Dynasty Development (Yangpu)**"). Tang Dynasty Development (Yangpu) is owned as to 65% by Hainan Province Cihang Foundation* (海南省慈航公益基金會).

As the Company and the Lessors are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會), the Lessors are deemed to be connected persons of the Company, and the Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and related party transactions under the Shenzhen Listing Rules.

Pursuant to IFRS16, leases shall be recognised as right-of-use assets in the Group's consolidated statement of financial position. Accordingly, the entering into of each Lease Agreement will be regarded as a one-off acquisition of assets of the Group for the purposes of the Listing Rules. As the Lease Agreements were entered into between the Group and Lessors controlled by a common de facto controller, the transactions contemplated under the Lease Agreements are to be aggregated as if they were one transaction pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the Lease Agreements based on the estimated value of right-of-use assets recognised by the Group pursuant to IFRS16 exceed 5% but all are less than 25%, the Lease Agreements, on an aggregate basis, constitute a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Lease Agreements and the transactions contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Lease Agreements and the transactions contemplated thereunder.

EGM

An EGM will be convened and held by the Company to seek the Independent Shareholders' approval regarding the Lease Agreements and the transactions contemplated thereunder.

As at the date of this announcement, Beijing Haihongyuan, holds approximately 9.33% of the equity interest in the Company. It and the Lessors are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會); therefore, Beijing Haihongyuan is considered to be materially interested in and is required to abstain from voting at the EGM in respect of the Lease Agreements and the transactions contemplated thereunder.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the Lease Agreements and the transactions contemplated thereunder and no Shareholder is required to abstain from voting at the EGM in respect of Lease Agreements and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of the Lease Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Lease Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to be appointed by the Company to the Independent Board Committee and the Independent Shareholders in relation to the Lease Agreements and the transactions contemplated thereunder; (iv) other information required to be included in the circular under the Listing Rules; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 10 August 2021 as additional time is required for the Company to prepare and finalise certain information for inclusion in the circular.

INTRODUCTION

Reference is made to the announcement of the Company dated 17 July 2018 and circular of the Company dated 14 September 2018 in relation to leases entered into between the Group and its connected persons for a term of three years which has expired on 30 June 2021.

With a view of satisfying the operation needs of the Group, Garden Lane Hotel, an indirect non-wholly-owned subsidiary of the Company, entered into the Lease Agreements with the Lessors on 13 July 2021, pursuant to which the Lessors agreed to lease the Leased Properties to Garden Lane Hotel for a term commencing from 1 September 2021 to 31 December 2022.

THE LEASE AGREEMENTS

Date : 13 July 2021

Lease Agreement A

Parties : Dalian Changjiang (as lessor)

Garden Lane Hotel (as lessee)

As at the date of this announcement, the Company and Dalian Changjiang are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會). Therefore, Dalian Changjiang is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

Leased Premises : Leased Property A located at No. 123, Changjiang Road, Zhongshan District, Dalian, the PRC* (中國大連市中山區長江路123號), with area of 39,365.29 square metres

Rental : The monthly rental payable under the lease is RMB791,666.67 (i.e. RMB9,500,000 per annum), which is not upward-adjustable by Dalian Changjiang for any reason.

Property management fees and utilities fees arising from the usage of the Leased Property A shall be borne by Garden Lane Hotel.

The rental payments are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Lease Agreement B

Parties : Changchun Mingmen (as lessor)

Garden Lane Hotel (as lessee)

As at the date of this announcement, the Company and Changchun Mingmen are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會). Therefore, Changchun Mingmen is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

Leased Premises : Leased Property B located at No. 4501, Renmin Avenue, Chaoyang District, Changchun, the PRC* (中國長春市朝陽區人民大街4501號), with area of 18,718.97 square metres

Rental : The monthly rental payable under the lease is RMB296,071.71 (i.e. RMB3,552,860.51 per annum), which is not upward-adjustable by Changchun Mingmen for any reason.

