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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:00042)

Announcement on Termination of Lease Agreement of Connected Transaction

This Announcement is made pursuant to Rule 14A.35 of the Hong Kong Stock Exchange Listing Rules in relation to the termination of Connected Transaction.

References are made to the announcements of Northeast Electric Development Limited (the “**Northeast Electric**”, “**Company**” or “**NEE**”) dated 13 July 2021 and the circular dated 2 August 2021 in relation to, among other things, the Continuing Connected Transactions, being the leasing of the Properties by the Three Companies (as lessor) to Hainan Garden Lane Flight Hotel Management Co., Ltd.* (**海南逸唐飛行酒店管理有限公司**, the “**Garden Lane Hotel**”) (as lessee) under the Lease Agreement.

The proposal on the Property Lease Contract entered into by Garden Lane Hotel, a non-wholly-owned subsidiary of the Company, and Changchun Mingmen Hotel Co., Ltd.* (**長春名門飯店有限公司**, the “**Changchun Mingmen**”), Jilin Province Tourism Group Co., Ltd.* (**吉林省旅遊集團有限責任公司**, the “**Jilin Province Tourism Group**”) was considered and approved at the 22th meeting of the 9th Board of Directors held on 13 July 2021 and the second extraordinary general meeting of 2021 held on 23 August 2021 by the Company, and constitute a connected transaction.

As the lessee, Garden Lane Hotel considering that its operating income and economic benefits have been greatly reduced due to the continuous impact of the local epidemic, after friendly negotiation with the lessor, Garden Lane Hotel, a non-wholly-owned subsidiary of the Company, entered into the Lease Termination Agreement with Changchun Mingmen and Jilin Tourism Group (hereinafter

collectively referred to the "**Two Companies**"), with a total leased area of 89,124.98 sq.m. in total, and the amount of contract termination is RMB9.87 million (the same below). Apart from the termination of agreements on the leased fields with the above Two Companies, other lease agreements for property lease signed on the 13 July 2021 remain effective and are executed continuously.

Because NEE, Changchun Mingmen, Jilin Tourism Group are controlled by the same indirect controlling shareholder, Hainan HNA No. 2 Trust Management Service Co., Ltd.* (**海南海航二號信管服務有限公司**), and have a connected relationship, the transaction shall constitute a connected transaction. The transaction does not constitute a major asset restructuring as defined in the Administrative Measures for the Material Asset restructuring of Listed Companies, or constitute a backdoor listing. Therefore, it is not subject to approval by relevant authorities.

In the consideration of this transaction by the Board of the Company, the proposal was approved by non-connected Directors Mr. Su Weiguo, Mr. Guo Qianqian and Mr. Mi Hongjie and the independent directors Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning while the connected directors Mr. Shang Duoxu and Mr. Wang Yongfan had abstained from the voting.

The Board (including the Independent Non-executive Directors) considers that the termination of the Lease Agreement pursuant to the terms thereof is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operation or financial condition of the Group.

The termination matter has been reviewed and approved by the Company's Board of Directors and does not need to be submitted to the Company's general meeting of shareholders for approval.

According to Rules 14.36 and 14A.35 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited, where a previously announced transaction or connected transaction is subsequently terminated, an announcement shall be published.

The Lease Termination Agreement is a result of the negotiation between parties involved and the Company will not assume any legal liability of compensation for the Lease Termination Agreement. Therefore, it will not have a material impact on the entire production and operation and financial position of the Company, or damage the interests of the Company and other shareholders.

I. Profile of the Connected Transaction

(I) Basic information on the connected transaction

Considering that the operating income and economic benefits of the lessee, Garden Lane Hotel, have been greatly reduced due to the continuous impact of the local epidemic, upon friendly negotiation with parties involved, Garden Lane Hotel, a non-wholly-owned subsidiary of the Company, entered into the Lease Termination Agreement with Changchun Mingmen and Jilin Tourism Group (hereinafter collectively referred to the "**Two Companies**"), with a total leased area of 89,124.98 sq.m. in total, and the amount of contract termination is RMB9.87 million.

Apart from the termination of agreements on the leased fields with the above Two Companies, other lease agreements for property lease signed on the 13 July 2021 remain effective and are executed continuously.

(II) Relationship with the Company

Because NEE, Changchun Mingmen, Jilin Tourism Group are controlled by the same indirect controlling shareholder, Hainan HNA No. 2 Trust Management Service Co., Ltd., and have a connected relationship, the transaction shall constitute a connected transaction.

(III) Consideration by the Board and approval procedures necessary for the agreement to take effect

At the 30th meeting of the 9th Board of Directors on 31 May 2022, the proposal was approved by non-connected Directors Mr. Su Weiguo, Mr. Guo Qianqian and Mr. Mi Hongjie and the independent directors Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning while the connected directors Mr. Shang Duoxu and Mr. Wang Yongfan had abstained from the voting, according to relevant provisions of the China Securities Regulatory Commission, Hong Kong Stock Exchange and the Articles of Association of the Company (the "**Articles of Association**").

