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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)

Announcement of Connected Transaction

on Signing Supplementary Agreement of Lease Agreement

The Supplementary Agreement of Lease Agreement

Subsequent to the release of the “Discloseable and Connected Transactions Lease Agreements” dated July 13 2021 and “Announcement of Connected Transaction on Signing Supplementary Agreement of Lease Agreement” dated December 14 2022, the Board of Directors (the “**Board**”) of the Northeast Electric Development Company Limited (the “**Company**”) is pleased to announce that with a view of satisfying the operation needs of Hainan Garden Lane Flight Hotel Management Co., Ltd. (the “**Garden Lane Hotel**”, “**the Lessee**”), an indirect non-wholly-owned subsidiary of the Company, that Garden Lane Hotel entered into the Second Supplementary Agreement to the Lease Agreement (the “**Supplementary Agreement**”) on January 22 2024, with Dalian Changjiang Plaza Co., Ltd.* (大連長江廣場有限公司) (the “**Dalian Changjiang Plaza**”, “**the Lessor**”), a related party.

According to the Supplementary Agreement, the relevant provisions on the adjustment of original Lease Agreement are as follows: the lease term is extended for one year, from the original "September 1 2021 to December 31 2023" to "September 1 2021 to December 31 2024", at the same time, it is agreed that the rent standard for 2024 will still be RMB7.5 million (equivalent to approximately HK\$8.15 million). The remaining parts of the original Lease Agreement shall continue to be valid, except for the provisions of this Supplementary Agreement that expressly make adjustments.

Implication of the Listing Rules

As the Company and Dalian Changjiang Square are enterprises under the control of Hainan HNA No.2 Trust Management Service Co., Ltd.* (海南海航二號信管服務有限公司), the indirect controlling shareholder of the Company, forming a connected relationship, the transactions proposed in the Supplementary Agreement constitute a connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited (the “**Listing Rules**”).

In accordance with IFRS 16 “Leases”, the Group will recognise right-of-use assets in the consolidated financial statements of the Company in connection with the tenancy of the Property. According to rule 14A.24 (4) of the Listing Rules, as one or more applicable percentages defined in rule 14A.06 of the Listing Rules do not exceed 5% and the total consideration is also less than HK\$10,000,000, the Supplementary Agreement will be regarded as acquisition of assets by the Group which constitutes a connected transaction to be disclosed transaction of the Company and is subject to the announcement requirement but exempt from obtaining Shareholders’ approval under the Listing Rules.

Approval Procedures

The Supplementary Agreement to the Lease Agreement was approved at the 9th meeting of the 10th Board of Directors held on January 22 2024. These connected Directors as defined by the Listing Rules, namely Mr. Su Weiguo, Mr. Ding Jishi, Mr. Mi Hongjie and Mr. Zhu Xinguang, abstained from voting at the Board meeting.

The Directors have confirmed that the terms of the Supplementary Agreement is fair and reasonable and the transactions contemplated under the Supplementary Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Company, beneficial to the Lessee's continued operation, reflecting the indirect controlling shareholder and their Related parties' support to the Company are in the interests of the Company and the shareholders as a whole.

I. Profile of the Connected Transaction

(I) Basic information on the connected transaction

On January 22 2024, Garden Lane Hotel and Dalian Changjiang Plaza entered into the Second Supplementary Agreement to the Lease Agreement (the "**Supplementary Agreement**"). According to the Supplementary Agreement, the relevant provisions on the adjustment of the original Lease Agreement are as follows: the lease term is extended for one year, from the original "September 1 2021 to December 31 2023" to "September 1 2021 to December 31 2024", at the same time, it is agreed that the rent standard for 2024 will still be RMB7.5 million. The remaining parts of the original contract shall continue to be valid, except for the provisions of this Supplementary Agreement that expressly make adjustments.

