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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

This announcement is made pursuant to Rule 13.49(1) of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) and Paragraph 45 of Appendix D2 thereto.

Financial Highlights (prepared in accordance with the IFRS Accounting Standards)

Throughout 2025, the consolidated revenue of the Company and its subsidiaries is approximately RMB164.17 million, representing an increase of approximately RMB7.73 million from 2024.

Loss attributable to the equity holders of the Company is RMB82.70 million.

Loss per share attributable to the equity holders of the Company is RMB9.47 cents.

The Board of Directors has resolved not to declare the dividends at the end of 2025.

The Board of Directors (the “**Board**”) and the directors (the “**Directors**”) of Northeast Electric Development Company Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 prepared in accordance with the IFRS Accounting Standards, together with the comparative figures for the year ended 31 December 2024.

I. Highlights of the Audited Annual Results

Consolidated financial statements and related notes are prepared under IFRS Accounting Standards

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025 (Prepared in accordance with IFRS Accounting Standards)

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|--------------|------------------------|------------------------|
| Revenue | 3 | 164,170 | 156,441 |
| Cost of sales and services | | (113,928) | (110,359) |
| | | <hr/> | <hr/> |
| Gross profit | | 50,242 | 46,082 |
| Other income | 5 | 4,516 | 3,038 |
| Other gains and losses | 6 | (72,067) | 1,760 |
| Distribution and selling expenses | | (29,194) | (25,896) |
| Administrative and other operating expenses | | (30,663) | (31,136) |
| Impairment losses (including reversals of impairment losses) on financial assets | 7 | (4,980) | (3,400) |
| Finance costs | 8 | (292) | (517) |
| | | <hr/> | <hr/> |
| Loss before tax | | (82,438) | (10,069) |
| Income tax expense | 10 | (317) | - |
| | | <hr/> | <hr/> |
| Loss for the year | 9 | (82,755) | (10,069) |
| | | <hr/> | <hr/> |
| Other comprehensive income (expense) | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Fair value gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”) | | 3,580 | - |
| | | <hr/> | <hr/> |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange difference arising on translation of foreign operations | | 106 | (131) |
| Reclassification of cumulative translation reserve upon disposal of a foreign operation | | 12,234 | - |
| | | <hr/> | <hr/> |
| | | 12,340 | (131) |
| | | <hr/> | <hr/> |
| Other comprehensive income (expense) for the year | | 15,920 | (131) |
| | | <hr/> | <hr/> |
| Total comprehensive expense for the year | | (66,835) | (10,200) |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | | 2025 | 2024 |
|---|-------------|------------------|------------------|
| | <i>Note</i> | RMB'000 | <i>RMB'000</i> |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | (82,696) | (10,111) |
| Non-controlling interests | | (59) | 42 |
| | | <u>(82,755)</u> | <u>(10,069)</u> |
| Total comprehensive (expense) income for the year attributable to: | | | |
| Owners of the Company | | (66,776) | (10,242) |
| Non-controlling interests | | (59) | 42 |
| | | <u>(66,835)</u> | <u>(10,200)</u> |
| Loss per share | | | |
| | 12 | RMB cents | <i>RMB cents</i> |
| Basic | | (9.47) | (1.16) |

Consolidated Statement of Financial Position

At 31 December 2025 (Prepared in accordance with IFRS Accounting Standards)

| | <i>Notes</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|--------------|-------------------------------|-------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 30,143 | 32,678 |
| Right-of-use assets | | 16,353 | 18,011 |
| Interest in an associate | | - | - |
| Financial assets at fair value through profit or loss | | 19,060 | 19,071 |
| Equity instruments at FVTOCI | | - | - |
| Contract assets | | 1,296 | - |
| Deferred tax assets | | 1,399 | 1,747 |
| | | <hr/> 68,251 | <hr/> 71,507 |
| Current assets | | | |
| Inventories | | 39,281 | 32,560 |
| Trade and bills receivables | 13 | 52,764 | 34,822 |
| Prepayments, deposits and other receivables | | 16,665 | 16,774 |
| Contract assets | | 9,019 | 7,959 |
| Pledged bank deposits | | 1,619 | 3,620 |
| Cash and cash equivalents | | 8,951 | 15,215 |
| | | <hr/> 128,299 | <hr/> 110,950 |
| Current liabilities | | | |
| Trade payables | 14 | 43,472 | 43,004 |
| Contract liabilities | | 38,912 | 24,929 |
| Other payables and accruals | 15 | 312,311 | 246,642 |
| Bank borrowing | | 1,380 | - |
| Deferred income | | 1,925 | 1,925 |
| Tax payables | | 2,332 | 2,332 |
| Lease liabilities | | 5,595 | 6,989 |
| | | <hr/> 405,927 | <hr/> 325,821 |
| Net current liabilities | | <hr/> (277,628) | <hr/> (214,871) |
| Total assets less current liabilities | | <hr/> (209,377) | <hr/> (143,364) |

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Non-current liabilities | | |
| Contract liabilities | 4,721 | 1,625 |
| Provisions | 34,355 | 34,355 |
| Deferred income | 26,409 | 28,335 |
| Deferred tax liabilities | 1,399 | 1,747 |
| | <hr/> | <hr/> |
| | 66,884 | 66,062 |
| | <hr/> | <hr/> |
| NET LIABILITIES | (276,261) | (209,426) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Capital and deficits | | |
| Share capital | 873,370 | 873,370 |
| Reserves and accumulated losses | (1,151,606) | (1,084,830) |
| | <hr/> | <hr/> |
| Deficits attributable to owners of the Company | (278,236) | (211,460) |
| Non-controlling interests | 1,975 | 2,034 |
| | <hr/> | <hr/> |
| TOTAL DEFICITS | (276,261) | (209,426) |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Prepared in accordance with IFRS Accounting Standards)

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Northeast Electric Development Company Limited (the “**Company**”) was formerly known as Northeast Electricity Transmitting & Transformation Machinery Manufacturing Ltd. The Company is a company limited by shares established by directed placement initiated by Northeast Electrical Transmission and Transformation Equipment Company Corporation Limited (“**NET**”), which was approved by the Shenyang Corporate System Reformation Commission under approval: Shen Ti Gai Fa [1992] 81. The Company was officially founded on 18 February 1993. Its substantial shareholder is 北京海鴻源企業管理諮詢有限公司 Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.* (“**Beijing Haihongyuan**”).

The Company, a joint stock company incorporated in the People’s Republic of China (the “**PRC**”) with limited liability, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (“**H shares**”).

The addresses of the registered office and the principal place of business of the Company are located at Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province and 3503, Building A, Internet Finance Building, No.3 Guoxing Avenue, Haikou City, Hainan Province, respectively.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the production and sale of power transmission equipment and related accessories; hotel operations and provision of related catering services; and investment holding.

* The English name is for identification purpose only.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

Going concern basis

The following conditions indicate the existence of material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company was involved in a litigation during the year as a defendant in relation to an original loan of RMB35 million that originated in 1997. The loan was subsequently transferred pursuant to a “Debt Transfer Agreement” dated 1 June 2005 and settled through the use of stocks to offset the then outstanding balance of approximately RMB31.52 million. On 3 July 2025, the Company received the Notice of Appearance, the bill of indictment, and other related litigation materials served by the People’s Court of Heping District, Shenyang City of Liaoning Province* (遼寧省沈陽市和平區人民法院, the “Court”)(the “Litigation”).

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

On 27 September 2025, the Court rendered a first-instance judgment in the civil action brought by Liaoning Trust and Investment Company* (遼寧信託投資公司) (“**Liaoning Trust**”), holding that the Debt Transfer Agreement dated 1 June 2005 was invalid. The Court ordered the Company to pay compensation of approximately RMB31.52 million to the plaintiff and to pay occupation fees calculated on that amount, from 2 June 2005 to 19 August 2019 at the People’s Bank of China loan interest rate, and from 20 August 2019 to the actual settlement date at the Loan Prime Rate published by the National Interbank Funding Center;

The Company, together with its legal representative, has filed an appeal with the Intermediate People’s Court of Shenyang City, Liaoning Province* (遼寧省沈陽市中級人民法院, the “**Intermediate Court**”) on 11 October 2025. On 30 January 2026, the Intermediate Court issued its civil judgment, dismissing the appeal and affirming the first-instance judgment. The Intermediate Court held that the contract was void ab initio and that the lower court’s findings were factually and legally sound.

Pursuant to the effective final judgment, the Company is required to pay compensation of approximately RMB31.52 million and interest provisionally calculated at approximately RMB32.45 million as at 31 December 2025, which amounts to a total of approximately RMB63.97 million. The Company has recognized a provision for this amount in its consolidated financial statements.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The Company is subject to several uncertainties in relation to this Litigation. The Company, together with its legal representative, has filed a petition for retrial with the Higher People's Court of Liaoning Province* (遼寧省高級人民法院, the “**Higher Court**”) on 16 March 2026; however, the outcome of such a petition cannot be reliably assessed at this stage. As the second-instance judgment has already taken effect, the next procedural stage would be court-ordered enforcement. If such enforcement is issued, the Company would be required to settle compensation of approximately RMB31.52 million in principal together with interest provisionally calculated at approximately RMB32.45 million as at 31 December 2025, amounting to approximately RMB63.97 million in total. Although no enforcement order has yet been received, the timing of such issuance remains uncertain.

