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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)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT ON EXTERNAL INVESTMENT

The members of the Board and the Company acknowledge being responsible, individually and jointly, for the truthfulness, accuracy, and completeness of the announcement. There is no false or misleading statement or material omission in this announcement.

Important Tips:

- Subject Matter of Investment: Godin Cyberspace Security Technology Co., Ltd.
- Investment Amount: RMB22 million

I. External Investment Overview

(I) Northeast Electric Development Co., Ltd. (“Company” or “the Company”) intends to enter into with Shanghai Xianke Investment Management Center (Limited Partnership) (“Shanghai Xianke”) the Equity Purchase Framework Agreement (on Conditions Attached to Become In Force) between NEE and Shanghai Xianke (“Purchase Agreement”). Participation in investment refers to that the Godin Cyberspace Security Technology Co., Ltd. ("Godin Cyberspace") will invest RMB22 million.

(II) On April 28, 2016, the Company has reviewed and approved the Proposal of Acquiring 55% of Shares of Godin Cyberspace Security Technology Co., Ltd. The Company or its wholly-owned subsidiaries were allowed to acquire 55% of shares of Godin Cyberspace Security Technology Co., Ltd. (hereinafter referred to as “Godin Cyberspace”) held by Shanghai Xianke Investment Management Center (hereinafter referred to as “Shanghai Xianke”) by cash payment at acquisition price of about RMB22 million, and the final acquisition price should be determined through negotiation between the two trading parties by referring to the evaluation report issued by the evaluation institution. Besides, the Company was allowed to sign the Share Acquisition Framework Agreement with Conditions for Effectiveness and the Profit Compensation Agreement with Shanghai Xianke regarding this acquisition of shares. The proposal needs to be submitted to the general meeting of shareholders of the Company for consideration.

(III) This external investment does not constitute a material asset reorganization as specified in the Administrative Measures for the Material Asset Reorganizations of Listed Companies, and no associated relationship or interest arrangement exists between the aforesaid institutions and the Company. The Company's controlling shareholders, actual controllers, shareholders holding over 5% of the shares, directors, supervisors and senior executives did not invest in the above subject matter of the investment, nor assumed any position in such subject matter of the investment.

II. Basic Information on the Subject of the Investment Agreement

Name:	Shanghai Xianke Investment Management Center (Limited Partnership)
Type:	Limited Partnership
Registered Address:	Room 160, 6/F, Building F, No. 1000, Zhenchen Road, Baoshan District, Shanghai
Executive Partner:	Sun Jingchun
Funding Date:	December 29, 2015
Expiration Date of the Partnership:	December 28, 2035
Scope of Business:	Asset management (except for equity investment and equity investment management); industrial investment (except for equity investment and equity investment management); business information consulting; investment consulting (except for equity investment and equity investment management); enterprise management consulting; corporate image planning; market information consulting and investigation (shall not engage in social surveys, social researches, public opinion surveys, and opinion polls); financial consulting. [The business that requires to be legally approved shall be carried out upon the approval of competent departments.]

Shanghai Xianke is actually controlled by Sun Jingchun, the executive partner of the Center. No associated relationship in terms of the property, business, assets, credit and debt and personnel exists between Shanghai Xianke and the Company. The main financial indicators of the limited partnership are as follows:

Unit: ten thousand RMB

Project	December 31, 2015
Total assets	10
Net assets	10
Project	Year of 2015
Business revenue	-
Net profits	-

III. Basic Information on the Subject Matter of the Investment

Name: Godin Cyberspace Security Technology Co., Ltd.

Corporate Type: Limited Liability Company

Registered Capital: RMB50 million

Registered Address: Room C606, 6/F, Building B-2, Northern Territory, Zhongguan Village, No.66, Xixiaokou Road, Haidian District, Beijing

Legal Representative: Sun Jingchun

Founding Date: June 24, 2014

Scope of Business: Technology development, technology promotion, technology transfer, technical consulting, technical services; software development; computer systems and services; data processing; infrastructure software services; sales of electronic products, communications equipment, computers, software and auxiliary equipment. [The business that requires to be legally approved shall be carried out upon the approval of competent departments.]

Godin Cyberspace, from its foundation in 2014 to now, has been focusing on providing security products, services and solutions to the smart mobile end users, including the security operating system, security application software, security back-end services and other fields.

