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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:00042 )

## Estimation of Continuing Connected Transactions in 2022

### Continuing Connected Transactions

According to the customer service cooperation agreements signed by Hainan Garden Lane Flight Hotel, a subsidiary of the Company, and its several Partners On 24 January 2019 (duration of the agreements was from 1 February 2019 to 31 January 2022, according to agreements, after expiration of agreements, if both parties have no objection, these agreements will be automatically extended, and the extension period is twelve months each time), the maximum amount of capital occupying due to receivables from the partners generated by consignment settlement prior to settlement day shall not exceed RMB 4,000,000.

The Board of Directors of the Company (the “**Board**”) hereinafter estimates that the total amount of the above continuing connected transactions would reach RMB 6,000,000 in 2022.

### Implications under Listing Rules

As the Partners are connected persons of the Company. Transactions conducted between the Company and the Partners due to day-to-day operation constitute Continuing Connected Transactions of the Company, which shall be guided by Listing Rules of the Hong Kong Stock Exchange and Listing Rules of Shenzhen Stock Exchange.

With regard to the Continuing Connected Transactions, according to Rule 14A.76(2) of the Listing Rules, such Continuing Connected Transactions are exempted from complying with the provisions on circular (including independent financial opinion) and shareholder approval when its percentage rate under the transaction size test is lower than 5% or less than HK\$10 million, but shall comply with the provisions on announcement and annual report.

The 29th meeting of the 9th session of the Board held on 28 April 2022, during which the connected directors under listing rules, namely Mr. Shang Duoxu and Mr. Wang Yongfan have abstained from voting, has approved the estimated ceiling of those continuing connected transactions of the Company in 2022 of RMB6 million, not exceeding HK\$10 million. The Directors have confirmed that terms of the agreements regarding the continuing connected transactions are fair and reasonable, and such continuing connected transitions were formed along with the Company's day-to-day business subject to regular commercial clause, which are in line with the overall interests of the Company and the shareholders.

## **INTRODUCTION**

According to the customer service cooperation agreements signed by Hainan Garden Lane Flight Hotel, a subsidiary of the Company, and its several Partners On 24 January 2019 (duration of the agreements was from 1 February 2019 to 31 January 2022, according to agreements, after expiration of agreements, if both parties have no objection, these agreements will be automatically extended, and the extension period is twelve months each time), the maximum amount of capital occupying due to receivables from the partners generated by consignment settlement prior to settlement day shall not exceed RMB4,000,000.

The Board of Directors of the Company (the “**Board**”) hereinafter estimates that the total amount of the above continuing connected transactions would reach RMB6,000,000 in 2022.

## **CONTINUING CONNECTED TRANSACTIONS IN 2022**

**Main terms are summarized below:**

<b>Agreement</b>	<b>Parties</b>	<b>Term</b>	<b>Agreement content</b>
Customer Service Cooperation Agreement	Hainan Garden Lane Flight Hotel and the Partners	1 February 2019 to 31 January 2023	Cooperate and jointly develop customer resources ; The maximum amount of capital occupying due to receivables of Hainan Garden Lane Flight Hotel from partners generated by consignment settlement prior to settlement day shall not exceed RMB 4,000,000.
Hotel labor outsourcing service contract	Hainan Garden Lane Flight Hotel and the Partners	September 1, 2021 to December 31, 2022	The intermediary service fee collected by the partner for providing intermediary services such as contract management of labor service personnel, collection and payment of salary service fees, collection and payment of social security provident fund welfare fees to Hainan Garden Lane Flight Hotel.

### **Historical Amount of Continuing Connected Transactions and Estimated Cap for Proposed Transactions In 2022**

The historical transaction amounts of the Continuing Connected Transactions for the years ended 31 December 2021 and the estimated cap for the proposed Continuing Connected Transactions in 2022 are set out in the following table.

Amount : RMB

<b>Item</b>	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
Receivables from partners (Funds occupied)	4,000,000	282,000
Intermediary fees charged by partners for providing labor outsourcing services	620,000	188,000

Office premises lease provided by the Hainan Yingzhi to the Company	0	52,000
Office premises lease provided by the Hainan Fushun to the Company	0	875,000
Property management service provided by the HNA Trans Service for the office of the Company	1,140,000	133,000
Other	240,000	189,000
<b>Total</b>	<b>6,000,000</b>	<b>1,719,000</b>

Factors taken into account when estimating the cap for the proposed continuing connected transactions in 2022 include: (i) historical transaction amount; (ii) market price of local similar and comparable transaction of the same type; (iii) estimated demand of daily business development in 2022.

#### **Reasons and benefits for continuing connected transactions**

These transactions will further meet the daily operation needs of the Company, and are good for the Company to achieve business growth, save costs and improve profitability in daily operation.

The Board (including the independent non-executive directors) believes that the Continuing Connected Transactions are concluded in the usual and normal course of business of the Company and on normal commercial terms, and the estimated annual caps under the proposal are fair and reasonable and meet the interests of the Company and the shareholders as a whole.

The connected directors acknowledged that they had abstained from voting at the Board meeting.

#### **INFORMATION ON THE COMPANY**

The Group mainly engages in the R&D, design, manufacturing and sales of the products related to electric transmission and transformation equipment.

Hainan Garden Lane Flight Hotel is a subsidiary of the Company, mainly engaging in accommodation, catering, conference reception and other relevant services.

## **INFORMATION ON THE PARTNERS, HAINAN YINGZHI, HNA TRANS SERVICE, AND HAINAN FUSHUN**

Dongguan Yujingwan Hotel \* (東莞禦景灣酒店) mainly engages in providing accommodation, catering and entertainment services.