The Group is currently in a net current liabilities and net liabilities position as at 31 December 2025. In certain prior litigation cases, courts have suspended enforcement until the conditions for execution are fulfilled. It remains uncertain whether the Higher Court will grant such a suspension in this Litigation. In the event that enforcement proceeds and the Company is placed into liquidation, the Group's assets, including property, plant and equipment held by 阜新封閉母線有限責任公司 Fuxin Enclosed Busbar Co., Ltd.* (“**Fuxin Enclosed Busbar**”), a wholly-owned subsidiary, may be subject to seizure. This would adversely affect the continued operating capabilities of the Group's principal subsidiaries. While the Litigation has not yet impacted the Group's production and operations, the ultimate effects will depend on the enforcement decisions of the Higher Court and Liaoning Trust.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The Group recorded net current liabilities of approximately RMB277,628,000 and net liabilities of approximately RMB276,261,000 as at 31 December 2025. The Group also reported a loss of approximately RMB82,755,000 and had a net operating cash outflow of approximately RMB16,760,000 for the year ended 31 December 2025.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and the financial position of the Group and the Group's available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has made certain assumptions on the Litigation and certain prior litigation cases, and has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including:

1. On 16 March 2026, the Company, together with its legal representative, has filed a petition for retrial with the Higher Court on the Litigation, the outcome of the petition for retrial with the Higher People is expected to be favourable to the Company. Accordingly, the judgment will not be enforced against the Company, and no adverse impact on the Group's financial position or operations is expected;
2. The second-instance judgment of the Litigation has taken effect, and the next procedural stage would be court-ordered enforcement. At present, Liaoning Trust has not issued any enforcement order in respect of the second-instance judgment, and the Company has filed an application with the Higher Court for a retrial, which is pending acceptance by the Higher Court. Accordingly, the Group currently does not anticipate any obligation to discharge the compensation or related interest, and its cash resources will remain available for normal business operations;
3. In the event that enforcement of the Litigation proceeds, it is assumed that the courts will order suspension of enforcement until the conditions for execution are fulfilled. This assumption ensures that the Group will continue to have access to adequate working capital and financing support, without disruption to its liquidity position during the forecast period;

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

4. In the event that enforcement of the Litigation proceeds, it is assumed that Company will not be placed into liquidation by Liaoning Trust and the Group's assets, including property, plant and equipment held by Fuxin Enclosed Busbar, will not be subject to seizure. The Group's principal subsidiaries will therefore continue to operate without interruption, and production and operations will remain unaffected throughout the forecast period;
5. The substantial shareholder of the Company, Beijing Haihongyuan, has agreed to provide financial support and adequate funds to enable the Group to meet in full its financial obligations as they fall due for a period of up to twelve months from the end of the reporting period, if required;
6. The Group is currently negotiating with a local bank for a new loan facility amounted to RMB30 million. Such new loan facility is currently undergoing the final internal approval procedures of the local bank, based on the best estimate of the directors of the Company, the approval for the loan facility will be obtained in the near future;
7. Regarding the settlement of compensation for litigation amounted to RMB94,078,000, on 10 March 2023, the First Intermediate People's Court of Hainan Province ruled that the execution procedures cannot be proceeded, due to after the financial due diligence process, the Group has no assets available for execution and the remaining assets are not eligible for disposal. The execution procedures can be resumed only when the conditions for execution are fulfilled. The First Intermediate People's Court of Hainan Province then ruled the execution procedures are terminated and the execution procedures can be resumed when the Group has assets available for execution. Based on the best estimate of the directors of the Company, the compensation for litigation is not expected to be repaid within twelve months from the end of the reporting period;

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

8. Regarding the liabilities arising from guarantees issued to bankers of a former subsidiary amounted to RMB14,465,000 and RMB19,890,000, on 12 December 2024, the Intermediate People's Court of Jinzhou City Liaoning Province ruled that the execution procedures by Bank of China Jinzhou Branch cannot be proceeded, due to after the financial due diligence process, the Group has no assets available for execution and the remaining assets are not eligible for disposal. The execution procedures can be resumed only when the conditions for execution are fulfilled. The Intermediate People's Court of Jinzhou City Liaoning Province then ruled the execution procedures are terminated and the execution procedures can be resumed when the Group has assets available for execution. Based on the best estimate of the directors of the Company, the compensation for these litigations are not expected to be repaid within twelve months from the end of the reporting period;
9. The Group will pursue long-term sustainable growth by maintaining operational stability, optimizing resources and cost efficiency, and expanding into new markets. It will balance cash flow and strengthen profitability through sound operational objectives, product innovation, and diversification into higher-margin businesses. At the same time, the Group will enhance organizational effectiveness by reasonably allocating human resources, streamlining headquarters staffing, and transitioning toward a flatter management structure to reduce costs and improve agility. By integrating financial discipline, talent optimization, and market expansion, the Group aims to reinforce resilience, sustain competitiveness, and secure future transformation. The Company will also optimize access to capital markets to broaden financing channels and actively pursue the introduction of strategic investors, with the objective of enhancing its capital structure and supporting long-term sustainable growth.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 31 March 2026. The directors of the Company are of the opinion that, taking into account of the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

Notwithstanding the above, given the uncertain outcomes of the assumptions on the Litigation and certain prior litigation cases, and the execution of the above plans and measures by the Group are in progress as at the date of the approval for issuance of the consolidated financial statements, material uncertainties exist as to whether the management of the Group will be able to achieve its assumptions, plan and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the outcome of these assumptions, and the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings:

1. The Company has filed a petition for retrial of the Litigation with the Higher Court, and the outcome will result in favour of the Company, no enforcement of the judgment will be taken;
2. Although the second-instance judgment has taken effect of the Litigation, enforcement action has not be taken by Liaoning Trust and the Company has filed a retrial petition, the Group does not need to discharge the compensation and the related interest, and its cash resources will remain unaffected;
3. If enforcement of the Litigation proceeds, the court will order suspension of enforcement until the conditions for execution are fulfilled, thereby preserving the Group's liquidity and working capital;
4. The Company will not be placed into liquidation by Liaoning Trust, and its assets will not be subject to seizure; the Group's subsidiaries will continue to operate without interruption, ensuring production and operations remain unaffected;

1. CORPORATE INFORMATION AND BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

5. Successfully obtain funding and financial support from substantial shareholders to meet in full its financial obligations as they fall due;
6. Successful negotiation with banks for a new loan facility;
7. Settlement of compensation for a prior litigation case will not happen within the twelve months;
8. Order to repay liabilities arising from prior litigations on guarantees issued to bankers of former subsidiaries will not happen within the twelve months; and
9. The Group will maintain operational stability, optimize resources and costs, and expand into new markets through product innovation, diversification into higher margin businesses, and streamlined management. The Company will also utilize capital market financing to secure strategic investors.

Should the Group fail to achieve a combination of the abovementioned assumptions, plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that may have become onerous, where applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

* The English name is for identification purpose only.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments²</i> |
| Amendments to IFRS 9 and IFRS 7 | <i>Contracts Referencing Nature-dependent Electricity²</i> |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i> |
| Amendments to IFRS Accounting Standards IFRS 18 | <i>Annual Improvements to IFRS Accounting Standards — Volume 11² Presentation and Disclosure in Financial Statements³</i> |
| IFRS 19 | <i>Subsidiaries without Public Accountability: Disclosures³</i> |
| Amendments to IFRS 19 | <i>Amendments to Subsidiaries without Public Accountability: Disclosures³</i> |
| Amendments to IAS 21 | <i>Translation to a Hyperinflationary Presentation Currency³</i> |

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to IFRS Accounting Standards in issue but not yet effective *(Continued)*

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. REVENUE

(i) Disaggregation of revenue for contracts with customers

| | For the year ended 31 December 2025 | | |
|---|--|---|-------------------------|
| Segments | Production and sales of power transmission equipment and related accessories <i>RMB'000</i> | Hotel operations and provision of related catering services <i>RMB'000</i> | Total <i>RMB'000</i> |
| Types of goods and services | | | |
| Sales of enclosed busbars | 107,992 | - | 107,992 |
| Hotel operations | | | |
| - Hotel rooms revenue | - | 28,809 | 28,809 |
| - Catering and other ancillary services | - | 27,369 | 27,369 |
| Total | 107,992 | 56,178 | 164,170 |
| Geographical markets | | | |
| The PRC | 107,992 | 56,178 | 164,170 |
| Timing of revenue recognition | | | |
| At a point in time | 107,992 | 27,369 | 135,361 |
| Over time | - | 28,809 | 28,809 |
| Total | 107,992 | 56,178 | 164,170 |

3. REVENUE (Continued)

(i) Disaggregation of revenue for contracts with customers (Continued)

| | For the year ended 31 December 2024 | | |
|---|---|--|--------------------------|
| Segments | Production and sales of power transmission equipment and related accessories <i>RMB '000</i> | Hotel operations and provision of related catering services <i>RMB '000</i> | Total <i>RMB '000</i> |
| Types of goods and services | | | |
| Sales of enclosed busbars | 99,253 | - | 99,253 |
| Hotel operations | | | |
| - Hotel rooms revenue | - | 29,632 | 29,632 |
| - Catering and other ancillary services | - | 27,556 | 27,556 |
| Total | 99,253 | 57,188 | 156,441 |
| Geographical markets | | | |
| The PRC | 99,253 | 57,188 | 156,441 |
| Timing of revenue recognition | | | |
| At a point in time | 99,253 | 27,556 | 126,809 |
| Over time | - | 29,632 | 29,632 |
| Total | 99,253 | 57,188 | 156,441 |

3. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of enclosed busbars

For sales of enclosed busbars, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 5 to 90 days upon delivery.

Hotel operations

For income from hotel rooms revenue, revenue is recognised over time using output method when the service and facilities are provided. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

For income from provision of catering and other ancillary services, revenue is recognised when control of the goods has transferred to customers, being at the point the goods are delivered to the customer.

3. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Provision of sales of enclosed busbars | | |
| -Within one year | 130,121 | 123,481 |
| -More than one year | 126,735 | 101,027 |
| | <hr/> | <hr/> |
| | 256,856 | 224,508 |
| | <hr/> <hr/> | <hr/> <hr/> |

All the hotel operation services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OPERATING SEGMENTS

Information reported to the management, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Production and sales of power transmission equipment and related accessories
2. Hotel operations and provision of related catering services
3. Investment holding

Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2025

| | Production and sales of power transmission equipment and related accessories | Hotel operations and provision of related catering services | Investment holding | Total |
|----------------------------------|---|--|-------------------------------|-----------------|
| | <i>RMB’000</i> | <i>RMB’000</i> | <i>RMB’000</i> | <i>RMB’000</i> |
| Revenue | <u>107,992</u> | <u>56,178</u> | <u>-</u> | <u>164,170</u> |
| Segment results | <u>1,111</u> | <u>(5,882)</u> | <u>(202)</u> | <u>(4,973)</u> |
| Compensation for litigation | | | | (63,973) |
| Loss on disposal of a subsidiary | | | | (9,041) |
| Unallocated corporate expenses | | | | (4,451) |
| Loss before tax | | | | <u>(82,438)</u> |

4. OPERATING SEGMENTS *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2024

| | Production and sales of power transmission equipment and related accessories <i>RMB'000</i> | Hotel operations and provision of related catering services <i>RMB'000</i> | Investment holding <i>RMB'000</i> | Total <i>RMB'000</i> |
|--------------------------------|---|---|---|-------------------------|
| Revenue | <u>99,253</u> | <u>57,188</u> | <u>-</u> | <u>156,441</u> |
| Segment results | <u>1,850</u> | <u>(5,503)</u> | <u>(916)</u> | (4,569) |
| Unallocated corporate expenses | | | | <u>(5,500)</u> |
| Loss before tax | | | | <u>(10,069)</u> |

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment results represents the profit/loss from each segment without allocation of compensation for litigation, loss on disposal of a subsidiary, central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| <i>Segment assets</i> | | |
| Production and sales of power transmission equipment and related accessories | 138,498 | 121,062 |
| Hotel operations and provision of related catering services | 37,293 | 37,075 |
| Investment holding | 20,741 | 23,350 |
| | <hr/> | <hr/> |
| Total operating and reportable segment assets | 196,532 | 181,487 |
| Unallocated assets | 18 | 970 |
| | <hr/> | <hr/> |
| Consolidated assets | <u>196,550</u> | <u>182,457</u> |
| <i>Segment liabilities</i> | | |
| Production and sales of power transmission equipment and related accessories | 105,414 | 88,447 |
| Hotel operations and provision of related catering services | 90,627 | 81,402 |
| | <hr/> | <hr/> |
| Total operating and reportable segment liabilities | 196,041 | 169,849 |
| Unallocated liabilities | 276,770 | 222,034 |
| | <hr/> | <hr/> |
| Consolidated liabilities | <u>472,811</u> | <u>391,883</u> |

4. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than unallocated corporate assets.
- all liabilities are allocated to operating and reportable segments other than other unallocated corporate liabilities.