The independent Directors of the Company had reviewed the termination transaction in advance and issued independent opinions. The transaction does not constitute a major asset restructuring as defined in the Administrative Measures for the Material Asset restructuring of Listed Companies according to relevant laws and regulations, and the Articles of Association. Therefore, it is not subject to approval by relevant authorities.

The termination matter has been reviewed and approved by the Company's Board of Directors and does not need to be submitted to the Company's general meeting of shareholders for approval.

According to Rules 14.36 and 14A.35 of the Rules Governing the listing of Securities on the Stock Exchange of Hong Kong Limited, where a previously announced transaction or connected transaction is subsequently terminated, an announcement shall be published.

II. Basic Information on the Connected Parties

(I) Basic information

1. Changchun Mingmen Hotel Co., Ltd.* (長春名門飯店有限公司)

Company type: Limited liability company (non-natural personal investment or holding corporation sole investment)

Unified Social Credit Code: 91220101605944047W

Registered address: No. 4501, Renmin Avenue, Chaoyang District, Changchun

Legal representative: Li Fumin

Scope of business: Licensed items: accommodation services; catering services; food sales. General items: conference and exhibition services; non-residential real estate leasing; washing and ironing services; daily necessities sales; business agency services; information consulting services (excluding licensing information consulting services); hotel management; property management; electronics, machinery and equipment Maintenance (excluding

special equipment); professional cleaning, cleaning and disinfection services.

Registered capital: RMB 90.00 million

Shareholders and shareholding structure:

No.	Shareholder name	Contribution amount (RMB 0'000)	Contribution ratio (%)
1	Jilin Province Tourism Group Co., Ltd.	9,000	100.00
Total		9,000	100.00
Its indirect controlling shareholder is Hainan HNA No. 2 Trust Management Service Co., Ltd., which has no ultimate beneficial owner.			

Financial status:

As of 31 December 2021, Changchun Mingmen* (長春名門) recorded total audited assets of RMB102.305 million and net assets of RMB58.2716 million. The annual revenue of 2021 was RMB15.8285 million and the net profit was RMB-5.6731 million.

As of March 31 2022, the total unaudited assets and net assets amounted to RMB101.0218 million and RMB56.4899 million respectively. The unaudited revenue was RMB1.19 million and the net profit was RMB-1.6564 million for the three months ended March 31 2022.

2. Jilin Province Tourism Group Co., Ltd.* (吉林省旅遊集團有限責任公司)

Company type: Limited liability companies

Unified Social Credit Code: 912200007295866401

Registered address: No.1296 Xinmin Street, Changchun

Legal representative: Zhang Zhongren

Scope of business: Catering, accommodation, train, steamer and air ticketing, tourism bus services, swimming, bathing and hairdressing places, cafe, shopping mall (managed by branches with operation qualifications); guide interpreter, travel consulting services; hotel management; real estate development (operating with qualification certificate); scriptorium lease; daily necessities, wholesale and retail of clothing; food sales; parking operation (Items legally subject to approval shall be approved by relevant authorities prior to business operation).

Registered capital: RMB 600 million

Shareholders and shareholding structure:

No.	Shareholder name	Contribution amount (RMB 0'000)	Contribution ratio (%)
1	HNA Tourism Group Co., Ltd.	25,400	42.33
2	Beijing Capital Airlines Co., Ltd.	24,600	41.00
3	HNA Group Co., Ltd.	10,000	16.67
Total		60,000	100.00
Its indirect controlling shareholder is Hainan HNA No. 2 Trust Management Service Co., Ltd., which has no ultimate beneficial owner.			

Financial status:

As of 31 December 2021, Jilin Province Tourism Group Zijinghua Hotel* (紫荊花飯店) recorded total unaudited assets of RMB 146.0672 million and net assets of RMB-47.3184 million. The annual revenue of 2021 was RMB16.0722 million and the net profit was RMB-6.3732 million. As of March 31 2022, the total unaudited assets and net assets amounted to RMB145.4928 million and RMB-48.1724 million respectively. The unaudited revenue was RMB1.8575 million and the net profit was RMB-0.854 million for the three months ended March 31 2022.

As of 31 December 2021, Jilin Province Tourism Group Changbaishan Hotel* (長白山賓館) recorded unaudited total assets of RMB174.1582 million and net assets of RMB113.4348 million. The annual revenue of 2021 was RMB13.1635 million, and the net profit was RMB-9.259 million. As of March 31 2022, the total unaudited assets and net assets amounted to RMB 173.9798 million and RMB111.9112 million respectively. The unaudited revenue was RMB1.7397 million and the net profit was RMB-1.5236 million for the three months ended March 31 2022.

