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(Stock Code:0042)

Announcement on Judgment Enforcement Process

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 19 October 2017, Northeast Electric Development Company Limited ("NEE" or the "Company") received the Supreme People's Court ("SPC") enforcement ruling numbered (2017) ZF No.27 forwarded by the attorneys, and a final ruling was made with respect to the review application filed by the Company to the SPC for its refusal to accept the enforcement ruling numbered (2015) GZYZ No.52 issued by Beijing Higher People's Court ("BHPC").

I. Basic Information about the Ruling and Enforcement

Reference is hereby made to the interim announcements dated 9 January & 26 September 2008, SPC final civil judgment numbered (2008) MEZZ No. 23 that NEE be liable with respect to the principal amount and interests of a loan granted by China Development Bank ("CDB") to Shenyang High Voltage Switchgear Co. Ltd. ("Shenyang High Voltage Switchgear") in the amount of RMB 150,000,000. The Company has fulfilled the obligations under the valid legal documents pursuant to such final judgment by the Court (for details, please refer to Annual Reports of Years 2007, 2008 and 2009).

On 20 March 2009, BHPC issued a civil ruling numbered (2009) GZZ3 that, according to the civil judgment already becoming valid rendered by the SPC numbered (2008) MEZZ No. 23, CDB, the enforcement applicant, petitioned the Court to order the parties against which the enforcement is sought, including NEE, to fulfill obligations under such valid legal document (for details, please refer to the interim announcements dated 30 March 2009).

On 12 July 2013, BHPC seized and attached 10% equities held by the Company in Shenyang Kai Yi Electric Co., Ltd. and 70% equities held by the Company in Shenyang Gaodongjia Drying Equipment Co., Ltd. Subsequently, NEE raised an objection to such enforcement to the BHPC.

On 30 December 2016, BHPC issued the enforcement ruling numbered (2015) GZYZ No.52, holding that “insufficient proofs are available to justify NEE's objection, and didn't support the claim that the Company performed its obligation to return the equity; in accordance with the effective ruling, BHPC opined that NEE shall perform its compensation obligations and the freezing of its relevant equities are not improper”, and ruled that “NEE's request for an objection is dismissed” by reference to laws and regulations. NEE subsequently petitioned to SPC for review.

II. Final Judgement of the Supreme People's Court

The enforcement ruling rendered by the Supreme People's Court numbered (2017) ZF 27 ruled that, the review application filed by NEE be dismissed, and the Beijing Higher Court's enforcement ruling numbered (2015) GZYZ 52 be upheld.

III. Summary on Whether There Are Other Litigation Outstanding and not Disclosed

As of the date of this Announcement, there are no other litigations, arbitrations involving the Company and its subsidiaries required to be disclosed but not disclosed.

IV. Potential Impact and Risks Posed by Enforcement of the Judgment under this Announcement on the Current Profit and Subsequent Profit of the Company

The frozen equities involved in the objection to enforcement of this case are 10% equities held by the Company in Shenyang Kai Yi Electric Co., Ltd. (with capital contribution of RMB100,000) and 70% equities held by the Company in Shenyang Gaodongjia Drying Equipment Co., Ltd. (the company finished liquidation in 2013, and deregistered the national and local taxation formalities, and returned back the Approval Certificate of Foreign-funded Enterprises. For details, please refer to Annual Reports of Years 2013), respectively. The subsequent influence on the Company by the enforcement ruling is conditional upon the negotiations between the Enforcement Court and the parties to this case, and therefore no exact judgment could be made.

The Company will timely fulfill its information disclosure obligations based on the progress of such enforcement. Investors are advised to pay attention to investment risks.

By order of the Board

Liu Daoqi

Chairman

Changzhou, Jiangsu Province, the PRC

20 October 2017

As at the date of the Statement, the Board of Directors comprises of six executive directors, namely Mr. Liu Daoqi, Mr. Li Rui, Mr. Bai Haibo, Mr. Song Xiang, Mr. Bao Zongbao and Mr. Zhang Xiangsheng; and three independent non-executive directors, namely Mr. Zhang Luyang, Mr. Jin Wenhong and Mr. Qian Fengsheng.