Other segment information

For the year ended 31 December 2025

| | Production and sales of power transmission equipment and related accessories | Hotel operations and provision of related catering services | Investment holding | Unallocated | Total |
|---|---|---|-----------------------|-------------|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Additions to property, plant and equipment | 502 | - | - | - | 502 |
| Impairment losses (including reversals of impairment losses) on financial assets | 274 | (5,254) | - | - | (4,980) |
| Research and development expenses | (5,178) | - | - | - | (5,178) |
| Short-term leases – office premises | - | - | - | (39) | (39) |
| Depreciation and amortisation of | | | | | |
| - property, plant and equipment | (3,022) | - | - | - | (3,022) |
| - right-of-use assets | (264) | (6,989) | - | - | (7,253) |
| Finance costs | (135) | (154) | (3) | - | (292) |

4. OPERATING SEGMENTS *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2024

| | Production and sales of power transmission equipment and related accessories | Hotel operations and provision of related catering services | Investment holding | Unallocated | Total |
|---|---|---|-----------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Additions to property, plant and equipment | 189 | - | - | - | 189 |
| Impairment losses (including reversals of impairment losses) on financial assets | (1,842) | (1,558) | - | - | (3,400) |
| Research and development expenses | (3,148) | - | - | - | (3,148) |
| Short-term leases – office premises | - | - | - | (58) | (58) |
| Depreciation and amortisation of | | | | | |
| - property, plant and equipment | (3,176) | - | - | - | (3,176) |
| - right-of-use assets | (264) | (6,910) | - | - | (7,174) |
| Finance costs | (167) | (233) | (117) | - | (517) |

Geographical information

Geographical information is not presented since the Group's operations are principally located in the PRC that all the Group's revenue from external customers is generated in the PRC and 100% (2024: over 99%) of the non-current assets, excluding financial instruments, of the Group are located in the PRC. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these consolidated financial statements.

4. OPERATING SEGMENTS *(Continued)*

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the year is as follow:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|------------|---------------------------|------------------------|
| Customer I | <u>26,379¹</u> | <u>N/A²</u> |

¹ Revenue from production and sales of power transmission equipment and related accessories.

² Revenue did not contribute over 10% of the total revenue of the Group for the corresponding reporting period.

5. OTHER INCOME

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------------------|------------------------|------------------------|
| Interest income from banks | 32 | 90 |
| Government grants (Note) | 2,104 | 2,913 |
| Technical service income | 2,339 | - |
| Sundry income | 41 | 35 |
| | <u>4,516</u> | <u>3,038</u> |

Note: During the current year, the Group recognised government grants amounted to i) RMB178,000 (2024: RMB988,000) in respect of subsidies received for technology-based small and medium-sized enterprises in the PRC; and ii) RMB1,926,000 (2024: RMB1,925,000) in respect of deferred income amortised relating to cost of acquisition and construction of the Group's factory based in Fuxin of the PRC.

6. OTHER GAINS AND LOSSES

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Compensation for litigation | (63,973) | - |
| Loss on disposal of a subsidiary | (9,041) | - |
| Gain from deregistration of branches | 946 | 1,756 |
| Gain on disposal of property, plant and equipment | 1 | 4 |
| | <hr/> | <hr/> |
| | (72,067) | 1,760 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Impairment losses recognised on | | |
| – trade receivables | 2,139 | 2,960 |
| – contract assets | 2,718 | 39 |
| – deposits and other receivables | 123 | 401 |
| | <hr/> | <hr/> |
| | 4,980 | 3,400 |
| | <hr/> <hr/> | <hr/> <hr/> |

8. FINANCE COSTS

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------------|------------------------|------------------------|
| Interest expenses on | | |
| – bank borrowing | 3 | 118 |
| – other payables | 135 | 166 |
| – lease liabilities | 154 | 233 |
| | <hr/> | <hr/> |
| | 292 | 517 |
| | <hr/> <hr/> | <hr/> <hr/> |

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Staff costs, including directors' emoluments | | |
| Salaries and other benefits | 21,849 | 26,500 |
| Contributions to defined contribution retirement schemes | 2,140 | 3,344 |
| | <hr/> | <hr/> |
| Total staff costs | 23,989 | 29,844 |
| | <hr/> | <hr/> |
| Auditor's remuneration | 900 | 900 |
| Cost of inventories recognised as an expense | 91,095 | 86,760 |
| Depreciation and amortisation of | | |
| - Property, plant and equipment | 3,022 | 3,176 |
| - Right-of-use assets | 7,253 | 7,174 |
| Research and development costs recognised as an expense | 5,178 | 3,148 |
| | <hr/> <hr/> | <hr/> <hr/> |

10. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss represents:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---------------------------|------------------------|------------------------|
| Current tax | | |
| PRC Enterprise income Tax | 317 | - |
| | <u>317</u> | <u>-</u> |

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. As Fuxin Enclosed Busbar has been accredited as a “High and New Technology Enterprise” by the relevant authorities in Liaoning province for a term of three years which will be expired in 2026 (2024: 2026), it is entitled to a reduced tax rate of 15%. Accordingly, the PRC EIT is calculated at 15% on the assessable profit of Fuxin Enclosed Busbar for both years.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

| | 2025 | 2024 |
|---|-----------------|-----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Loss | | |
| Loss attributable to owners of the Company for the purpose of calculation of basic loss per share | <u>(82,696)</u> | <u>(10,111)</u> |
| | 2025 | 2024 |
| | <i>'000</i> | <i>'000</i> |
| Number of shares | | |
| Number of ordinary shares for the purpose of calculation of basic loss per share | <u>873,370</u> | <u>873,370</u> |

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue during both years.

13. TRADE AND BILLS RECEIVABLES

| | 2025 | 2024 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 61,022 | 42,446 |
| Less: allowances for expected credit losses | (9,638) | (7,624) |
| | <hr/> | <hr/> |
| | 51,384 | 34,822 |
| | | |
| Bills receivable | 1,380 | - |
| | <hr/> | <hr/> |
| | 52,764 | 34,822 |
| | <hr/> <hr/> | <hr/> <hr/> |

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB38,330,000.

The Group normally grants a credit period of 5 days to 90 days to its customers.

The following is an aged analysis of trade and bills receivables, net of allowance for expected credit losses, presented based on the invoice dates.

| | 2025 | 2024 |
|--------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0-365 days | 36,886 | 18,639 |
| 1-2 years | 11,852 | 7,925 |
| 2-3 years | 3,588 | 5,737 |
| 3-4 years | 426 | 2,501 |
| Over 4 years | 12 | 20 |
| | <hr/> | <hr/> |
| | 52,764 | 34,822 |
| | <hr/> <hr/> | <hr/> <hr/> |

14. TRADE PAYABLES

| | 2025 | 2024 |
|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | <u>43,472</u> | <u>43,004</u> |

The following is an aged analysis of trade payable presented based on the invoice dates at the end of each reporting period.

| | 2025 | 2024 |
|--------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0-365 days | 29,940 | 30,588 |
| 1-2 years | 2,593 | 1,594 |
| 2-3 years | 1,051 | 8,539 |
| Over 3 years | 9,888 | 2,283 |
| | <u>43,472</u> | <u>43,004</u> |

The average credit period is 15 days to 120 days and certain suppliers grant longer credit period on a case-by-case basis.

15. OTHER PAYABLES AND ACCRUALS

| | 2025 | 2024 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Compensation for litigations | 158,051 | 94,078 |
| Amounts due to former subsidiaries | 49,596 | 49,596 |
| Amount due to a director | - | 4 |
| Amount due to an associate | 392 | 363 |
| Amount due to a substantial shareholder, Beijing Haihongyuan | 1,894 | 4,405 |
| Amounts due to related companies | 46,051 | 38,909 |
| Accrued charges and other payables | 45,683 | 50,776 |
| Other tax payables | 5,988 | 4,699 |
| Employment benefits payables | 4,656 | 3,812 |
| | <hr/> | <hr/> |
| | 312,311 | 246,642 |
| | <hr/> <hr/> | <hr/> <hr/> |

II. CORPORATE INFORMATION

- (1) Legal Chinese name: 東北電氣發展股份有限公司

Legal English name: Northeast Electric Development Company Limited

Chinese abbreviation: 東北電氣

English abbreviation: NEE

- (2) Legal representative: Zhu Xinguang

- (3) Executive Directors: Zhu Xinguang (acts as Chairman of the Board), He Wei, Liu Kejia, Ding Jishi, Mi Hongjie

- (4) Independent Non-executive Directors: Wang Hongyu, Li Zhengning, and Fang Guangrong

- (5) Supervisors: Fan Siyao (Chairman of the Supervisory Committee), Yang Qing, and Xing Meixia

- (6) Secretary to the Board: Ding Jishi

Authorized Representative of the H-share Issuer: Zhu Xinguang

Joint company secretary and authorized representative to accept service of process and notice in Hong Kong: Chan Yee Ping (Michael)