(II) Relationship with the Company and Information on ultimate beneficial owners

As the Company and Dalian Changjiang Square are enterprises under the control of Hainan HNA No.2 Trust Management Service Co., Ltd.* (海南海航二號信管服務有限公司), the indirect controlling shareholder of the Company, forming a connected relationship, the transactions proposed in the Supplementary Agreement constitute a connected transaction of the Company under the Listing Rules.

Dalian Changjiang Plaza Co., Ltd.* (大連長江廣場有限公司), which is indirect wholly-owned subsidiary by Hainan HNA No. 2 Trust Management Service Co., Ltd.. The controlling shareholder of No. 2 Trust Service is, HNA Group Bankruptcy Reorganisation Specialised Service Trust* (海航集團破產重整專項服務信託) (the “**Trust**”), being a trust created for the implementation of the Restructuring Plan. The Trustees of the Trust are CITIC Trust Corporation Ltd.* (中信信託有限責任公司) (“**CITIC Trust**”) and Everbright Xinglong Trust Co., Ltd.* (光大興隴信託有限責任公司) (“**Everbright Xinglong**”, together with CITIC Trust, the “**Trustees**”). The Trust is formed for the benefit of all the creditors of the 321 companies (including HNA Group) under the Restructuring Plan.

The number of beneficiaries of the Trust is approximately 20,000 (the “**Beneficiaries**”), and the units held by the Beneficiaries are highly dispersed, among which the highest Trust units held by a single beneficiary ranges from approximately 3 to 4%. Therefore, the Trust has no actual controller.

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

On the 9th meeting of the 10th Board of Directors on January 22 2024, the proposal was approved by non-connected Director Ms. Liu Jiangmei, Ms. He Wei and three independent non-executive Directors, Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning, while these connected Directors Mr. Su Weiguo, Mr. Ding Jishi, Mr. Mi Hongjie and Mr. Zhu Xinguang had abstained from voting at the Board meeting, according to relevant provisions of The Stock Exchange of Hong Kong Limited and the Articles of Association of Northeast Electric Development Company Limited (the “**Articles of Association**”).

The Directors have confirmed that the terms of the Supplementary Agreement is fair and reasonable and the transactions contemplated under the Supplementary Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Company, beneficial to the Lessee's continued operation, reflecting the indirect controlling shareholder and their Related parties' support to the Company are in the interests of the Company and the shareholders as a whole.

The independent Directors of the Company had reviewed the connected transaction in advance and issued independent opinions. The transaction does not constitute a major asset restructuring as defined in the Administrative Measures for Major Asset Restructuring of Non listed Public Companies according to relevant laws, regulations and the Articles of Association. Therefore, it does not need to be approved by relevant authorities or submitted to the general meeting of the Company for consideration after the size tests.

(IV) Implication of the Listing Rules

In accordance with IFRS 16 “Leases”, the Group will recognise right-of-use assets in the consolidated financial statements of the Company in connection with the tenancy of the Property. According to rule 14A.24 (4) of the Listing Rules, as one or more applicable percentages defined in rule 14A.06 of the Listing Rules do not exceed 5% and the total consideration is also less than HK\$10,000,000, the Supplementary Agreement will be regarded as acquisition of assets by the Group which constitutes a connected transactions to be disclosed transaction of the Company and is subject to the announcement requirement but exempt from obtaining Shareholders’ approval under the Listing Rules.

II. Main contents of the connected transaction agreement

Party A(Lessor): Dalian Changjiang Plaza Co., Ltd.

Party B (Leasee): Hainan Garden Lane Flight Hotel Management Co., Ltd.