(II) Other information

The above related parties are all legal entities that exist and continue to operate in accordance with the law, and have the ability to perform related businesses. Upon inquiries on platforms such as Credit China, none of them are dishonest persons subject to enforcement.

III. Basic Information About the Termination Agreement

This Lease Termination Agreement entered into by and between Party A (Changchun Mingmen and Jilin Province Tourism Group) and Party B (Garden Lane Hotel) is to rescind the original leased fields with the area of 89,124.98 sq.m. in total, and the amount of contract termination is RMB9.87 million in total, as follows:

Abbreviation	Original lease term	Termination date	Area of leasehold termination (sq.m.)	Original contract amount (RMB 0'000)	Contract amount to be terminated (RMB 0'000)
1.Changchun Mingmen* (長春名門)	1 September 2021- 31 December 2022	The lease contract shall terminate since 1 June 2022	18,718.97	473.71	207
2.Jilin Province Tourism Group Zijinghua Hotel* (紫荊花飯店)			33,401.97	845.29	370
3.Jilin Province Tourism Group Changbaishan			37,004.04	936.45	410

Hotel* (長白山賓館)					
Total	\	\	89,124.98	2,255.45	987

IV. Main Contents of the Termination Agreement

Party A: Changchun Mingmen and Jilin Province Tourism Group

(Note: Each of Party A, namely the above-mentioned Two Companies, entered into the Lease Termination Agreement with Party B.)

Party B: Hainan Garden Lane Flight Hotel Management Co., Ltd. (formerly known as Hainan Tangyuan Technology Co., Ltd., and changed name to Hainan Garden Lane Flight Hotel Management Co., Ltd. on 23 August 2019)

(I) The original "Housing Lease Contract" signed by both parties shall be terminated after both parties A and B sign and seal this termination agreement. After this termination agreement takes effect, the rights and obligations of both parties agreed in the original "Housing Lease Contract" shall be terminated. According to the termination conditions stipulated in the original "Housing Lease Contract", both parties are not required to make compensation for this.

(II) Since the date of the termination of the original "Housing Lease Contract" by both parties, apart from the aforementioned stipulations, there shall be no other differences and disputes as stipulated in the contract, and both parties shall not bear other liabilities for breach of contract.

(III) This agreement is in two copies, each party holds one copy, both of which have the same legal effect. The place where the agreement is signed is Meilan District, Haikou City.

V. Influences of the Termination Transaction

The Lease Termination Agreement is a result of the negotiation between parties involved and the Company (include Garden Lane Hotel) will not assume any legal liability for compensation of the Lease Termination Agreement. Therefore, it will not have a material impact on the entire production and operation and financial position of the Company, or damage the interests of the Company and other shareholders.

From the effective date of the Lease Termination Agreement concluded by Garden Lane Hotel and the Two Companies, the ordinary connected transaction agreements entered into by the Company and Changchun Mingmen and Jilin Province Tourism Group, which was included in the Proposal on the Contemplated Ordinary Connected Transactions in 2022 considered and approved at the 29th meeting of the 9th Board held on 28 April 2022, were terminated accordingly. For details, please refer to the Announcement on the Contemplated Ordinary Connected Transactions in 2022 disclosed in the designated information disclosure media on 28 April 2022.

VI. Various Connected Transactions with the Connected Party on a Cumulative Basis

Since the conclusion of the lease contract between Garden Lane Hotel and the Two Companies, the total amount for various transactions on a cumulative basis was RMB7.1754 million.

VII. Prior Approval and Independent Opinions of Independent Directors

Independent directors of the Company have approved the termination transaction in advance and agreed to submit this proposal to the Board for consideration with their independent opinions as follows:

(I) Upon careful review of materials related to this transaction provided by the Company, it is regarded that they are informative and sufficient so the Board can make rational and scientific decisions. It is agreed to submit the proposal on the Lease Termination Agreement entered into by a non-wholly-owned subsidiary, Garden Lane Hotel and the Two Companies including Changchun Mingmen and Jilin Province Tourism Group to the 30th meeting of the 9th Board for consideration.

(II) This transaction follows the principles of voluntariness, fairness and reasonableness and consensus. The termination transaction will not have a material impact on the entire production and operation and financial position of the Company. It is not found that there are behaviors and conditions which have caused damage to the interests of the Company and all minority shareholders, conforming to the provisions of related laws and regulations, and the Articles of Association.

(III) The Board considered the transaction according to legal procedures, and connected directors have abstained from voting, thus the decision procedures of the connected transaction conform to laws and regulations.

By order of the Board
Shang Duoxu
Chairman

Haikou, Hainan Province, the PRC
31 May 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*