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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 on Litigation Progress

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).

Subsequent to the release of the "Announcement on Litigation" on 17 January 2024 and on 29 April 2024, Northeast Electric Development Company Limited (hereinafter referred to as “**Northeast Electric**” or the “**Company**”) received the civil judgment (2024) Qiong Min Zhong No. 313 issued by the Hainan Provincial Higher People's Court (hereinafter referred to as “Hainan Provincial High Court” or the “Court”) on 22 August 2024. Hainan Provincial High Court has given a second-instance judgment on the litigation on the application made by plaintiff Wang Juan and defendant Northeast Electric, Mazars Certified Public Accountants LLP * (中審眾環會計師事務所 (特殊普通合伙)) securities misrepresentation liability dispute case. The results of the second-instance judgment of the lawsuit are hereby disclosed below.

I. General information about the case

Plaintiff: Wang Juan, currently residing in Jinan City, Shandong Province, the PRC.

Defendant 1 : Northeast Electric Development Co., Ltd.; Domicile: Room A1-1077, 5/F, Block A, Business Incubation Center, Haikou City National High-tech Zone, No.266, Nanhai Avenue, Haikou City, Hainan Province; Legal representative: Su Weiguo; Title: Chairman.

Defendant 2 : Mazars Certified Public Accountants LLP * (中審眾環會計師事務所(特殊普通合夥)); Office address: 2/F-9/F, No. 169 Donghu Road, Wuchang District, Wuhan City, Hubei Province; Executive partners: Shi Wenxian, Guan Yunhong, and Yang Ronghua.

The plaintiff believed that the 2020 annual report, 2021 annual report, and 2022 annual report issued by the defendant Northeast Electric were inappropriate, and the 2020 annual audit report and 2021 annual audit report issued by the defendant Mazars Certified Public Accountants LLP did not correct the errors of the audited entity, all of which are considered inappropriate. The annual report and audit report did not reasonably reflect the actual operating status of the listed company, resulting in negative profits for Northeast Electric in 2020 and 2021, and therefore A shares delisted. The two defendants overly emphasized the protection of investors who plan to purchase shares of Northeast Electric, disregarding the rights and interests of existing small and medium-sized shareholders, seriously damaging the rights and interests of existing shareholders. Requesting your court to order the defendant Northeast Electric to issue new annual reports for 2020, 2021, and 2022, and to order the defendant Mazars Certified Public Accountants LLP to issue new audit reports for 2020 and 2021.

For details, please refer to the "Announcement on Litigation" disclosed by the Company on 17 January 2024 .

II. Preliminary court hearing

Hainan First Intermediate People's Court heard this case twice on 18 January 2024. On 26 April 2024, Hainan First Intermediate People's Court issued a civil written order [(2023) Qiong 96 Min Chu No.947]. Hainan First Intermediate People's Court held that the plaintiff Wang Juan's lawsuit claim had no factual basis and legal basis, which was not supported by the Court and should be rejected.

It was the judgment made by the Hainan First Intermediate People's Court that:

Reject all claims of plaintiff Wang Juan.

The case acceptance fee of RMB100 shall be borne by the plaintiff Wang Juan.

Those disagree with this judgment may submit an appeal to the Court within 15 days from the date of delivery of the judgment and appeal to the Hainan Higher People's Court.

For details, please refer to the "Announcement on Litigation Progress" disclosed by the Company on 29 April 2024.

The plaintiff Wang Juan subsequently filed an appeal application to the Court during the appeal period. The Hainan Provincial Higher People's Court filed the case on 25 June 2024, and the second instance opened on 23 July 2024.

III. Progress of the litigation

The Hainan Provincial Higher Court issued (2024) Qiong Min Zhong No. 313 Civil Judgment on 19 August 2024.:

“The Court found that the reason for Wang Juan appeal cannot be established and did not support its appeal request. The first instance ruling clearly identifies the facts and correctly applies the law.

According to the provisions of Article 177 of the Civil Procedure Law of the People's Republic of China, the Hainan Provincial High Court judged as follows:

Reject the appeal and uphold the original ruling.

The case acceptance fee of RMB100 shall be borne by the plaintiff Wang Juan.

This judgment is final.”

IV. Whether there are some other undisclosed litigations or arbitrations

As of the date of the announcement, the Company and the subsidiaries have not had any other litigations or arbitrations that should be disclosed but have not been disclosed.

V. Possible impacts of the litigation in the announcement on the current or future profit

In accordance with the second-instance judgement, Northeast Electric is not subject to any joint responsibility.

VI. Documents available for inspection

1. The civil judgment (2024) Qiong Min Zhong No. 313 issued by the Hainan Provincial Higher People's Court

By order of the Board

Su Weiguo

Chairman

Haikou, Hainan Province, the PRC

23 August 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.