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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION**  
**DISPOSAL OF 100% EQUITY INTEREST IN**  
**NORTHEAST ELECTRIC (BEIJING) CO., LTD.**

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A notice convening the extraordinary general meeting of Northeast Electric Development Co., Ltd. (the "Company"), at which the resolution for approving the Agreement (as defined in this circular) will be considered, as it was published and dispatched to Shareholders of the Company on 30 September 2016, is set out again in this circular for reference.

If you intend to attend the extraordinary general meeting, please complete and return the reply slip in accordance with the instructions printed thereon as soon as possible and in any event no later than 25 October 2016.

Whether or not you propose to attend the extraordinary general meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's H Share registrar in Hong Kong, Boardroom Share Registrars (HK) Ltd., at 31/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not later than 24 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

24 October 2016

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## DEFINITIONS

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

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### DEFINITIONS

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<b>"Agreement"</b>	the equity transfer agreement dated 30 September 2016 entered into between the Vendor, the Purchaser, Kingpost and NNE (HK) Limited
<b>"Board"</b>	the board of Directors
<b>"Company"</b>	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 PRC with limited liability, whose A shares and H shares are listed on the Shenzhen Securities Exchange and the Stock Exchange of Hong Kong Limited respectively
<b>"Connected person"</b>	has the meaning ascribed thereto under the Listing Rules
<b>"Consideration"</b>	the consideration of RMB1,000,000 for the sale and purchase of the Target Interest pursuant to the Agreement
<b>"Director(s)"</b>	the director(s) of the Company
<b>"Disposal"</b>	the disposal of the 100% equity interest as contemplated under the Agreement
<b>"EGM"</b>	the extraordinary general meeting of the Company to be convened on 15 November 2016 to approve the Agreement and the transactions contemplated thereunder
<b>"Group"</b>	the Company and its subsidiaries
<b>"HK\$"</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the PRC
<b>"Latest Practicable Date"</b>	21 October 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>"PRC GAAP"</b>	PRC General Accepted Accounting Principles
<b>"PRC"</b>	the People's Republic of China
<b>"Purchaser"</b>	北京耀芯科技有限公司 (Beijing Yaow Hsin Tech Limited), a company incorporated in the PRC

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## DEFINITIONS

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<b>"RMB"</b>	Renminbi, the lawful currency of the PRC
<b>"Share(s)"</b>	the share of RMB1.00 each of the Company
<b>"Shareholder(s)"</b>	shareholder(s) of the Company
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"Target Company"</b>	東北電氣（北京）有限公司 (Northeast Electric (Beijing) Limited), a company incorporated in the PRC, the entire equity interest of which are held by the Vendor on the date of signing the Agreement
<b>"Target Interest"</b>	100% of the entire equity interest in the Target Company
<b>"Vendor"</b>	瀋陽凱毅電氣有限公司 (Shenyang Kaiyi Electric Limited), a company incorporated in the PRC with limited liability, a wholly owned subsidiary of the Company
<b>"%"</b>	per cent

*# For identification purpose only*

*\* For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.1629 has been used for currency translation. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.*

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LETTER FROM THE BOARD

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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)

*Directors:*

Mr. Su Jianghua  
Mr. Su Weiguo  
Mr. Wangzheng  
Mr. Liu jun  
Mr. Limin  
Mr. Feng Xiaoyu

*Registered Office:*

23/F, Building 4, No. 9 East Taihu Road, Xinbei District,  
Changzhou City  
Jiangsu Province  
The People's Republic of China

*Independent Non-executive Directors:*

Mr. Zhang Luyang  
Mr. Jin Wenhong  
Mr. Qian Fengsheng

*Head office and principal place of business in Hong Kong:*

Rooms 801 and 803, 8/F,  
Beverly House,  
93-107 Lockhart Road,  
Wanchai,  
Hongkong

Dear Sir or Madam:

**MAJOR TRANSACTION**  
**DISPOSAL OF 100% EQUITY INTEREST IN**  
**NORTHEAST ELECTRIC (BEIJING) CO.,LTD.**

**Introduction**

Reference is made to the announcement of the Company dated 30 September 2016, whereby it was announced that on 30 September 2016 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Target Interest, being 100% equity interest in the Target Company, at a consideration of RMB1,000,000 (equivalent to approximately HK\$1,162,900).