Place of business and place for acceptance of service of process and notice in Hong Kong: Unit B, 17/F, United Centre 95 Queensway, Hong Kong

(7) Registered address of the Company:

Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High-tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province

Postal code of the registered address: 571152

Office and correspondence address of the Company: 3503, Building A, Internet Finance Building, No.3 Guoxing Avenue, Haikou City, Hainan Province

Postal code of the office address: 570203

Telephone: 0898-65315679

Fax: 0898-65315679

Website: www.nee.com.cn

E-mail address: dbdqshbgs@hnatrust.com; nemm585@sina.com

(8) Website containing the annual report: www.neeq.com.cn; www.hkexnews.hk

Place for inspection of annual report: Office of the Board

(9) Place of listing, stock names and codes

H share:

- Hong Kong Stock Exchange
- Stock name: Northeast Electric
- Stock code: 00042

(10) Date of the Company's first registration: 18 February 1993

Place of registration: No. 18, North Er Zhong Road, Tie Xi District, Shenyang City, Liaoning Province, the PRC

Date of the Company's latest change of registration: 29 April 2025

Place of registration: Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center, Haikou National High-tech Zone, No. 266 Nanhai Avenue, Haikou City, Hainan Province Unified social credit code: 91210000243437397T

(11) Domestic auditor: Shenzhen Changjiang Certified Public Accountants Firm (深圳長江會計師事務所 (普通合夥))

Office address: Room 1001C, Tower A, Qianhai Horoy Center, No. 5059 Tinghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen

Overseas auditor: Wilson & Partners CPA Limited

Office address: Suite 1503, 15/F, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong

(12) Hong Kong Registrar: Boardroom Share Registrars (HK) Limited

Office address: 21/F, 148 Electric Road, North Point, Hong Kong

III. HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

(1) Summary of financial data in the past five years prepared in accordance with IFRS Accounting Standards

| Items | IFRS Accounting Standards | | | | |
|--|---------------------------|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| 1. Revenue (RMB'000) | 164,170 | 156,441 | 110,430 | 161,003 | 119,485 |
| 2. (Loss)/profit before tax (RMB'000) | (82,438) | (10,069) | (5,997) | (25,515) | 17,466 |
| 3. (Loss)/profit attributable to owners of the Company (RMB'000) | (82,696) | (10,111) | (5,956) | (25,142) | 17,629 |
| 4. Total assets (RMB'000) | 196,550 | 182,457 | 181,530 | 181,481 | 197,239 |
| 5. Total liabilities (RMB'000) | 472,811 | 391,883 | 380,756 | 374,511 | 364,776 |
| 6. Total deficits (RMB'000) | (276,261) | (209,426) | (199,226) | (193,030) | (167,537) |
| 7. Basic (loss)/earnings per share (RMB) | (0.09) | (0.01) | (0.01) | (0.03) | 0.02 |
| 8. Net liabilities per share (RMB) | (0.32) | (0.24) | (0.23) | (0.22) | (0.19) |
| 9. Shareholders' interest ratio (%) | (140.56)% | (114.78)% | (109.75)% | (106.36)% | (84.94)% |
| 10. Current ratio (%) | 31.61% | 34.05% | 33.98% | 34.25% | 41.95% |
| 11. Gearing ratio (%) | 240.56% | 214.78% | 209.75% | 206.36% | 184.94% |

(2) Primary financial information and financial indicators prepared in accordance with Corporate Accounting Standards (“CAS”)

| Profitability | Amount for the reporting period | Amount for the same period of last year | Increase/decrease in the reporting period compared with the same period of last year % |
|---|--|--|---|
| Operating income | 164,170,344.02 | 156,441,153.34 | 4.94% |
| Gross profit rate % | 31.36% | 30.06% | up by 1.3 percentage points |
| Net profit attributable to shareholders of the Parent company | -82,695,065.13 | -1,010,653.95 | - |
| Net profit attributable to shareholders of the Parent company after deduction of non-recurring gains and losses | -12,698,001.29 | -9,130,536.36 | - |
| Weighted average return on net assets (calculated in accordance with net profit attributable to shareholders of the Parent company) (%) | N/A | N/A | - |
| Weighted average return on net assets (calculated in accordance with net profit attributable to shareholders of the Parent company after deduction of non-recurring gains and losses) (%) | N/A | N/A | - |
| Basic earnings per share | -0.0947 | -0.0011 | - |

| | | | Increase/decrease in the reporting period compared with the same period of last year % |
|--|--------------------------------------|---------------------------------|---|
| Insolvency | End of the current period | End of the last year | |
| Total assets | 196,549,832.20 | 182,456,675.02 | 7.72% |
| Total liabilities | 470,564,025.96 | 390,735,076.52 | 20.43% |
| Net assets attributable to shareholders of the Parent company | -275,988,969.34 | -210,312,561.84 | - |
| Net assets per share attributable to shareholders of the Parent company | -0.32 1 | -0.24 | - |
| Gearing ratio (parent company) | 945.93% | 3815.83% | - |
| Gearing ratio (consolidated) | 239.41% | 214.15% | - |
| Current ratio | 0.38 | 0.34 | - |
| Interest coverage ratio | -369.09 | -1.43 | - |

| | | | Increase/decrease in the reporting period compared with the same period of last year % |
|--|--|--|---|
| Operation condition | Amount for the reporting period | Amount for the same period of last year | |
| Net cash flows from operating activities | -6,528,113.05 | 1,283,386.10 | - |
| Accounts receivables turnover | 3.86 | 4.50 | - |
| Inventory turnover | 3.14 | 3.43 | - |

| Growth condition | Amount for the reporting period | Amount for the same period of last year | Increase/decrease in the reporting period compared with the same period of last year % |
|---------------------------------|--|--|---|
| Growth rate of total assets | 7.72% | 5.82% | - |
| Growth rate of operating income | 4.94% | 41.67% | - |
| Growth rate of net profit | N/A | N/A | - |

(3) Non-recurring profit and loss items and amounts

| Item | Amount |
|---|-----------------------|
| Gains and loss on disposal of non-current assets, including the write-off of provision for impairment of assets | -9,040,679.07 |
| Gains and losses on entrusted investments or assets under management | 30,056.71 |
| Gains and losses from contingencies unrelated to the Company's normal operations (Note) | -63,972,913.69 |
| Non-operating income and expenses other than the foregoing items | 2,988,308.09 |
| Total non-recurring profit and loss | -69,995,227.96 |
| Less: effect of income tax | |
| Effect of minority interests (after tax) | 1,835.88 |
| Net amount of non-recurring profit and loss | -69,997,063.84 |

Note: During the current period, the Company recognized a provision for estimated liabilities in the full amount of RMB63,972,913.69 based on the final judgment in the dispute over the debt assignment contract with Liaoning Trust Investment Company.

(4) Reasons for the differences in accounting information under domestic and foreign accounting standards

| Item | Net profits attributable to owners of the parent company | | Net assets attributable to shareholders of the parent company | |
|--|---|--------------------------------|--|---------------------------------|
| | The same | | | |
| | The current period | period of the previous year | The end of the current period | The end of the previous year |
| Based on domestic accounting standards | -82,695,065.13 | -1,010,653.95 | -275,988,969.34 | -210,312,561.84 |
| Items and amounts adjusted based on overseas accounting standards | - | -9,100,000.00 | -2,246,848.33 | -1,147,625.60 |
| Based on overseas accounting standards | -82,695,065.13 | -10,110,653.95 | -278,235,817.67 | -211,460,187.44 |

- In accordance with Chinese Enterprise Accounting Standards, companies are required to classify work safety expenses accrued and utilized in accordance with the Work Safety Law as special reserves. As of the end of the current period, this amount totaled RMB2,246,848.33. Under IFRS Accounting Standards, this amount was reclassified as other payables. Consequently, there is a difference of RMB2,246,848.33 in net assets between the financial statements disclosed under domestic and international accounting standards for the current reporting period.

IV. REPORT OF THE DIRECTORS (Financial information prepared in accordance with CAS)

(1) Overview

Industry overview

Power industry. In 2025, China's overall economy made steady progress with structural optimization and upgrading. GDP surpassed RMB140 trillion for the first time. As the **"14th Five-Year Plan"** concluded successfully, China's power industry also achieved a historic leap. Total electricity consumption of the whole society exceeded 10 trillion kWh for the first time, representing a year-on-year increase of 5.0%, making China the first single country in the world with annual electricity consumption exceeding 10 trillion kWh. Electricity consumption accounted for as much as 31.6%–32.3% of the global total, providing a solid foundation for domestic demand for power equipment.

With the continuous growth in nationwide electricity consumption, installed power generation capacity and the scale of grid construction expanded in tandem. According to the **"2025 National Electricity Industry Statistics"** released by the National Energy Administration on 28 January 2026, the total installed capacity of power generation on a consolidated basis in China reached 3.89 billion kilowatts in 2025, representing a year-on-year increase of 16.1%. In addition, according to data released by State Grid, its annual fixed asset investment in 2025 exceeded RMB650 billion, while cumulative fixed asset investment during the **"14th Five-Year Plan"** period exceeded RMB2.8 trillion, both hitting record highs.

Pursuant to the national action plan titled “**Accelerating the Construction of a New Electric Power System (2024-2027)**”, continued investment in energy and power infrastructure upgrades has stimulated the electricity market. In December 2025, the National Development and Reform Commission and the National Energy Administration jointly issued the “**Guiding Opinions on Promoting the High-Quality Development of Power Grids**”, which clearly proposed to “**increase investment in power grids**” and promote that, during the “**15th Five-Year Plan**” period (2026–2030), State Grid’s fixed asset investment is expected to reach RMB4 trillion, representing an increase of 40% compared with the “**14th Five-Year Plan**” period, thereby injecting strong momentum into economic and social development.

In addition, driven by the national “**dual carbon**” emission reduction strategy, the level of domestic renewable energy consumption has continued to improve, driving the upgrading of the power industry. According to the “**Statistical Communiqué on National Economic and Social Development of 2025**” released by the National Bureau of Statistics, in 2025, China’s installed capacity of clean energy power generation reached 2.38 billion kilowatts, accounting for 64% of total installed capacity, exceeding the target of over 60% set in the “**14th Five-Year Plan**”. Among this, installed capacity of wind power and photovoltaic power reached 850 million kilowatts and 1.02 billion kilowatts respectively, representing year-on-year increases of 22.1% and 28.7%, becoming the core drivers of growth in clean energy capacity. At the same time, the proportion of electricity generated from clean energy reached 52.3%, exceeding 50% for the first time. This milestone signifies a critical transition in China’s power energy structure from “**fossil energy dominance**” to “**clean energy dominance**”. Under the continued guidance of the “**dual carbon**” emission reduction targets, China’s power industry has not only achieved historic breakthroughs in scale, but has also made solid progress in green transformation and technological innovation.