Property management fees and utilities fees arising from the usage of the Leased Property B shall be borne by Garden Lane Hotel.

The rental payments are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Lease Agreement C

Parties : Jilin Tourism (Changbaishan Hotel* (長白山賓館)) (as lessor)

Garden Lane Hotel (as lessee)

As at the date of this announcement, the Company and Jilin Tourism (Changbaishan Hotel* (長白山賓館)) are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會). Therefore, Jilin Tourism (Changbaishan Hotel* (長白山賓館)) is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

Leased Premises : Leased Property C located at No. 1448, Xinmin Avenue, Chaoyang District, Changchun, the PRC* (中國長春市朝陽區新民大街1448號), with area of 37,004.04 square metres

Rental : The monthly rental payable under the lease is RMB585,280.57 (i.e. RMB7,023,366.79 per annum), which is not upward-adjustable by Jilin Tourism (Changbaishan Hotel* (長白山賓館)) for any reason.

Property management fees and utilities fees arising from the usage of the Leased Property C shall be borne by Garden Lane Hotel.

The rental payments are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Lease Agreement D

Parties : Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) (as lessor)

Garden Lane Hotel (as lessee)

As at the date of this announcement, the Company and Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會). Therefore, Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

Leased Premises : Leased Property D located at No. 5688, Renmin Avenue, Nanguan District, Changchun, the PRC* (中國長春市南關區人民大街5688號), with area of 33,401.97 square metres

Rental : The monthly rental payable under the lease is RMB528,307.83 (i.e. RMB6,339,693.91 per annum), which is not upward-adjustable by Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) for any reason.

Property management fees and utilities fees arising from the usage of the Leased Property D shall be borne by Garden Lane Hotel.

The rental payments are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Common Terms

The principal common terms of the Lease Agreements are set out below:

Term : 1 September 2021 to 31 December 2022, subject to the approval of the Independent Shareholders at the EGM

Usage : Hotel and ancillary operations

Delivery : The Leased Properties shall be delivered by the Lessors to Garden Lane Hotel for its use before 1 September 2021.

Renewal : Garden Lane Hotel may by notice in writing to the Lessors three (3) months prior to the expiry of the initial term under the Lease Agreements renew the leases thereunder. The parties may negotiate renewal conditions (including rent) and, subject to Garden Lane Hotel having completed and fulfilled its approval procedures and requirements, enter into an agreement extending the terms of the Lease Agreements for a further two (2) years.

The Lessors have undertaken to Garden Lane Hotel that upon expiry of the term of the Lease Agreements, Garden Lane Hotel shall enjoy a right of first refusal to enter into leases in respect of the Leased Properties on the basis of equal terms.

The Company will re-comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules upon the renewal of the Lease Agreements.

Payment term : The rental payments and management fees (if applicable) shall be paid on a monthly basis before the 15th day of each month by way of bank transfer, cheque, bill of exchange or cash etc..

Early termination : Each of the parties to each Lease Agreement may by two (2) months' prior notice in writing to the other party terminate each Lease Agreement, subject to the settlement of all fees and payments due.

BASIS OF DETERMIANTION OF RENTAL PAYABLE

The rental payable under each of the Lease Agreements is determined following arm's length negotiation between each of the Lessors and Garden Lane Hotel with reference to the prevailing market rent for comparable properties in a similar location to each of the Leased Properties and the opinion as to prevailing market rent contained in the Market Rent Letter.

RIGHT-OF-USE ASSETS

Pursuant to IFRS16, the Group will recognise rental payments under the Lease Agreements as right-of-use assets. Accordingly, the entering into of each of the Lease Agreements is regarded as a one-off acquisition of assets of the Group for the purposes of the Listing Rules.

