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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 “Litigation Involving Announcement” on 15 July 2022 and “Announcement on Litigation Progress” on 8 February 2023, Northeast Electric Development Company Limited (hereinafter referred to as “Northeast Electric” or the “Company”) received the (2023) Qiong Min Zhong No. 280 Civil Judgment issued by the Hainan Provincial Higher People's Court (hereinafter referred to as “Hainan Provincial High Court” or the “Court”) on 30 June 2023. Hainan Provincial High Court has given a second-instance judgment on the litigation on the application made by Fushun Electric Porcelain for adjudicating Northeast Electric joint and several liability. The results of the second-instance judgment of the lawsuit are hereby disclosed below.

I. General information about the case

Plaintiff: Fushun Electric Porcelain Manufacturing Co., Ltd. (the “**Fushun Electric Porcelain**”).

Defendant: Northeast Electric Development Co., Ltd..

Third person 1: Shenyang High Voltage Switchgear Co., Ltd. (An independent third party which has no connection with the Company) (the “**Shenyang High Voltage Switchgear**”, “**High-voltage Switch Company**”).

Third person 2: New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (An independent third party which has no connection with the Company) (the “**New Northeast Insulation**”, “**Insulation Switches Company**”).

The litigation dispute over enforcement objection between the plaintiff Fushun Electric Porcelain Company and the defendant Northeast Electric Company, the third-party High-voltage Switch Company, and the third-party Insulation Switches Company was settled after the first intermediate people's Court of Hainan Province (**hereinafter referred to as “Hainan First Intermediate People’s Court”**) (2019) Qiong 96 Chu No.381 Civil Judgment, the judgment added a third party High-voltage Switch Company as the person to be executed in the Fushun City Intermediate People's Court of Liaoning Province (2015) Fu Zhong Zhi Zi No. 00140, and within the scope of non-investment, the Fushun City Intermediate People's Court of Liaoning Province (2015) Fu Zhong Min Chu Zi No. 00064 Civil Judgment determined that Insulation Switches Company was responsible for the debts of Fushun Electric Porcelain Company and assumed supplementary liability for compensation. (2021) Qiong Min Zhong No. 537 Civil Judgment dismissed the appeal and upheld the original judgment. The effective judgment of the Court has determined that the Insulation Switches Company and the High-voltage Switch Company are responsible for repayment of the processing fee of RMB11,258,221.34 and the interest undertaken by Fushun Electric Porcelain Company. Fushun Electric Porcelain Company has applied to Fushun Intermediate People's Court to add High Voltage Switchgear Company as the person subject to execution. But High Voltage Switchgear currently does not have any assets to execute.

The plaintiff believed that Northeast Electric Company, as a shareholder of the High-voltage Switch Company subject to execution, abused the independent status of the Company as a legal person and the limited liability of shareholders, and filed a lawsuit to the Court. The plaintiff, Fushun Electric Porcelain, requested the Court to:

- (1) According to the law, the defendant Northeast Electric Development Co., Ltd. was ordered to assume joint and several liability for the debts of Shenyang High Voltage Switchgear Co., Ltd. determined in the (2021) Qiong Min Zhong No. 537 Civil Judgment and (2019) Qiong 96 Min Chu No. 381 Civil Judgment specific creditor's rights. (The amount is RMB11,258,221.34 for the contract processing and interest, and the interest will be calculated from March 1 2011 to the date of actual payment at the same loan interest rate of the People's Bank of China for the same period); and
- (2) Defendant shall bear the cost of the lawsuit.

Regarding the specific judgments of the (2019) Qiong 96 Min Chu No. 381 Civil Judgment and (2021) Qiong Min Zhong No. 537 Civil Judgment, for details, please refer to the "Litigation Progress Announcement" disclosed by the Company on February 7 2021 and the "Litigation Progress Announcement" disclosed on October 20 2021.

II. Preliminary court hearing

Hainan First Intermediate People's Court heard this case twice on 8 September 2022 and 8 November 2022. On 30 December 2022, Hainan First Intermediate People's Court issued a civil written order [(2022) Qiong 96 Min Chu No.599]. Hainan First Intermediate People's Court held that the application made by this case constitutes a duplicate prosecution, which shall be dismissed according to law.

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

Reject the claims of the plaintiff Fushun Electric Porcelain Manufacturing Co., Ltd..

The case acceptance fee of RMB89,349.33 was returned to the plaintiff Fushun Electric Porcelain Manufacturing Co., Ltd..

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 announcements of the Company on the dated 15 July 2022 and 8 February 2023.

The plaintiff Fushun Electric Porcelain subsequently filed an appeal application to the Court during the appeal period. The Hainan Provincial Higher People's Court filed the case on February 11 2023, and the second instance opened on 27 June 2023.

III. Progress of the litigation

The Hainan Provincial Higher Court issued (2023) Qiong Min Zhong No. 280 Civil Judgment on 28 June 2023. The Court held that the focus of this case is whether the lawsuit filed by Fushun Electric Porcelain Company against High-voltage Switch Company and Northeast Electric Company constitutes a duplicate lawsuit. The Court found that the reason for Fushun Electric Porcelain Company's 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, Paragraph 1, Item 1, and Article 178 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.

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 [(2023) Qiong Min Zhong No. 280] issued by the Hainan Provincial Higher People's Court

By order of the Board

Su Weiguo

Chairman

Haikou, Hainan Province, the PRC

30 June 2023

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.