The continued strengthening of national power policies has provided clear direction for the high-quality development of the power industry and has also laid a solid foundation for the sustainable and high-growth development of the power transmission and transformation equipment industry.

Hotel and tourism industry. In 2025, China's hospitality and tourism industry continues to experience robust growth, building on the strong performance of the previous year. According to the domestic tourism statistics released by the Ministry of Culture and Tourism, the number of domestic trips in 2025 was 5.615 billion, representing an increase of RMB0.724 billion over the same period last year or a year-on-year growth of 14.8%. Furthermore, domestic tourists spent RMB5.75 trillion, representing an increase of RMB0.84 trillion over the last year or a year-on-year growth of 17.1%. In 2025, China's cultural and tourism consumption achieved both quantitative and qualitative improvements. The total number of domestic tourist trips for the year reached 6.522 billion, with total expenditure of RMB6.30 trillion. The growth rate of travel among rural residents reached 22.6%, indicating a notable trend of consumption sinking to lower-tier markets. In addition, according to the Government Work Report, China received 154.5 million inbound tourists in 2025, representing a year-on-year increase of 17.1%. Total inbound tourism expenditure reached US\$131.1 billion, up 39.2%. A total of 30.08 million foreign visitors entered China visa-free, representing an increase of 49.5%, with coastal cities experiencing particularly strong growth in inbound tourism. Against this backdrop, the overall structure of the hotel and tourism sector exhibited the core characteristics of **“stable growth in total volume, structural reshaping, and deepened transformation.”** The hotel industry has shifted from incremental expansion to a phase characterized by competition within existing capacity and value enhancement.

At the beginning of 2025, the total number of hotel establishments in China reached 348,700, while the total number of rooms exceeded 17.64 million, both surpassing historical peaks. The hotel industry entered a cycle of **“oversupply”**, with increasing operational pressure. In the first half of 2025, national hotel RevPAR (revenue per available room) declined by 5% year-on-year. In the second half of the year, driven by the National Day holiday, the surge in visa-free inbound tourism, and the upgrading of cultural and tourism consumption, the accommodation market experienced a structural recovery starting from the third quarter. For the full year of 2025, the national hotel RevPAR recorded a year-on-year decline of approximately 0.5%, basically stabilizing.

Main business that the Company engaged in during the Reporting Period

The Company has primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment as well as hotel catering and accommodation services. Main products offered by the Company include enclosed busbars which are applied to the power system field and are used to enhance transmission capacity of power transmission lines and support transmission of the high-power electric energy. These devices play an important role in the power system. Meanwhile, the Company also engaged in hotel catering and accommodation services. There was no material change in the principal business of the Company during the Reporting Period.

Business review

As the final year of the “**14th Five-Year Plan**”, 2025 witnessed strong overall momentum in the development of China’s power industry. The sector accelerated comprehensively in areas such as power grid upgrading, high-quality development of new energy, implementation of major projects, and coordinated advancement across the industrial chain, demonstrating a clear transition from traditional energy infrastructure to a strategic and systematic industry transformation.

As a key component of the power system, the power transmission and transformation equipment industry benefited in 2025 from the continued positive impact of national policies supporting the power sector. In the face of both market opportunities and intensified industry competition, the Group remained focused on its operating objectives, closely aligned with market expansion, strengthened operational management, deepened technological innovation, and reinforced cost control as core priorities. In 2025, the busbar business achieved robust production and sales, with new orders amounting to RMB160 million for the year and operating revenue reaching a record high. Meanwhile, the Group’s hotel business, supported by regional economic recovery, the relaxation of visa-free inbound tourism policies, and the growth of Dalian’s cultural and tourism industry, showed gradual improvement in the operating performance of Hotel Nikko Dalian under Garden Lane Hotel. Entering the peak season from the third quarter, both business and leisure customer traffic increased significantly.

During the Reporting Period, the operating income for the whole year was RMB164.17 million, representing a year-on-year increase of RMB7.7292 million, mainly due to the increase in sales order volume and delivered quantity from the subsidiary of the Company, Fuxin Busbar during the Reporting Period; the net profit attributable to shareholders of the Company was RMB-82.6951 million, representing a year-on-year loss increase of RMB81.6844 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-12.6980 million, representing a year-on-year loss increase of RMB3.5675 million.

(2) Main Activities

The main activities in the Reporting Period are as follows:

(I) Production and operation

1. Leveraging policy support to achieve a breakthrough in operating revenue

In 2025, driven by favorable macro policies in the power market, the Company capitalized on increased production capacity and implemented comprehensive marketing strategies to seize market opportunities. The busbar business adhered to the development philosophy of **“innovation-driven, results-oriented,”** concentrating resources on key areas such as order acquisition and cash collection, product research and development, delivery execution, and cost reduction and efficiency enhancement. The output value of the busbar business reached another record high, with new orders totaling RMB160 million for the year, providing solid support for sustainable operations.

2. Stable hotel operations with improved project performance

In 2025, the hotel market exhibited a moderate recovery overall. However, due to oversupply, average hotel prices remained under pressure. In response to the challenging market environment, the Company seized opportunities arising from the recovery of the hotel market and actively enhanced operational efficiency through measures such as product innovation, market expansion, and advertising and promotional initiatives. In 2025, revenue from hotel catering and accommodation businesses amounted to RMB56.18 million, representing a year-on-year decrease of 1.77%. The gross profit margin of hotel-related businesses decreased by 0.84 percentage points year-on-year, and overall hotel operations remained stable.

In accordance with the need for the continued operation of the hotel business, Garden Lane Flight Hotel (the “**Lessee**”), a controlling subsidiary of the Company, entered into a supplementary agreement to the lease contract with Dalian Changjiang Plaza Co., Ltd. (the “**Lessor**”), a related party. According to the Supplementary Agreement, the relevant provisions of the original lease contract were adjusted to extend the lease period for one year, changing the lease period from the original “**1 September 2021 to 31 December 2025**” to “**1 September 2021 to 31 December 2026**”, and the rent standard for 2026 was reduced from RMB7.5 million in the previous year to RMB6 million. Apart from the terms expressly adjusted in the Supplementary Agreement, the remaining terms of the original lease contract shall remain in effect.

3. Optimizing capital allocation to strengthen development foundations

In the face of the severe fund shortage, the Company proactively adopted measures to address the challenge. On the one hand, it reduced capital occupation by strengthening the collection of accounts receivable, lowering lease expenses for hotel operations, striving for tax incentives, and innovating guarantee issuance models. On the other hand, it implemented lean management practices by optimizing engineering design, strictly controlling material procurement, enforcing energy conservation and emission reduction measures, and strengthening inventory management, thereby improving capital allocation and cash flow conditions. At the same time, the Company increased investment in R&D and innovation to cultivate new profit growth drivers and reinforce capital support.

4. Optimizing asset structure to enhance asset quality

During the Reporting Period, the Company focused on optimizing internal asset allocation, revitalizing existing assets, improving its asset-liability structure, and enhancing the quality of core assets through the following transactions: on 17 January 2025, NEE disposed of its 100% equities in its wholly-owned subsidiary, NEE (HK), to a non-related party, Prosper Power Limited, at a consideration of RMB4 million; and on 29 September 2025, the controlling subsidiary Garden Lane Hotel transferred its 10.5% equities in Tianjin Center to a related party, Beijing Haihongyuan Enterprise Management Consulting Co., Ltd., at a consideration of RMB3.58 million.

5. Adhering to innovation-driven development to empower technological upgrading

During the Reporting Period, the Company upheld technological innovation as its core driving force, focusing on optimizing product processes and upgrading automated manufacturing, while continuously increasing R&D investment and improving its technological innovation system. Centered on production bottlenecks, market demand, and industry development trends, the Company carried out key technological research and facilitated the commercialization of results, steadily enhancing production efficiency, product quality, and core competitiveness. During the Reporting Period, the Company completed the development of two new products and 28 product design projects, and launched an automated welding robot project, laying a foundation for improving production efficiency, talent introduction, and technological advancement.

6. Implementing the main responsibility for safety to ensure the safe and stable production

During the Reporting Period, the Company strengthened its safety management framework, enhanced safety awareness, and reinforced accountability. It established and improved a comprehensive production safety system, created a safe production environment, deepened safety education, and developed a long-term safe production mechanism of “**clear responsibilities, prevention first and full participation**”. Comprehensive inspections and rectifications of safety risks were carried out to ensure the safe and stable operation of production activities. No safety incidents occurred throughout 2025.

(II) Connected transactions

1. **Connected transaction on transfer of 10.5% equities in HNA Tianjin Center Development Co., Ltd.**

Based on the need to integrate resources, supplement working capital, and promote sustainable operations, upon consideration and approval at the 16th meeting of the tenth session of the Board of Directors of NEE on 29 September 2025, the Company's controlling subsidiary, Hainan Garden Lane Flight Hotel Management Co., Ltd. (hereinafter referred to as "**Garden Lane Hotel**"), entered into the "**Agreement on Transfer of Equities**" in respect of HNA Tianjin Center Development Co., Ltd. (hereinafter referred to as "**Tianjin Center**") with a related party, Beijing Haihongyuan Enterprise Management Consulting Co., Ltd. (hereinafter referred to as "**Beijing Haihongyuan**"). Garden Lane Hotel transferred its 10.5% equities in Tianjin Center to Beijing Haihongyuan at a consideration of RMB3.58 million (for details, please refer to the announcement dated 29 September 2025). On 16 March 2026, the equity transfer was registered with the administration for industrial and commercial as a change.