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## LETTER FROM THE BOARD

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The purpose of this circular is to give you further information regarding the Disposal which is reasonably necessary to enable you to make an informed decision as to whether to vote in favour of the resolution proposed at the EGM.

### **This Agreement**

#### **Date**

30 September 2016 (after trading hours)

#### **Parties**

1. The Vendor: Shenyang Kaiyi Electric Co., Ltd.
2. The Purchaser: Purchaser Profile
  - 2.1. Name: Beijing Yaow Hsin Tech Limited
  - 2.2. Enterprise Type: Limited Liability Company
  - 2.3. Incorporation Date: 15 May 2005
  - 2.4. Unified social credit identifier: 91110108775496435Q
  - 2.5. Registered premises: Unit 102, No.7 (Xinjiang Restaurant), Sanlihe Road, Haiding District, Beijing
  - 2.6. Registered Capital: RMB1 million
  - 2.7. Substantial shareholders:

The natural person Qi Xihui contributed RMB600,000, accounting for 60%; the natural person Song Linsheng contributed RMB200,000, accounting for 20%; natural person Chen Jinhe contributed RMB200,000, accounting for 20%.
  - 2.8. Legal representative: Song Linsheng
  - 2.9. Business scope: Development, transfer, consultation, service and promotion of technology; computer system service; application software service; software development; the organization of cultural and art exchange activities (excluding commercial performance); the organization of exhibitions.

The Vendor and the Target Company NNE (Beijing) Limited are wholly owned subsidiaries of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and are not connected with the Company and its connected persons.

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## LETTER FROM THE BOARD

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### **Terms of the Agreement**

Pursuant to the Agreement, the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Target Interest, being 100% equity interest in the Target Company, at a consideration of RMB1,000,000.

Prior to the completion of the Disposal, the Vendor holds 100% equity interest in the Target Company.

Upon the completion of the Disposal, the Purchaser holds 100% equity interest in the Target Company.

### **Consideration**

The Consideration of RMB1,000,000 payable by the Purchaser to the Vendor pursuant to the terms and conditions of the Agreement shall be settled in the following manner:

The Consideration shall be paid by the Purchaser to the Vendor by way of cash between the date of signing the Agreement and 31 December 2016.

The consideration payable by the Purchaser under the Agreement is determined based on arm's length negotiations between the Purchaser and the Vendor with reference to the audited consolidated net asset value of the Target Company as at 31 December 2015.

According to the Agreement, the Vendor shall have the right to demand the Purchaser to return the Target Interest to the Vendor when there is any default of payment of the Purchaser under the Agreement. Moreover, according to the Agreement, in the event of default of the Purchaser, the Vendor shall have the right to claim damages against the Purchaser and the Purchaser shall compensate the loss of the Vendor with an amount not exceeding 10% of the Consideration.

### **Conditions Precedent**

The Agreement shall be subject to and conditional upon the fulfillment of the following conditions precedent:

- (i) the approval by the Board and the Shareholders in the EGM on the Disposal in accordance with the Agreement has been obtained;
- (ii) all necessary approvals, consents, authorizations or permits (if any) as required by relevant government authority(ies) or other third party(ies) in respect of the transactions contemplated under the Agreement shall have been obtained;
- (iii) the circular of the Company in relation to the approval of the Agreement has been cleared by the Stock Exchange and dispatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules; and
- (iv) the approval by each of the Shareholders' General Meeting of the Vendor and the Purchaser on the equity transfer under the Agreement shall have been obtained.

If the above conditions are not satisfied on or before 31 December 2016 (or such later date as the Vendor and the Purchaser may agree in writing), the Agreement shall cease and terminate. Thereafter, neither party shall have any obligation or liability towards each other, save for any antecedent breaches.

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## LETTER FROM THE BOARD

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### **Completion**

The completion of the Agreement shall take place on 31 December 2016 after all the conditions precedent to the completion of the Disposal have been fulfilled.