In view of the Lease Agreement signed by Party A and Party B on July 13 2021 and the First Supplementary Agreement signed on December 14 2022, based on the need for continued cooperation between both parties and the continued operation of the hotel business, in accordance with general commercial terms, both parties have agreed to extend the Lease for one year until December 31 2024, and the rent standard for 2024 will still be RMB7.5 million. The Second Supplementary Agreement to the Lease Agreement (the "**Supplementary Agreement**") is signed in Haikou, Hainan Province, China on January 22 2024 and shall be observed by both parties:

(I) Both parties agree to adjust and supplement the relevant provisions of the original Lease Agreement as follows:

"3.2 Based on Party B's need to protect the rights and interests of the public investors of listed companies and Party B's internal compliance management, the lease term of this contract is from September 1 2021 to December 31 2024 through negotiation between Party A and Party B. After the expiration of this contract, if Party B needs to continue leasing, after Party B performs its review procedures according to the requirements of compliance management and is approved, the contract can be renewed after both parties agree through negotiation. The rent pricing during the renewal period is determined by both parties it shall be determined after negotiation.

The annual rent and property management fee (if applicable) during the execution of this contract shall be paid according to the rent payment table in Article 4.1 of this contract.

4.1 Party A and Party B agree that from September 1 2021, Party B shall pay the annual rent and property management fee (if applicable) to Party A on time according to the following rent payment table. Party A guarantees that it will not increase the rent and expenses for any other reason during the term of the contract.

Appendix: Payment Form of Hotel Rent and Property Management Fees (if applicable)"

Unit: RMB

Lease term	Annual rent	Monthly rent	Annual property management expense (If applicable)	Monthly Property management expense (if applicable)
2021.9.1-2021.12.31	9,500,000	791,666.67	0	0
2022.1.1-2022.12.31	7,500,000	625,000.00	0	0
2023.1.1-2023.12.31	7,500,000	625,000.00	0	0

2024.1.1- 2024.12.31	7,500,000	625,000.00	0	0
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(II) After the expiration of this Supplementary Agreement, both parties can continue to extend the term through negotiation; In addition, Party A (Lessor) and Party B (Lessee) have the right to terminate this Supplementary Agreement in advance.

(III) Other terms

This Supplementary Agreement is established on the date of signature and seal by the representatives of both parties, and it will take effect from the date of approval by the competent authority of the parent Company of party B.

After this Supplementary Agreement comes into force, the remaining parts of the original Lease Agreement shall continue to be valid, except for the provisions of this Supplementary Agreement that are clearly adjusted and supplemented.

III. Other instructions

1. Consideration by the Board and approval procedures necessary for these contracts to take effect. The signing of this Supplementary Agreement is a supplementary change to some matters of the original Lease Agreement, which falls within the scope of the rights authorized by the Board of Directors at the second extraordinary general meeting of the Company in 2021 held on August 23 2021, and has been reviewed and approved at this meeting of the Board of Directors, so it is unnecessary to resubmit it to the General Meeting of the Company for review.
2. Reasons and Benefits of the Connected Transaction. The signing of this Supplementary Agreement is the result of consensus of all parties, conducive to Garden Lane Hotel's sustainable operation, will not have a significant impact on the Company's overall production, operation and financial situation, and will not damage the interests of the Company and other shareholders.

3. The independent directors of the Company expressed their independent opinions. After reviewing the Supplementary Agreement of the Lease Agreement signed by Hainan Garden Lane Flight Hotel Management Co., Ltd., a holding subsidiary of the Company, and Dalian Changjiang Plaza Co., Ltd., a related party, we all agreed that this related party transaction had been reviewed at the 9th meeting of the 10th Board of Directors of the Company, and the related directors had withdrawn from voting. The review procedure was legal and effective, the contents of the agreement comply with relevant laws, regulations and the Articles of Association.

Based on independent judgment, we agree to this proposal.

4. In this announcement, translation of RMB into HKD was based on the exchange rate of RMB1 to HK\$0.9201.

By order of the Board
Northeast Electric Development Co., Ltd.
Su weiguo
Chairman

Haikou, Hainan Province, the PRC
January 22 2024

As at the date of this Announcement, the Board comprises of six executive Directors, namely Mr. Su Weiguo, Ms. Liu Jiangmei, Ms. He Wei, Mr. Ding Jishi, Mr. Mi Hongjie and Mr. Zhu Xinguang; and three independent non-executive Directors, namely Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning.

* *for identification purpose only*