The estimated value of the right-of-use assets to be recognised by the Company under each of the Lease Agreements is set out below:

| Lease Agreement | Estimated value of the right-of-use assets (RMB) |
|------------------------|---|
| Lease Agreement A | 11,551,741.04 |
| Lease Agreement B | 4,161,642.76 |
| Lease Agreement C | 8,540,222.58 |
| Lease Agreement D | 7,708,894.99 |
| Total | 31,962,501.37 |

The estimated value of the right-of-use assets disclosed above represents the present value of the aggregate lease payments to be made under the Lease Agreements and calculated by discounting the lease payments using the rate applicable at the commencement date of the Lease Agreements in accordance with IFRS16.

Shareholders should note that the above disclosed estimated value of right-of-use assets is unaudited and may be subject to adjustment in the future.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS

The Group is principally engaged in research and development, design, production and sales businesses of products related to power transmission and transformation equipment as well as hotel catering and accommodation services.

The Lease Agreements were entered into by the Group in order to provide the Group with stable premises for its hotel catering and accommodation services operations. The Company considers that the leases under the Lease Agreements would allow the Group to utilise the Leased Properties for its hotel catering and accommodation services operations and realise diversification of operations of the Group. Taking into account the gradual recovery in the demand for hotel catering and accommodation services following the containment of COVID-19 pandemic in the PRC, the leases under the Lease Agreements would support the development of the hotel catering and accommodation services operations and optimise the Group's income structure, which will maximise the interest of the Shareholders and will not be prejudicial to the interest of the Company and the minority Shareholders. Moreover, the rents and terms under the Lease Agreements are commensurate with prevailing market rents and terms and are no less favourable to the Group than those available from Independent Third Parties.

The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser to be appointed by the Company) are of the view that Lease Agreements and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group, and the terms of which are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Lease Agreements and the transactions contemplated thereunder were approved at the 22nd meeting of the 9th session of the Board held on 13 July 2021. As Mr. Zhu Jie, Mr. Wang Yongfan and Mr. Bao Zongbao hold positions within HNA Tourism Group Limited* (海航旅遊集團有限公司) and its subsidiaries, they are deemed to have material interest in and have therefore abstained from voting on the resolutions of the Board approving the Lease Agreements and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company is a joint stock limited company incorporated in the PRC with limited liability. The Group is principally engaged in research and development, design, production and sales businesses of products related to power transmission and transformation equipment as well as hotel catering and accommodation services.

Information on Dalian Changjiang

Dalian Changjiang is a company established in the PRC with limited liability and is principally engaged in accommodation service, refreshment, entertainment and sports operations. Its de facto controller is Hainan Province Cihang Foundation* (海南省慈航公益基金會).

Information on Changchun Mingmen

Changchun Mingmen is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Jilin Tourism. It is principally engaged in the business of hospitality and refreshments, ancillary malls and travelling services, conference services and renting services. Its de facto controller is Hainan Province Cihang Foundation* (海南省慈航公益基金會).

Information on Jilin Tourism

Jilin Tourism is a company established in the PRC with limited liability and is principally engaged in hospitality and refreshment, conference service, exhibition service, travelling agency service, hotel management and property development. Its de facto controller is Hainan Province Cihang Foundation* (海南省慈航公益基金會).

Information on Hainan Province Cihang Foundation* (海南省慈航公益基金會)

Hainan Province Cihang Foundation* (海南省慈航公益基金會), which is the de facto controller of the Lessors, is a non-profit organisation mainly engaging in medical assistance, disaster relief, education assistance, environmental protection and other charitable activities.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, Beijing Haihongyuan Investment Management Co., Ltd.* (北京海鴻源投資管理有限公司) (“**Beijing Haihongyuan**”) holds 81,494,850 A Shares, representing approximately 9.33% of the equity interest in the Company. Beijing Haihongyuan is wholly-owned by HNA Tourism Group Limited* (海航旅遊集團有限公司), which is in turn owned as to 69.96% by HNA Group Co. Ltd.* (海航集團有限公司) (“**HNA Group**”). HNA Group is owned as to 70% by Hainan Traffic Administration Holdings Company Limited* (海南交管控股有限公司), which is in turn owned as to 50% by Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司) (“**Tang Dynasty Development (Yangpu)**”). Tang Dynasty Development (Yangpu) is owned as to 65% by Hainan Province Cihang Foundation* (海南省慈航公益基金會).