### **INFORMATION ABOUT THE COMPANY, THE VENDOR AND THE GROUP**

The Company is a company incorporated in the PRC as a joint stock limited company and its shares are listed on the Stock Exchange and Shenzhen Stock Exchange. The Vendor and the Target Company are incorporated in the PRC with limited liability and the wholly-owned subsidiary of the Company.

The principal business of the Company, the Vendor and the Group are the manufacture and sale of system protection and transmission equipment including power capacitors and closed busbars. The Group is the major bases of manufacturing, researching, and export of electrical transmission and transformation equipment in the PRC and the major supplier of electrical transmission and transformation equipment in the PRC.

### **INFORMATION ABOUT THE PURCHASER**

The Purchaser is a company incorporated in the PRC with limited liability and is engaged in the business of wholesale, import and export of power transmission equipment, machinery and electronic equipment, meter equipment, hardware tools, metal, rubber and plastics products.

### **INFORMATION ABOUT THE TARGET COMPANY**

The Target Company is a joint venture incorporated in the PRC with limited liability. It has a registered capital of RMB2,000,000. As at the date of the Agreement, the Target Company has no subsidiary. The Target Company is engaged in the business of manufacturing of switch control device, casting manufacturing and processing of machinery, surface processing; installation, commissioning, maintenance and after-sales service of power transmission and transformation equipment; manufacturing of hardware tools; transfer, service, consultation and development of technical achievement.



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## LETTER FROM THE BOARD

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### Principal financial data and indicators of Beijing Company in the latest 1 year and 1 period according to PRC GAAP

(Unit: RMB)

	As at 31 August 2016	End of 2015
Current asset	56,315,730.12	59,214,606.82
Non-current asset	68,570.56	68,570.56
Total asset	56,384,300.63	59,283,177.38
Total liabilities	55,648,293.84	58,209,644.26
Shareholder's equity	736,006.84	1,073,533.12
Net cash flows from operation activities	-3,078,276.70	10,355,634.88
	<b>From January to August 8 2016</b>	<b>2015</b>
Operating income	403,589.75	1,701,880.29
Net profit	-337,526.28	3,237,657.40

### REASONS FOR THE DISPOSAL

Considering the loss of client resource after the change in listed company's substantial shareholder, the new substantial shareholder and the Company's Board of Directors have established the resource integration strategy of strategic transformation and industry structure adjustment. And as the industry of power transmission and transformation is hard to complete the reform, the Target Company has recorded slumps since the previous financial year because of increased pressure in labor cost and expenses. Therefore the Board of Directors is not optimistic about the future prospect of the Target Company and proposes to dispose all the equity assets of the Target Company with the net asset audited in 2015 as the reference standard.

The Board of Directors is of the view that the Disposal is in the interest of the Company and the Shareholders as a whole.

### FINANCIAL EFFECTS

It is expected that the Group will record a profit of approximately RMB264,000 (approximately equivalent to HK\$307,005) from the Disposal and such profit is calculated with reference to the difference between the amount of the Consideration and the net value of the investment provided by the Purchaser to the Target Company.

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## LETTER FROM THE BOARD

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### USE OF PROCEEDS

The Company intends to use the net proceeds from the Disposal as general working capital for its existing businesses.

### IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules, and is therefore subject to the requirements of reporting, announcement and Shareholders' approval.

Under Rule 14.40 of the Listing Rules, the Agreement is subject to the approval of Shareholders at a general meeting of Shareholders. The approval shall be given by majority vote of the Shareholders.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to a third party, either generally or on a case-by-case basis.

An EGM will be convened and held for Shareholders to consider and, if thought fit, approve the Agreement and the Disposal contemplated thereunder.

### EGM

A notice convening the EGM, at which the resolution to approve the Agreement and the Disposal shall be proposed, as the notice was published and dispatched to Shareholders of the Company on 30 September 2016, is set out again on pages 15 to 16 of this circular. The EGM will be held at 9:30 am on 15 November 2016 at the Conference Room of the Company, No.1 Xintai Road, Bayuquan District, Yingkou, Liaoning Province, PRC.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry as at the date of this circular, no Shareholder or his or her associates have a material interest in the Disposal and therefore, no Shareholder is required to abstain from voting on the resolutions in connection with the Disposal at the EGM.