2. **Connected transaction on signing a supplementary agreement to the lease contract**

In accordance with the need for the continued operation of the hotel business, Garden Lane Flight Hotel (the "**Lessee**"), a controlling subsidiary of the Company, entered into a supplementary agreement to the lease contract with Dalian Changjiang Plaza Co., Ltd. (the "**Lessor**"), a related party. According to the Supplementary Agreement, the relevant provisions of the original lease contract were adjusted to extend the lease period for one year, changing the lease period from the original "**1 September 2021 to 31 December 2025**" to "**1 September 2021 to 31 December 2026**", and the rent standard for 2026 was set at RMB6 million. Apart from the terms expressly adjusted in the Supplementary Agreement, the remaining terms of the original lease contract shall remain in effect. (For details, please refer to the announcement dated 24 December 2025)

(III) Progress of Major Litigation

1. Litigation concerning Liaoning Trust and Investment Corporation’s application to invalidate the Agreement on Transfer of Creditor’s Rights of NEE

The plaintiff, Liaoning Trust and Investment Corporation, applied to the Heping District People’s Court of Shenyang City, Liaoning Province, for rescission of the **“Agreement on Transfer of Creditor’s Rights”** entered into with the defendant NEE on 1 June 2005. The plaintiff requested the defendant to return the property benefits obtained under the contract, namely the debt repayment amount of RMB31.5233 million obtained through enforcement.

On 27 September 2025, the Heping District People’s Court of Shenyang City, Liaoning Province, issued the Civil Judgment ((2024) Liao 0102 Min Chu No. 28009), ruling at first instance that the **“Agreement on Transfer of Creditor’s Rights”** (Dong Liao Zhai Zhuan Zi No. 006) entered into on 1 June 2005 between the liquidation group of Liaoning Trust and Investment Corporation and the defendant NEE was invalid, and ordering the defendant NEE to pay the plaintiff discounted compensation of RMB31.5233 million together with capital occupation fees. To safeguard the Company’s interests, the Company filed an appeal immediately upon receipt of the first-instance judgment. On 30 January 2026, the Liaoning Shenyang Municipal Intermediate People’s Court issued the Civil Judgment ((2025) Liao 01 Min Zhong No. 18142), dismissing the Company’s appeal and upholding the original judgment. To further safeguard its interests, the Company filed an application for retrial with the High People’s Court of Liaoning Province on 16 March 2026. For details, please refer to the Company’s announcements dated 4 July 2025, 10 October 2025, 17 October 2025 and 3 February 2026.

(3) Analysis of Financial Status of the Company in Accordance with Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited prepared in accordance with IFRS Accounting Standards

Share capital

During the Reporting Period, there was no change in the share capital of the Company.

Reserve

Details of the annual changes in the reserves of the Company and the Group are set out in the financial statements and the statement of changes in equity.

Distributable reserve

As at 31 December 2025, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved by the Board on 31 March 2026, the Company proposes not to distribute cash dividend, issue bonus share, or capitalize from capital reserves during the year. The matter is still subject to approval by the meeting of shareholders.

Analysis of loans and borrowings

As at the end of the Reporting Period, the Company's short-term borrowing was approximately RMB1.38 million (2024: RMBNil).

Working capital and financial resources

The net cash used in the Group's operating activities for the year ended 31 December 2025 was approximately RMB16.76 million (2024: RMB5.60 million).

As at 31 December 2025, the Group had bank balances (including cash and cash equivalents and pledged bank deposits) of approximately RMB10.57 million (2024: RMB18.84 million) and bank borrowing of approximately RMB1.38 million (2024: RMBNil).

As of 31 December 2025, the Group had current liabilities of RMB405.93 million, non-current liabilities of RMB66.88 million, and deficits attributable to shareholders of the Company of RMB278.24 million. Details of the capital structure of the Group are set out in the consolidated financial Statements.

The Company's funding needs have no obvious seasonal patterns.

Capital expenditure

The Group's funds can meet the capital requirements of the capital expenditure plan and daily operations.

Capital structure

The Company's sources of funds are mainly operating cash inflows and loans from substantial shareholders. As at 31 December 2025, the Group's short-term bank borrowing amounted to RMB1.38 million (2024: RMBNil), and the cash and cash equivalents were RMB8.95 million (2024: RMB15.22 million). No hedging was carried out using hedging instruments.

The Group's policy is to manage its capital to ensure that the Group's entities are able to continue to operate while maximizing returns to shareholders by optimizing the ratio of liabilities and equity. The overall strategy of the Group has remained unchanged from previous years.

Prospects for new business

Details of the prospects for new business are set out in “(4) Prospect of Future Development” of “Report of the Directors”.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

1. Connected transaction on transfer of 10.5% equities in HNA Tianjin Center Development Co., Ltd.

Based on the need to integrate resources, supplement working capital, and promote sustainable operations, upon consideration and approval at the 16th meeting of the tenth session of the Board of Directors of NEE on 29 September 2025, the Company's controlling subsidiary, Hainan Garden Lane Flight Hotel Management Co., Ltd. (hereinafter referred to as “**Garden Lane Hotel**”), entered into the “**Agreement on Transfer of Equities**” in respect of HNA Tianjin Center Development Co., Ltd. (hereinafter referred to as “**Tianjin Center**”) with a related party, Beijing Haihongyuan Enterprise Management Consulting Co., Ltd. (hereinafter referred to as “**Beijing Haihongyuan**”). Garden Lane Hotel transferred its 10.5% equities in Tianjin Center to Beijing Haihongyuan at a consideration of RMB3.58 million (for details, please refer to the announcement dated 29 September 2025). On 16 March 2026, the equity transfer was registered with the administration for industrial and commercial as a change.

2. Transfer of 100% equities in Northeast Electric Development (HK) Company Limited

During the Reporting Period, the Company, focusing on optimizing internal asset allocation, revitalizing existing assets, improving its asset-liability structure, and enhancing the quality of core assets, carried out the following transaction: upon consideration and approval at the 12th meeting of the tenth session of the Board of Directors of NEE on 17 January 2025, the Company agreed to transfer its 100% equities in its wholly-owned subsidiary, Northeast Electric Development (Hong Kong) Company Limited, to a non-related party, Prosper Power Limited, at a consideration of RMB4 million. On 26 June 2025, the equity transfer was registered with the administration for industrial and commercial as a change.

Apart from that, the Group did not have any other significant investments or material acquisitions of assets, subsidiaries, associates or joint ventures during the Year.

Pledge of Assets

As of 31 December 2025, the Group had pledge bills receivable of approximately RMB1.38 million (2024: RMBNil).

Plan for major investment or acquisition of capital assets in the future

As of the latest practicable date prior to the publication of this Report, the Company has no relevant plans.

Gearing ratio

As of 31 December 2025, the Group's gearing ratio (calculated as total liabilities/total assets) was 241% (2024: 215%).

Risks of exchange rate fluctuation and any related hedges

The Group's assets and liabilities are denominated in Renminbi, and the risk of exchange rate changes has little impact on the Group. The Group has taken the following measures in reducing the risk of exchange rate fluctuations: (1) increase the export price of products to reduce the risk of exchange rate fluctuations; (2) agree with the other party in advance in case of large export contracts, the risks of exchange rate fluctuations shall be borne by both parties when the exchange rate fluctuation exceeds the limit of agreed scope; (3) strive to sign forward agreements with financial institutions to lock up exchange rates and avoid risks.

Major suppliers and customers

For the year ended 31 December 2025, the total amount of purchases from the Group's top five suppliers was RMB54.70 million, accounting for 48.54% of the Group's total procurement amount.

None of the top five suppliers had connected relationships with the Company.

The total revenue from the top five customers was RMB68.16 million, accounting for 41.52% of the Group's total revenue. Of which, the revenue from the largest sales customer accounted for 16.07% of the Group's total revenue for the year.

None of the top five customers had connected relationships with the Company.

(4) Prospect of Future Development

1. Industry development trend and competition outlook

Power industry: 2026 marks the opening year of China's "**15th Five-Year Plan**", as well as a critical year for the accelerated construction of a new-type energy system and the large-scale implementation of a new-type power system. Driven by the dual forces of the national "**dual carbon**" emission reduction targets and the strategic prioritization of new energy development, China's power industry construction and power supply structure are expected to achieve leapfrog breakthroughs during the Year. According to industry forecasts released by the China Electricity Council, by the end of 2026, the nation's total installed power generation capacity is expected to exceed 4.3 billion kilowatts, with newly added capacity for the year exceeding 400 million kilowatts. Among this, newly installed renewable energy capacity is expected to account for more than 70%, exceeding 300 million kilowatts, becoming the core driver of growth in installed capacity. The proportion of clean power supply will reach a new high, with installed non-fossil energy capacity reaching 2.7 billion kilowatts and accounting for 63% of total installed capacity. This milestone signifies the formal establishment of new energy as the principal component of China's power system.

On the demand side, supported by steady macroeconomic recovery, the deep expansion of the digital economy, the transformation and upgrading of high-end manufacturing, and the accelerated construction of new infrastructure, total electricity consumption of the whole society in 2026 is expected to maintain reasonable growth. Based on industry forecast data, China's total electricity consumption is projected to reach 10.9–11 trillion kWh in 2026, with a year-on-year growth rate maintained within the range of 5%–6%, and the overall balance between power supply and demand is expected to remain stable nationwide.

In 2026, the power grid construction sector will enter a period of high-intensity investment. During the **“15th Five-Year Plan”** period, State Grid plans fixed asset investment of RMB4 trillion, and its annual investment scale in 2026 is expected to reach a new high, focusing on key areas such as ultra-high voltage transmission channels, intelligent upgrading of distribution networks, and supporting infrastructure for renewable energy integration. The power transmission and transformation equipment industry in which the Company operates, benefiting from the construction of the new-type power system and the continued increase in State Grid investment, together with the release of overseas market demand, is expected to maintain steady performance growth by leveraging its technological accumulation and advantages in traditional industries.

Hotel and tourism industry: In 2026, China's cultural and tourism market is expected to enter a new stage of full recovery. Driven by policy support and consumption upgrading, both domestic tourist trips and total revenue are expected to reach record highs. According to the **“Analysis and Full-Year Forecast of China's Tourism Economy Operation in 2026”** released by the China Tourism Academy, domestic tourist trips are projected to exceed 6.5 billion, with total tourism revenue surpassing RMB8 trillion, representing a year-on-year increase of approximately 12%. In addition, with the strong recovery of inbound tourism in recent years, the country will continue to expand its opening-up and further optimize policies on cross-border mobility, fully unleashing the benefits of visa-free entry. The number of inbound tourists for the year is expected to reach 120–130 million, recovering to approximately 80% of the pre-pandemic level, while inbound tourism consumption is expected to exceed US\$150 billion. The steady recovery of the domestic cultural and tourism sector will directly drive a steady increase in hotel guest volumes, while the return of high-value overseas customers will optimize the customer structure and enhance operational stability, promoting the upgrading of services and products toward internationalization and higher quality. The hotel industry is expected to enter a new stage characterized by strong market demand and improved profitability.