As the Company and the Lessors are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會), the Lessors are deemed to be connected persons of the Company, and the Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and related party transactions under the Shenzhen Listing Rules.

Pursuant to IFRS16, leases shall be recognised as right-of-use assets in the Group's consolidated statement of financial position. Accordingly, the entering into of each Lease Agreement will be regarded as a one-off acquisition of assets of the Group for the purposes of the Listing Rules. As the Lease Agreements were entered into between the Group and Lessors controlled by a common de facto controller, the transactions contemplated under the Lease Agreements are to be aggregated as if they were one transaction pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the Lease Agreements based on the estimated value of right-of-use assets recognised by the Group pursuant to IFRS16 exceed 5% but all are less than 25%, the Lease Agreements, on an aggregate basis, constitute a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Lease Agreements and the transactions contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Lease Agreements and the transactions contemplated thereunder.

EGM

An EGM will be convened and held by the Company to seek the Independent Shareholders' approval regarding the Lease Agreements and the transactions contemplated thereunder.

As at the date of this announcement, Beijing Haihongyuan holds approximately 9.33% of the equity interests in the Company. It and the Lessors are controlled by the common de facto controller, namely Hainan Province Cihang Foundation* (海南省慈航公益基金會); therefore, Beijing Haihongyuan is considered to be materially interested in and is required to abstain from voting at the EGM in respect of the Lease Agreements and the transactions contemplated thereunder.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the Lease Agreements and the transactions contemplated thereunder and no Shareholder is required to abstain from voting at the EGM in respect of Lease Agreements and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of the Lease Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Lease Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to be appointed by the Company to the Independent Board Committee and the Independent Shareholders in relation to the Lease Agreements and the transactions contemplated thereunder; (iv) other information required to be included in the circular under the Listing Rules; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 10 August 2021 as additional time is required for the Company to prepare and finalise certain information for inclusion in the circular.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

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| “associate(s)” | has the meaning ascribed to it in the Listing Rules; |
| “A Share(s)” | the domestic shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and subscribed for and traded in RMB; |
| “Board” | the board of Directors; |
| “Changchun Mingmen” | Changchun Mingmen Hotel Co., Ltd.* (長春名門飯店有限公司), a company established in the PRC with limited liability; |
| “Company” | Northeast Electric Development Co., Ltd. (東北電氣發展股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose A Shares and H Shares are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange, respectively; |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules; |
| “controlling shareholder” | has the meaning ascribed to it in the Listing Rules; |
| “Cushman & Wakefield” | Cushman & Wakefield Limited, an independent property valuer |
| “Dalian Changjiang” | Dalian Changjiang Plaza Co., Ltd.* (大連長江廣場有限公司), a company established in the PRC with limited liability; |

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| “Directors” | the directors of the Company; |
| “EGM” | the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve the Lease Agreements and the transactions contemplated thereunder; |
| “Garden Lane Hotel” | Hainan Garden Lane Flight Hotel Management Co., Ltd.* (海南逸唐飛行酒店管理有限公司) (formerly known as Hainan Tangyuan Technology Co., Ltd.* (海南唐苑科技有限公司)), a limited liability company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “H Share(s)” | the overseas-listed foreign share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK\$; |
| “IFRS” | The International Financial Reporting Standards issued by the International Accounting Standards Board; |
| “Independent Board Committee” | the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Lease Agreements and the transactions contemplated thereunder; |
| “Independent Shareholders” | Shareholders who are not required to abstain from voting on resolutions to approve the Lease Agreements and the transactions contemplated thereunder at the EGM pursuant to the Listing Rules; |