Where a Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Whether or not you propose to attend the extraordinary general meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's H Share registrar in Hong Kong, Boardroom Share Registrars (HK) Ltd., at 31/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not later than 24 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors consider that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the Disposal contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendices to this circular.

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

24 October 2016

## 1. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The principal activities of the Group are manufacture and sale of system protection and transmission equipments including power capacitor and closed busbar. The Directors confirm that there will be no major change to the Group's principal business activities as a result of the Disposal. It is the plan of the Company that the Directors will continue to control and reduce cost on raw material in relation to the production of the Group for the purpose to increase profit margin. Further details of the Company's future plan were disclosed by the Company in the annual report of the Company for the year ended 31 December 2015.

## 2. INDEBTEDNESS STATEMENT

At the close of business on 21 August 2016, being the latest practicable date prior to the printing of this circular for the purpose of this statement of indebtedness, the Group had bank borrowing amounting to RMB9,000,000, the details of which are set out below:

<b>Bank loans repayable within 1 year</b>	<b>RMB '000</b>
- secured	9,000

The bank borrowings are secured by certain property, plant and equipment and land use right of the Group. Save as disclosed herein, the Group had no other debt securities and the Group did not have any other borrowing, charges, contingent liabilities or guarantees.

## 3. CONTINGENT LIABILITIES

At the close of business on 21 August 2016, the Group has the following contingent liabilities:

(a) material litigation and arbitration

To the best knowledge of the directors, the Company had no other material pending or threatened litigations or claims.

(b) the Group has provided guarantee and (i) as at 21 August 2016, the Company has not provided guarantee for Beijing Company; and (ii) it is estimated that the contingent liabilities by providing guarantee for other units was RMB53,050,000;

(c) the Company has endorsed undue bank accepted bills of RMB6,588,600 up to 21 August 2016; and

(d) the bank has issued performance bonds for the Group in the amount of RMB1,305,737.50 by the end of 21 August 2016.

## 4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group and the net proceeds from the Disposal, the Group has sufficient working capital to satisfy its requirements for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS**

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company has an interest or short position in any shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS**

As at the Latest Practicable Date, so far as is known to the Directors, supervisors and chief executives of the Company, the persons (other than Directors, supervisors or chief executives of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

**Long positions in the shares, underlying shares and debentures of the Company:**

Shareholder	Nature of Shareholder	Number of Shares held	Approximate percentage in the Company's share capital
HKSCC Nominees Limited	Foreign legal person	256,877,999	29.41%
Suzhou Tsing Chuang Trading Group Co	Domestic non-state-owned legal person	81,494,850	9.331%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, supervisors or chief executive of the Company, no other person has an interest or short position in shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

As at the Latest Practicable Date, Mr. Liu Jun and Mr. Su Jianghua, Directors of the Company, are the directors of Suzhou Tsing Chuang Trading Group Co., Ltd. Save as disclosed herein, the Directors are not director, proposed director or employee of Suzhou Tsing Chuang Trading Group Co., Ltd. and/or HKSCC Nominees Limited.

#### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service agreement between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

#### **6. DIRECTORS' INTERESTS CONTRACTS OF SIGNIFICANCE AND ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Company or are proposed to be acquired or disposed of, by or leased to any member of the Company.

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted as at the Latest Practicable Date.

#### **7. LITIGATION AND ARBITRATION MATTERS**

As at the Latest Practicable Date, to the best knowledge of the directors, the Company had no other material pending or threatened litigations or claims.

**8. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years preceding the date of this circular and are or may be material:

- (a) the Agreement;
- (b) Share transfer and changes in substantial shareholders and De Facto controller:

On 21 December 2015, New Northeast Electric Investment Co., Ltd (“New Northeast Electric Investment”), the largest shareholder, entered into the Agreement on Share Transfer of Northeast Electric Development Co., Ltd (the “Agreement on Share Transfer”) with Suzhou Tsing Chuang Trading Group Co., Ltd. (Suzhou Tsing Chuang), pursuant to which New Northeast Electric Investment transferred 81,494,850 shares of outstanding A shares not subject to trading moratorium (representing 9.331% of the company’s share capital) to Suzhou Tsing Chuang. The register and transfer procedures were finished on 22 January 2016 with Shenzhen Branch of CSDC. The largest shareholder of the company has been changed to Suzhou Tsing Chuang, and the De Facto controller has been changed to Liu Jun.