The main product of Godin Cyberspace is "virtual phone" APP, which is a virtual phone security solution launched by Godin Cyberspace, with the virtual signal technology, virtual machine technology, encryption technology and cloud technology as the core, to provide users with the mobile phone security solution independent of the hardware environment. The main functions of the virtual phone include the virtual numbers, virtual space, security services, and cloud storage. Virtual phone consists of virtual mobile applications, key management system and cloud security service. The client application has two versions for Android and iOS platforms respectively. Virtual phone numbers enable users to make phone calls with a phone number other than that of the master SIM card; virtual space provides users with the ability to run APP in virtual environment; the security service provides users with data encryption and key management services; and cloud storage can provide users with virtual local phone data cloud storage and synchronization. The target users of virtual phone are mainly industrial users and individuals in business field. For industrial users, the virtual phone can serve as a work phone, of which the work phone number and work APP capability will be equipped and remote control and encryption of data will be provided. For people in business circle, the virtual phone can be used as a second phone, for which the phone number and related social software accounts will be provided as well as the function to protect the privacy. The business model of the product can be sold both to corporate clients and individual clients, providing services in the form of an APP.

The main financial indicators of Godin Cyberspace are as follows:

Unit: ten thousand RMB

Project	December 31, 2015	December 31, 2014
Total assets	474.68	741.88
Net assets	166.61	-1,228.75
Project	Year of 2015	Year of 2014
Business revenue	126.31	-
Net profits	-3,014.12	-1,228.75

IV. Main Contents of the External Investment Agreement

(I) Transferee: Northeast Electric Development Co., Ltd. ("Party A"); Transferor: Shanghai Xianke Investment Management Center (Limited Partnership) ("Party B").

(II) Method and amount of contribution: Party A or its wholly-owned subsidiary agreed to pay in cash to Party B as the consideration for purchasing the underlying asset; cash payment of approximately RMB22 million.

(III) Effectiveness conditions: The Agreement shall become effect upon the signatures and seals of Party A and Party B; the equity purchase has been approved by Party A's Board of Directors.

(IV) Profit and loss during the transitional period: Both parties agree that the transitional period of this transaction is from the base date of assets evaluation (exclusive) to the equity settlement date (inclusive). Party A or its wholly-owned subsidiary reserves the proceeds on the underlying asset generated during the transitional period, and Party B shall bear the losses to the asset during the transitional period and compensate Party A or its wholly-owned subsidiary for the losses in cash. Determination of the profits and losses during the transitional period shall be subject to the audit report from the base date of assets evaluation to the date of equity settlement.

(V) Performance commitment and compensation: In this equity purchase, Party B and Party A, upon mutual consultation, agree to sign an additional performance compensation agreement in case that the actual proceeds of the underlying asset fail to meet the predicted profits.

Both parties confirm that the performance commitment period for the underlying asset in respect of this equity purchase shall be the years of 2016, 2017 and 2018. The committed net profits shall be 5 million, 10 million and 15 million.

During the performance commitment period, if the actual net profit of the underlying asset is lower than the promised net profit, Party B shall compensate Party A or its wholly-owned subsidiary in cash. Party A shall hold a board meeting within thirty (30) working days following the publication of the annual report of the current year during the performance commitment period to calculate and determine the compensation amount payable by Party B to Party A, and send the written notice on such compensation to Party B. Party B shall remit the compensation amount in lump-sum to the bank account designated by Party A or its wholly-owned subsidiary within thirty (30) working days upon the receipt of the notice on the compensation.

(VI) Liabilities for breach: The defaulting party shall bear legal liability for breach of the provisions of this Agreement, laws or regulations, compensate the non-defaulting party for the relevant costs arising from this equity purchase (including but not limited to the payments to agencies such as the independent financial advisor, audit, evaluation and law firms, as well as the transportation and accommodation expenses) and all losses suffered by the non-defaulting party.

V. Objectives, Potential Risks and Impact on the Company of the External Investment

After this transaction, the Company will enter the smart software development field, and then gradually transform from the traditional manufacturing industry to intelligent software and Internet business. This investment is also faced with fierce competition in the intelligent software industry, and thus certain market risks may arise. Investors should pay attention to such investment risks and make investments rationally and prudently.

By order of the Board
Su Jianghua
Chairman

Yingkou, Liaoning Province, the People's Republic of China
29 April 2016

As at the date of the Statement, the Board of Directors comprises of six directors, namely Mr. Su Jianghua, Mr. Su Weiguo, Mr. Wang Zheng, Mr. Liu Jun, Mr. Li Min, and Mr. Feng Xiaoyu ; and three independent directors, namely Mr. Zhang Luyang , Mr. Jin Wenhong and Mr. Qian Fengsheng.