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| “Independent Third Party(ies)” | persons(s) who is(are) independent of and not connected with the Company and its connected persons; |
| “Jilin Tourism” | Jilin Province Tourism Group Co., Ltd.* (吉林省旅遊集團有限責任公司), a company established in the PRC with limited liability; |
| “Lease Agreement A” | the lease agreement in respect of the Leased Property A entered into between Dalian Changjiang (as lessor) and Garden Lane Hotel (as lessee) dated 13 July 2021 for a term commencing from 1 September 2021 to 31 December 2022; |
| “Lease Agreement B” | the lease agreement in respect of the Leased Property B entered into between Changchun Mingmen (as lessor) and Garden Lane Hotel (as lessee) dated 13 July 2021 for a term commencing from 1 September 2021 to 31 December 2022; |
| “Lease Agreement C” | the lease agreement in respect of the Leased Property C entered into between Jilin Tourism (Changbaishan Hotel* (長白山賓館)) (as lessor) and Garden Lane Hotel (as lessee) dated 13 July 2021 for a term commencing from 1 September 2021 to 31 December 2022; |
| “Lease Agreement D” | the lease agreement in respect of the Leased Property D entered into between Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) (as lessor) and Garden Lane Hotel (as lessee) dated 13 July 2021 for a term commencing from 1 September 2021 to 31 December 2022; |

- “Lease Agreements”** the four lease agreements (i.e. collectively, Lease Agreement A, Lease Agreement B, Lease Agreement C and Lease Agreement D) entered into between Garden Lane Hotel and the Lessors on 13 July 2021, pursuant to which the Lessors agreed to lease the Leased Properties to Garden Lane Hotel for a term commencing from 1 September 2021 to 31 December 2022;
- “Leased Property A”** the premises located at No. 123, Changjiang Road, Zhongshan District, Dalian, the PRC* (中國大連市中山區長江路123號) with area of 39,365.29 square metres, leased by Dalian Changjiang (as lessor) to Garden Lane Hotel (as lessee) under the Lease Agreement A;
- “Leased Property B”** the premises located at No. 4501, Renmin Avenue, Chaoyang District, Changchun, the PRC* (中國長春市朝陽區人民大街4501號) with area of 18,718.97 square metres, leased by Changchun Mingmen (as lessor) to Garden Lane Hotel (as lessee) under the Lease Agreement B;
- “Leased Property C”** the premises located at No. 1448, Xinmin Avenue, Chaoyang District, Changchun, the PRC* (中國長春市朝陽區新民大街1448號) with area of 37,004.04 square metres, leased by Jilin Tourism (Changbaishan Hotel* (長白山賓館)) (as lessor) to Garden Lane Hotel (as lessee) under the Lease Agreement C;
- “Leased Property D”** the premises located at No. 5688, Renmin Avenue, Nanguan District, Changchun, the PRC* (中國長春市南關區人民大街5688號) with area of 33,401.97 square metres, leased by Jilin Tourism (Zijinghua Hotel* (紫荊花飯店)) (as lessor) to Garden Lane Hotel (as lessee) under the Lease Agreement D;

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|---------------------------------|---|
| “Leased Properties” | the properties or premises (i.e. collectively, Leased Property A, Leased Property B, Leased Property C and Leased Property D) leased by the Lessors to Garden Lane Hotel under the Lease Agreements; |
| “Lessors” | the four lessors which entered into the Lease Agreements with Garden Lane Hotel; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Market Rent Letter” | a letter prepared by Cushman & Wakefield containing its opinion on prevailing market rent and the fairness and reasonableness of the terms of the Lease Agreements using a market comparison approach |
| “PRC” | the People’s Republic of China (for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan); |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shares” | A Shares and H Shares; |
| “Shareholder(s)” | the holder(s) of the Shares; |
| “Shenzhen Listing Rules” | Rules Governing the Listing of Shares on Shenzhen Stock Exchange; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; and |
| “%” | per cent. |

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

Haikou, Hainan Province, the PRC
13 July 2021

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. Wang Hongyu, Mr. Fang Guangrong and Mr. Li Zhengning.

* *for identification purpose only*