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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)

**INSIDE INFORMATION
AND
RESUMPTION OF H SHARES TRADING
AND
RESUMPTION OF A SHARES TRADING**

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined under the Listing Rules), under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong) and Rules 13.09 and 13.10B of the Listing Rules.

Reference is made to the announcements of the Company dated 2 January 2017, 3 January 2017, 18 January 2017 and the Circular.

**SIGNING OF SALE AND PURCHASE AGREEMENT BY SUZHOU TSING
CHUANG AND CHANGE OF SUBSTANTIAL SHAREHOLDER**

The Board wishes to announce that on 22 January 2017, Suzhou Tsing Chuang (transferor), a substantial shareholder of the Company, entered into the Sale and Purchase Agreement with Beijing Haihongyuan (transferee) for the transfer of 81,494,850 A Shares held by Suzhou Tsing Chuang, at the consideration of RMB1.3 billion in total and RMB15.95 per share. Pursuant to the Sales and Purchase Agreement, Suzhou Tsing Chuang conditionally agreed to sell and Beijing Haihongyuan conditionally agreed to purchase 81,494,850 A Shares of the

Company, representing 9.33% of the total issued shares and 13.24% of the total A Shares of the Company as at the date of this announcement.

Accordingly, immediately after completion of the Disposal, Suzhou Tsing Chuang will cease to be a substantial shareholder of the Company.

BASIC INFORMATION ABOUT TWO PARTIES TO THE SALE AND PURCHASE AGREEMENT

(I) Transferor: Suzhou Tsing Chuang Trading Group Co., Ltd.

Unified social credit code: 913205073138628836

Legal representative: Su Jianghua

Domicile: No. 58, Nantiancheng Road, Suzhou HSR New Town

(II) Transferee: Beijing Haihongyuan Investment Management Co., Ltd.

Unified social credit code: 911101175996346317

Legal representative: Li Qiang

Domicile: Room 6012, 6/F, Joint Inspection Building, East Area, Mafang Logistics Base, Pinggu District, Beijing

SUMMARY OF THE SALE AND PURCHASE AGREEMENT

(I) Transfer subject matter

The Company's 81,494,850 A Shares held by Suzhou Tsing Chuang, representing 9.33% of the Company's total issued Shares.

(II) Transfer model

This share transfer will be effected by way of a Sale and Purchase Agreement.

(III) Transfer consideration and payment arrangement

The consideration for this share transfer is paid in the monetary way. After negotiation, the determined transfer price is RMB15.95 per share, and the total transaction consideration is RMB1.3 billion and will be paid in full to the transferor within three days after the date

when this share transfer is registered with China Securities Depository and Clearing Corporation Limited under the name of the transferee.

(IV) Effective condition

The Sale and Purchase Agreement shall come into effect upon signature and sealing by legal representatives or authorized representatives of both parties.

RELATIONSHIP BETWEEN TWO PARTIES TO THE SALE AND PURCHASE AGREEMENT

As at the date of this announcement, Mr. Liu Jun and Mr. Su Jianghua, Directors of the Company are the directors of Suzhou Tsing Chuang. Suzhou Tsing Chuang is not a connected person of Beijing Haihongyuan; the Company is not a connected person of Beijing Haihongyuan. The Disposal does not constitute a connected transaction.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Beijing Haihongyuan is an associate of HNA Hotel Group (Hong Kong) Company Limited, the subscriber of the Company's new H Shares to be issued. Subject to the completion of the Disposal, HNA Hotel Group (Hong Kong) Company Limited, subscriber of the Company's new H Shares to be issued, may become a substantial shareholder of the Company. Subject to the completion of the Disposal, Beijing Haihongyuan shall abstain from the voting at the EGM and Class Meeting of Holders of A Shares for 2017 to be held on 6 March 2017.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the Disposal and the Subscription are completed, the possible changes in the share capital and shareholding structure of the Company will be as follows:

Shareholders	As at the date of the this announcement		On date of completion of the Disposal		On date of completion of the Subscription	
	No. of Shares	Percentage of total issued Shares (%)	No. of Shares	Percentage of total issued Shares (%)	No. of Shares	Percentage of total issued Shares (%)
Shareholders of A Shares :						
Suzhou Tsing Chuang Trading Group Co., Ltd	81,494,850	9.33	0	0	0	0
Beijing Haihongyuan Investment Management Co., Ltd.	0	0	81,494,850	9.33	81,494,850	8.07
Public holders of A Shares	533,925,150	61.13	533,925,150	61.13	533,925,150	52.89
Sub-total :	615,420,000	70.46	615,420,000	70.46	615,420,000	60.96
Shareholders of H Shares						
Subscriber :	0	0.00	0	0.00	136,170,212	13.49
Public holders of H Shares :	257,950,000	29.54	257,950,000	29.54	257,950,000	25.55
Sub-total :	257,950,000	29.54	257,950,000	29.54	394,120,212	39.04
Total issued shares :	873,370,000	100.00	873,370,000	100.00	1,009,540,212	100

RESUMPTION OF TRADING IN H SHARES

As requested by the Company, trading in the H Shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 23 January 2017 pending the release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 24 January 2017.

RESUMPTION OF TRADING IN A SHARES

The A Shares of the Company was suspended from the market opening on 19 January 2017.

After the application to the Shenzhen Stock Exchange, the Company's A Shares (stock abbreviation: Northeast Electric, stock code: 000585) will be resumed from the market opening on the morning of 24 January 2017 (Tuesday).

Special Notice:

For the specific information about the Disposal, please see the information disclosure obligor "Statement of Stockholders Equity". The Company will promptly disclose information on the progress of the transfer of shares. The designated media for information disclosure are "Securities Times", Cninfo (<http://www.cninfo.com.cn>) and Hongkong disclosure website (<http://www.hkexnews.hk>). All information of the Company shall be subject to the information disclosed in the above designated media. The investors are advised to pay attention to the Company's follow-up announcement and aware of investment risks.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

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

"A Shares"	the domestic shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and subscribed for and traded in RMB
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Beijing Haihongyuan"	Beijing Haihongyuan Investment Management Co., Ltd., a limited liability company incorporated in the PRC and an associate of the Subscriber
"Class Meeting(s)"	the respective class meetings of the holders of H Shares and holders of A Shares to be convened and held for the purposes of approving, among other things, the Subscription Agreement and the transactions contemplated thereunder including the Specific Mandate

as disclosed in the Circular

“Circular”	the circular of the Company dated 19 January 2017 in respect of (1) placing of new H Shares under the specific mandate, (2) notice of EGM, (3) notice of H Shareholders Class Meeting; and (4) notice of A Shareholders Class Meeting
“Company”	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
“Director(s)”	director(s) of the Company
“Disposal”	disposal of 81,494,850 A Shares by Suzhou Tsing Chuang to Beijing Haihongyuan pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of approving, among other things, the Subscription Agreement and the transactions contemplated thereunder including the Specific Mandate as disclosed in the Circular
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on main board of the Stock Exchange and subscribed for and traded in HK\$
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale and Purchase Agreement”	Sale and Purchase Agreement dated 22 January 2017 entered into between Suzhou Tsing Chuang (as the

	transferor) and Beijing Haihongyuan (as the transferee) for the sale and purchase of 81,494,850 A Shares
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	HNA Hotel Group (Hong Kong) Company Limited (海航酒店集團(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 January 2017 and entered into between the Company and the Subscriber in respect of the Subscription
“Suzhou Tsing Chuang”	Suzhou Tsing Chuang Trading Group Co., Ltd. (蘇州青創貿易集團有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

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

Changzhou, Jiangsu Province, the People’s Republic of China

23 January 2017

As at the date of this announcement, 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 non-executive Directors, namely, Mr. Zhang Luyang, Mr. Jin Wenhong and Mr. Qian Fengsheng.