(2) Development strategy of the Company

In 2026, amidst a domestic economy pursuing steady progress while seeking advancement, the Company will seize the historical opportunity presented by improving market conditions and the customs closure and operation of Hainan Free Trade Port to fully advance the introduction of strategic investors. The Company will prioritize brand building as its key strategy. Centering on improving the quality and efficiency of development, the Company will increase industrial stock and seek for more customers, and foster new driving force and new source of economic growth by upgrading industrial structure and orienting new business and market expansion, in an effort to form a new synergistic pattern, and reshape the industry structure of the Company.

(3) 2026 operation plan and key tasks

In 2026, the Group will continue to face internal and external operational pressures as well as tight cash flow. Building on the progress made through various measures implemented in 2025 to address operational difficulties, its core work will focus on three key areas: **“introduction of strategic investors, resolution of debt risks, and improvement of business quality and efficiency.”** While making every effort to break through funding bottlenecks and mitigate debt risks, the Group will leverage the market foundation and technological strengths of its busbar business, seize policy opportunities arising from the strong national push for power system development, and cultivate new businesses through the introduction of strategic investors. It will promote the transformation of its primary business from **“stable operations”** to **“efficiency enhancement”** comprehensively improving its going concern capability and laying a foundation for healthy and sustainable development.

The Company plans to adopt the following measures to improve sustainable operating capabilities with a view to strengthening sustainable development and profitability, improving asset quality, restoring sound development, and creating new business growth points:

- (1) Maintain stability in the internal and external operating environments and plan long term sustainable operation goals. In order to achieve the balance of cash flow, we will reasonably plan and adjust the business operation scale, establish sound operational objectives, continue to do a good job in operation management, improve product innovation ability, and maintain and strengthen the capacity for continuous operation, thereby steadily improving the profitability of our primary businesses. On the basis of the growth of the Company's existing primary business on a comparable basis in 2025, it is expected that there will still be a certain increase in 2026.
- (2) Rationally allocate resources and enhance cost control. The Group has adopted a flat management structure, effectively reducing labor costs. Simultaneously, we will strengthen comprehensive budget management and cost control, strictly control all kinds of expense expenditures. In 2026, the operating lease expense of the Hotel Nikko Dalian under Garden Lane Hotel has been reduced to RMB6 million, representing a 20% decrease compared with the previous year, through multiple rounds of negotiations that secured favorable renewal terms. This measure will help reduce operating costs and maximize the profitability of its primary businesses.

- (3) Develop new products to enhance market competitiveness. Centering on the development of traditional busbar-type power transmission and transformation equipment, we will strengthen R&D investment, adjust the product structure, and increase the proportion of renovation projects with higher gross profit margins and new products in sales revenue within the busbar business orders.
- (4) Ensure safe production and firmly uphold the safety red line. We will strengthen organizational leadership, strictly implement accountability, and vigorously enforce the implementation of various responsibility measures to ensure safe and stable production. Refine emergency response plans and improve emergency handling capabilities, and adhere to the highest work standards, strictest work requirements, and strongest sense of responsibility to effectively implement safety precautions and create an ideal safety environment for smooth and orderly operation and development of the enterprise's safe production.
- (5) By strengthening the collection of receivables and seeking external financial support, the Group can guarantee its own funding needs. Funding sources: Firstly, for the main business, we will improve cash flow by strengthening supply chain management and internal fund management, reducing capital occupation, accelerating collection of payments, increasing the credit limit for material purchases, or securing bank loans. Secondly, the Group will seek financial support from major shareholders to provide the necessary level of financial assistance. Thirdly, NEE and its subsidiaries do not have no loans or borrowings from financial institutions or non-connected external entities, and Fuxin Busbar has a good bank credit rating and financing record, showing financing capabilities; the Group may, subject to business development needs, apply for bank credit support by pledging real estate, ensuring sufficient funding for the next 12 months of continuous operation. By virtue of these measures, the Group can meet working capital requirements and achieve cash flow balance.
- (6) Fully utilize capital market financing channels to introduce strategic investors with all efforts. The introduction of strategic investors is a core task for NEE in 2026. To this end, a dedicated task force has been established to fully advance this initiative. With the support of strategic investors, the Company aims to resolve historical debt burdens, cultivate new businesses, improve operating conditions and its asset-liability structure, and enhance its going concern capability.

The above outlook of the Company does not constitute the Company's substantial commitment to investors. Investors are advised to pay attention to investment risks.

4. Capital position

The Company has taken into account future liquidity and its sources of available funds in assessing whether the Group has sufficient financial resources to continue operations as a going concern. In order to enhance sustainable development ability and profitability, improve asset quality, promote long-term and healthy development, in 2026, the Company will effectively use a variety of financing methods, including the capital market, to carry out capital operations and improve business operations, actively expand financing and main business channels to strive for unobstructed funding sources, and further improve the financing structure and reduce financial costs to consolidate the Company's ability to continue as a going concern.

5. The Company's risks and countermeasures

(1) Market risks brought by macroeconomic environment

The power transmission and transformation equipment manufacturing industry in which the Company operates has an important impact on the long-term development of the economy and society, and is closely related to macroeconomic policies, industrial policies and national power planning. Any of increasingly complex global economic environment, intensified macroeconomic risks, energy development strategy, industrial structure, market structure adjustment, industry resource integration, changes in market supply and demand and other factors may have an impact on the Company's operation and development.

The hotel industry is in the midst of a tourism recovery. Any of complex domestic and international situations, macroeconomic fluctuations, major natural disasters and other systemic risks; worse-than-expected economic recovery, and worse-than-expected demand for consumption upgrade will have a greater impact on the Company's performance.

Countermeasures: The Company will pay close attention to the macroeconomic situation at home and abroad, and always be market-oriented, establish an operation management and control model to meet market needs, and pay attention to improving its market position; keep increasing market development efforts, consolidate the market share of traditional busbar, make in-depth exploration of new product market space, strengthen the Company's ability to cope with risks; enhance the market response sensitivity, accurately grasp the market demands, expand the market space, and explore new business growth points.

(2) Market competition risk

Affected by the macro-economy, the busbar industry in which the Company operates is facing increasingly fierce competition, and the Company will face greater competitive pressure.

The hotel industry is a fully competitive industry, and the industry competition is fierce and white-hot.

Countermeasures: We will enhance the market response sensitivity, accurately grasp the market demand, expand the market space of new products, and explore new business growth points. In order to cope with the current fierce market competition, the Company has taken a variety of effective measures to enhance brand influence and professional operation capabilities.

(3) Operating cost fluctuation risk

The Company's busbar products have typical characteristics of **“more emphasis on materials and light industry”**, the main raw materials represented by copper and aluminum have high value, and their prices fluctuate significantly with the complex and changing international trade environment, supply and demand relations, macroeconomic situation and other factors, requiring a large amount of capital, and their price fluctuations will directly affect the Company's production cost, and then affect the product profitability. Such fluctuations may even adversely affect the stable operation of the Company.

Meanwhile, with the pressure of economic inflation, the operating costs of hotel rooms and catering of the Company continue to rise, and the costs of hotel materials, raw materials, equipment renewal, energy consumption and labor are increasing year by year. Correspondingly, if the room rate, occupancy rate, per capita consumption level and consumer number cannot be improved, the gross profit of the Company's rooms and catering will be squeezed, and we need to improve the profitability through market research and management efficiency enhancement.

Countermeasures: To this end, the Company will study and judge the changes in the relationship between supply and demand of raw material market in a timely manner, strengthen the strategic cooperation with customers and suppliers in depth, and reduce the impact of raw material price fluctuations on the Company, while strengthening scientific and technological innovation and product innovation, reinforcing the enterprise cost control management, and improving the product profitability.

(4) Risk of account receivable

Due to the long payment cycle of busbar products, high concentration of users, weak bargaining power of manufacturers, long quality guarantee deposit period and other reasons, the amounts of accounts receivable and inventory at the end of the period are large, affecting the operating efficiency to a certain extent, increasing the Company's capital turnover pressure, operating costs and risks.

Countermeasures: On the one hand, the Company will focus on developing high-quality customers and strengthening customer credit ratings. And on the other hand, the Company will continuously monitor the age of accounts receivable, strengthen collection efforts, and reduce the impairment risk of accounts receivable, in order to effectively prevent financial risks.

6. Analysis of core competitiveness

After years of accumulation in product quality, brand culture, research and development capabilities, process technology, management services and marketing, the Company has certain advantages and industry competitiveness, which is reflected as follows: the development of the Company's industry is closely related to the national macro policy, and the market has a certain degree of relevance to the development of the macro economy; the Company has advanced production equipment and strong manufacturing capabilities in power transmission and transformation related products; the Company has a certain accumulation of technical strength and a high level of professional craftsmanship; the Company has a sound internal control system and standardized corporate governance; and the Company has certain product development capabilities and investment and financing capabilities. During the Reporting Period, there is no major change to the Company's core competitiveness. By developing new products and adapting to the adjustment and changes of market demand, the Company's competitiveness in some product markets was improved with some businesses even witnessed breakthroughs.

(5) Profit distribution and dividend declaration

The Company does not propose to distribute cash dividend, issue bonus share, or capitalise from capital reserves.

V. DISCUSSION AND ANALYSIS OF BUSINESS CONDITION (Financial information prepared in accordance with CAS)

(1) Overview

During the Reporting Period, the operating income for the whole year was RMB164.17 million, representing a year-on-year increase of RMB7.7292 million, mainly due to an increase in the order volume and contract deliveries by the Company's subsidiary Fuxin Busbar during the Reporting Period. The net profit attributable to shareholders of the Company was RMB -82.6951 million, representing a year-on-year loss increase of RMB81.6844 million; the net profit attributable to the Company's shareholders after deduction of non-recurring gains and losses was RMB-12.6980million, representing a year-on-year loss increase of RMB3.5675 million.