HNA Tianjin Center Development Co., Ltd. \* (海航天津中心發展有限公司) was established on November 15 2005, mainly engaged in house leasing, accommodation and catering businesses.

Changchun Mingmen Hotel Co., Ltd.\* (長春名門飯店有限公司) mainly engages in providing accommodation, catering and tourism consulting services and ticket agent services.

Jilin Province Tourism Group Co., Ltd. \* (吉林省旅遊集團有限責任公司) mainly engages in providing accommodation, catering and tourism consulting services and ticket agent services.

Hainan Yingzhi Construction Development Co. Ltd. \* (海南英智建設開發有限公司) mainly engages in real estate project planning, real estate project intermediary services and tourism project development and management.

HNA Trans Service Management Co., Ltd. \* (海南海航物業管理股份有限公司) changed name to Hainan Property Management Group Co., Ltd. \* (海南物管集團股份有限公司) on 11 January 2022, mainly engages in providing property management services to office buildings, governmental offices, schools and high-end residential communities.

Hainan Fushun Investment Development limited \* (海南福順投資開發有限公司) mainly engages in real estate project planning, real estate project intermediary services and tourism project development and management.

## **IMPLICATIONS UNDER LISTING RULES**

As the Partners, Hainan Yingzhi, HNA Trans Service and Hainan Fushun are connected persons of the Company. Transactions conducted between the Company and the Partners due to day-to-day operation constitute Continuing Connected Transactions of the Company, which shall be guided by Listing Rules of the Hong Kong Stock Exchange and Listing Rules of Shenzhen Stock Exchange.

With regard to the Continuing Connected Transactions, according to Rule 14A.76(2) of the Listing Rules, such Continuing Connected Transactions are exempted from complying with the provisions on circular (including independent financial opinion) and shareholder approval when its percentage rate under the transaction size test is lower than 5% or less than HK\$10 million, but shall comply with the provisions on announcement and annual report.

The 29th meeting of the 9th session of the Board held on 28 April 2022, during which the connected directors under listing rules, namely Mr. Shang Duoxu and Mr. Wang Yongfan have abstained from voting, has approved the estimated ceiling of those continuing connected transactions of the Company in 2022 of RMB6 million, not exceeding HK\$10 million. The Directors have confirmed that terms of the agreements regarding the continuing connected transactions are fair and reasonable, and such continuing connected transitions were formed along with the Company's day-to-day business subject to regular commercial clause, which are in line with the overall interests of the Company and the shareholders.

## **DEFINITIONS**

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

<b>"Board"</b>	The Board of Directors
<b>"Company"</b>	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 main board of the Stock Exchange, respectively

<b>"Customer Service Cooperation Agreement"</b>	The cooperation agreement entered into between Hainan Garden Lane Flight Hotel * (海南逸唐飛行酒店管理有限公司) and the Partners on 24 January 2019, pursuant to which, the parties thereto will cooperate and jointly develop customer resources and mutually recommend customers, with a term of three years commencing from 1 February 2019 to 31 January 2022(according to agreements, after expiration of agreements, if both parties have no objection, these agreements will be automatically extended, and the extension period is twelve months each time)
<b>"Directors"</b>	The directors of the Company
<b>"Group"</b>	The Company and its subsidiaries
<b>"Hainan Garden Lane Flight Hotel "</b>	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), and changed name to Hainan Garden Lane Flight Hotel Management Co., Ltd. on 23 August 2019), a limited liability company established under the laws of the PRC on 29 April 2016 and a subsidiary of the Company
<b>"Hainan Yingzhi"</b>	Hainan Yingzhi Construction Development Co., Ltd. * (海南英智建設開發有限公司), a limited liability company established under the laws of the PRC on 11 October 2016 and a connected party of the Company
<b>" Hainan Fushun "</b>	Hainan Fushun Investment development limited * (海南福順投資開發有限公司), a limited liability company established under the laws of the PRC on 11 March 2011 and a connected party of the Company

<b>" HNA Service"</b>	HNA Trans Service Management Co., Ltd. * (海南海航物業管理股份有限公司), changed name to Hainan Property Management Group Co., Ltd. * (海南物管集團股份有限公司) on 11 January 2022, a limited liability company established under the laws of the PRC on 31 April 2000 and a connected party of the Company
<b>"Listing Rules"</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>"Listing Rules of Shenzhen Stock Exchange"</b>	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
<b>"Northeast Electric"</b>	Northeast Electric Development Co., Ltd.
<b>"Partners"</b>	The partner hotels, namely Dongguan Yujingwan Hotel * (東莞禦景灣酒店), HNA Tianjin Center Development Co., Ltd. * (海航天津中心發展有限公司), Changchun Mingmen Hotel Co., Ltd.* (長春名門飯店有限公司), and Jilin Province Tourism Group Co., Ltd. *(吉林省旅遊集團有限公司), which entered into the Customer Service Cooperation Agreement and Hotel Labor Outsourcing Service Contract with Hainan Garden Lane Flight Hotel * (海南逸唐飛行酒店管理有限公司) are connected parties of the Company
<b>"RMB"</b>	Renminbi, the lawful currency of the PRC
<b>"Shareholder(s)"</b>	The holder(s) of the Shares of the Company
<b>"Shenzhen Stock Exchange"</b>	Shenzhen Stock Exchange
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited



By order of the Board  
Shang Duoxu  
*Chairman*

Haikou, Hainan Province, the PRC  
28 April 2022

*As at the date of this Announcement, the Board comprises of five executive Directors, namely Mr. Shang Duoxu, Mr. Wang Yongfan, Mr. Su Weiguo, Mr. Guo Qianli and Mi Hongjie; and three independent non-executive Directors, namely Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning.*

*\* For identification purpose only*