**9. GENERAL INFORMATION**

- (a) The registered office of the Company is located at 23/F, Building 4, No. 9 East Taihu Road, Xinbei District, Changzhou City, Liaoning Province, the PRC.
- (b) The principal place of business of the Company in Hong Kong is located at Rooms 801 & 803, 8/F Beverley House 93-107 Lockhart Road Wanchai, Hong Kong
- (c) The transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong.
- (d) The Board secretary of the Company is Mr. Su Weiguo, who is a Director and the vice chairman of the Company.
- (e) The joint company secretary and authorized representative of the Company is Mr. Chen Yipping, who is a member of The Society of Chinese Accountants & Auditors and the Certificate of Certified Public Accountant, and an associate member of The Association of Chartered Certified Accountants.
- (f) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal office hours at Rooms 801 & 803, 8/F Beverley House 93-107 Lockhart Road Wanchai, Hong Kong on the date of this circular and up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” of this appendix;
- (c) the annual reports of the Company for two years ended 31 December 2015; and
- (d) this circular.



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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)

### NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS IN 2016

**NOTICE IS HEREBY GIVEN:** that the third Extraordinary General Meeting (the “EGM”) of shareholders in 2016 of Northeast Electric Development Company Limited\* (the “Company”) will be held at 9:30 am on 15, November 2016 at the conference room, No.1, Xintai Road, Bayuquan District, Yingkou, Liaoning Province, the PRC for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

### ORDINARY RESOLUTION

“THAT:

- (a) the terms and conditions of the Transfer Agreement dated 30 September 2016(the “Transfer Agreement”) entered into between 瀋陽凱毅電氣有限公司 (Shenyang Kaiyi Electric Limited)and 北京耀芯科技有限公司 (Beijing Yaow Hsin Tech Limited), a copy of the Swap Agreement has been produced to the EGM marked “A” and signed by the chairman of the meeting for the purpose of identification, be and are hereby approved; &
- (b) the directors of the Company (the “Directors”) authorized for and on behalf of the Company, among other matters, to sign, execute, perfect, deliver or to authorize signing, executing, perfecting and delivering the Swap Agreement be hereby approved, ratified and confirmed, and the Directors beand are hereby authorized to do or authorize doing all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Swap Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Swap Agreement as they may in their discretion consider to be desirable and in the interest of the Company.”

*Notes:*

- (1) Any shareholder of A shares who has registered on the register of the Company at China Securities Depository and Clearing Company Limited Shenzhen Branch by the close of business on 8 November 2016 is entitled to attend the Meeting.
- (2) In order to confirm the list of shareholder of H shares who are entitled to attend the meeting, the register of shareholders of the Company will be closed from 15 October 2016 to 15 November 2016 (both days inclusive), during which period no transfer of shares will be registered. The shareholders whose names appear on the register by the close of business on 14 October 2016 are entitled to attend the meeting and vote at the meeting.
- (3) Shareholders of H shares who intend to attend the meeting shall deposit the transfer documents and relevant share certificates at the Company's H shares registrar, Boardroom Share Registrars (HK) Limited ,31th Floor, 148 Electric Road, North Point Hong Kong not later than 4:30 pm on 14 October 2016.
- (4) Shareholders of H shares who intend to attend the EGM shall mail or fax the written reply for attending the meeting to the Company before 25 October 2016.
- (5) Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (whether or not shareholder of the Company) to attend and vote at the meeting on his/her behalf.
- (6) In order to be valid, the proxy forms of shareholders and other documents (if any) should be deposited at the Company or the Company's H shares registrar no later than 24 hours before the time appointed holding the EGM.
- (7) The EGM is expected to last for half a day. Shareholders or their proxies attending the meeting shall bear their own travel and accommodation expenses.

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*\* for identification purpose only*

By order of the Board

**Su Jianguhua**

*Chairman*

Yingkou City, Liaoning Province, the PRC,

30 september 2016

*As at the date of the Statement, the Board of Directors comprises of six directors, namely Mr. Su Jianguhua, 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.*