(2) Analysis of incomes and costs

1. Operating incomes and costs

(1) Profit components

| Item | The Reporting Period | | The same period of last year | | Increase/decrease in the reporting period compared with the same period of last year % |
|----------------------|----------------------|--|------------------------------|--|--|
| | Amount | As a percentage of operating incomes % | Amount | As a percentage of operating incomes % | |
| | | | | | |
| Operating income | 164,170,344.02 | - | 156,441,153.34 | - | 4.94% |
| Operating cost | 112,693,553.27 | 68.64% | 109,416,520.03 | 69.94% | 3.00% |
| Gross profit rate% | 31.36% | - | 30.06% | - | up by 1.3 percentage points |
| Taxes and surcharges | 1,234,435.29 | 0.75% | 942,901.77 | 0.60% | 30.92% |
| Selling expense | 29,193,614.59 | 17.78% | 25,896,258.44 | 16.55% | 12.73% |
| Overhead expense | 24,118,155.69 | 14.69% | 23,999,971.94 | 15.34% | 0.49% |

Unit: RMB

| Item | The Reporting Period | | The same period of last year | | Increase/decrease |
|----------------------------|----------------------|---------------------------|------------------------------|---------------------------|---|
| | Amount | As a percentage | Amount | As a percentage | in the reporting period compared with the same period of last year % |
| | | of operating incomes % | | of operating incomes % | |
| R&D expense | 5,178,327.24 | 3.15% | 3,148,063.03 | 2.01% | 64.49% |
| Finance expense | 1,317,840.53 | 0.80% | 1,446,264.73 | 0.92% | -8.88% |
| Other income | 2,103,494.83 | 1.28% | 2,808,088.05 | 1.79% | -25.09% |
| Investment gain | -9,011,339.18 | - | 9,135,071.08 | 5.84% | -198.65% |
| Credit impairment loss | -4,856,865.14 | - | -3,361,304.71 | - | - |
| Assets impairment loss | -123,298.78 | - | -38,878.86 | - | - |
| Gain on disposal of assets | 716.82 | 0.0004% | 3,849.39 | 0.0025% | -81.38% |
| Non-operating income | 3,456,840.10 | 2.11% | 1,354,877.68 | 0.87% | 155.14% |
| Non-operating expense | 64,441,445.70 | 39.25 | 2,462,006.74 | 1.57% | 2,517.44% |
| Net profit | -82,754,449.89 | - | -969,130.71 | - | - |

Reasons for major changes in the item

Taxes and surcharges: Mainly due to the payment of value-added tax by the subsidiary Fuxin Busbar.

R&D expenses: Mainly due to the increase in new product R&D expenditure by the subsidiary Fuxin Busbar.

Investment gain: Mainly due to the disposal by the Company of its 100% equities in Northeast Electric Development (Hong Kong) Company Limited during the year, with the carryover exchange differences included in the investment income.

Gain on disposal of assets: Mainly due to a decrease in proceeds from the disposal of scrapped assets by the subsidiary Fuxin Busbar.

Non-operating income: Mainly due to the adjustment of advances from customers by Fuxin Busbar, a subsidiary of the Company.

Non-operating expenses: Mainly due to the provision for estimated liabilities recognized by the Company in accordance with a judicial judgment in a newly added litigation case during the current period.

(2) Income components

Unit: RMB

| Item | Amount for the current period | Amount for the previous period | Increase/decrease |
|-------------------------------|-------------------------------|--------------------------------|--|
| | | | in the reporting period compared with the same period of last year % |
| Incomes from primary business | 161,420,908.29 | 153,904,538.32 | 4.88% |
| Income from other business | 2,749,435.73 | 2,684,565.81 | 8.39% |
| Cost of primary business | 112,693,553.27 | 109,416,520.03 | 3.00% |
| Cost of other business | - | - | - |

Analysis by product category:

√ Available □ Unavailable

Unit: RMB

| Category/item | Operating income | Operating cost | Gross margin% | Increase/decrease | Increase/decrease | Percentage |
|---------------------------------------|------------------|----------------|---------------|--|--|--|
| | | | | in the operating income compared with that in the same period of last year % | in the operating cost compared with that in the same period of last year % | point(s) of increase/decrease in the gross margin compared with that in the same period of last year |
| Sales of enclosed busbar products | 107,957,752.10 | 87,648,616.09 | 18.81% | 8.81% | 4.03% | Rise of 3.73 percentage points |
| Hotel catering accommodation industry | 53,463,156.19 | 25,044,937.18 | 53.15% | -2.23% | -0.46% | Drop of 0.84 percentage points |

Analysis by region category:

√ Available □ Unavailable

Reason for changes in income compositions

There were no significant changes in the income components, and the changes in various categories of products did not reach 30% as compared with the corresponding period of the previous year.

(3) Major customers

Unit: RMB

| No. | Customer | Sales amount | Percentage of annual sales % | Related party or not |
|-------|---|--------------|------------------------------|----------------------|
| 1 | Northwest Electric Power Design Institute Co., Ltd. of China Power XX Group | 26,378,840 | 16.07% | No |
| 2 | Guoneng Zhejiang XX First Power Generation Co., Ltd. | 12,557,500 | 7.65% | No |
| 3 | Guodian Langfang XX Energy Co., Ltd. | 10,662,000 | 6.49% | No |
| 4 | GD Power Datong XX Power Generation Co., Ltd. | 9,300,000 | 5.66% | No |
| 5 | XX (Yantai) Gas Turbine Power Generation Co., Ltd. | 9,266,000 | 5.64% | No |
| Total | | 68,164,340 | 41.52% | - |

(4) Major suppliers

Unit: RMB

| No. | Customer | Sales amount | Percentage of annual sales % | Related party or not |
|------------|---|---------------------|---|---------------------------------|
| 1 | Liaoning XX Electric Power Equipment Manufacturing Co., Ltd. | 13,713,382.15 | 12.17% | No |
| 2 | Jiangsu XX Electrical Co., Ltd. | 13,274,520.00 | 11.78% | No |
| 3 | Xuzhou XX Aluminium Co., Ltd. | 12,745,516.01 | 11.31% | No |
| 4 | Shenyang XXXX Aluminium Co., Ltd. | 8,473,929.16 | 7.52% | No |
| 5 | Shenyang XX Copper Co., Ltd. | 6,496,325.91 | 5.76% | No |
| Total | | 54,703,673.23 | 48.54% | - |

2. Cash flows

Unit: RMB

| Item | Amount for the current period | Amount for the previous period | Increase/decrease in the reporting period compared with the same period of last year % |
|--|--|---|---|
| Net cash flows from operating activities | -6,528,113.05 | 1,283,386.10 | -608.66% |
| Net cash flows from investing activities | 245,287.10 | 8,964,074.71 | -97.26% |
| Net cash flows from financing activities | | -1,587,890.88 | -100.00% |

Analysis of cash flows

Net cash flows from operating activities: Mainly due to the increase in executable contracts of Fuxin Busbar during the Reporting Period, resulting in a decrease in cash inflows.

Net cash flows from financing activities: Mainly due to the receipt by the subsidiary Garden Lane Hotel of RMB9.10 million from the transfer of 30% equities in Chongqing Hotel in the previous year.

Net cash flows from financing activities: Mainly due to the payments made to related parties in the previous year, with no such payments incurred in the year.

3. R&D investment

R&D personnel of the Company

| | 2025 | 2024 | Changes of Proportion |
|-----------------------------|------|------|--------------------------|
| Number of R&D personnel | 10 | 10 | - |
| Proportion of R&D personnel | 3.5% | 3.2% | 19.38% |

R&D investment of the Company

| | 2025 | 2024 | Changes of Proportion |
|---|-------|-------|--------------------------|
| Amount of R&D investment (RMB'000) | 5,178 | 3,148 | 64.49% |
| Proportion of R&D investment to operating incomes | 3.15% | 2.01% | 56.72% |
| Capitalization of R&D investment (RMB) | | - | |
| Proportion of capitalization of R&D investment to total R&D investment | | - | |

(3) Structural analysis of assets and liabilities

Unit: RMB

| Item | End of the current period | | End of the last year | | Increase/ decrease in the reporting period compared with the same period of last year % |
|-------------------------------|---------------------------|---------------------------------|----------------------|---------------------------------|---|
| | Amount | Percentage of total assets % | Amount | Percentage of total assets % | |
| Monetary fund | 10,570,116.41 | 5.38% | 18,834,578.94 | 10.32% | -43.88% |
| Notes receivable | 2,438,757.34 | 1.24% | 20,000.00 | 0.01% | 12,093.79% |
| Accounts receivable | 50,324,918.33 | 25.60% | 34,802,007.03 | 19.07% | 44.60% |
| Prepayments | 3,268,765.14 | 1.66% | 3,536,769.28 | 1.94% | -7.58% |
| Other receivables | 12,521,588.89 | 6.37% | 12,278,565.80 | 6.73% | 1.98% |
| Inventory | 39,280,771.76 | 19.99% | 32,559,631.50 | 17.85% | 20.64% |
| Contractual assets | 9,018,694.88 | 4.59% | 7,958,668.33 | 4.36% | 13.32% |
| Other current assets | 874,264.98 | 0.44% | 958,221.07 | 0.53% | -8.76% |
| Fixed assets | 30,143,549.24 | 15.34% | 32,678,445.71 | 17.91% | -7.76% |
| Right-of-use assets | 5,595,380.16 | 2.85% | 6,989,347.70 | 3.83% | -19.94% |
| Intangible assets | 10,758,247.39 | 5.47% | 11,022,253.51 | 6.04% | -2.40% |
| Other non-current assets | 19,060,261.28 | 9.70% | 19,070,849.21 | 10.45% | -0.06% |
| Deferred tax assets | 1,398,845.04 | 0.71% | 1,747,336.93 | 0.96% | -19.94% |
| Other non-current liabilities | 1,295,671.36 | 0.66% | - | - | - |

| Item | End of the current period | | End of the last year | | Increase/decrease in the reporting period compared with the same period of last year % |
|-------------------------------|---------------------------|-------------------------------------|----------------------|-------------------------------------|--|
| | Amount | Percentage of total liabilities% | Amount | Percentage of total liabilities% | |
| Accounts payable | 43,471,714.36 | 9.24% | 43,004,055.56 | 11.01% | 1.09% |
| Contract liabilities | 38,911,677.83 | 8.27% | 24,929,450.09 | 6.38% | 56.09% |
| Payroll payable | 4,656,238.42 | 0.99% | 3,811,782.06 | 0.98% | 22.15% |
| Taxes payable | 2,971,843.46 | 0.63% | 2,967,633.03 | 0.76% | 0.14% |
| Other payables | 237,027,421.18 | 50.37% | 238,184,941.31 | 60.96% | -0.49% |
| Non-current liabilities | | | | | |
| due within a year | 5,595,380.16 | 1.19% | 6,989,347.70 | 1.79% | -19.94% |
| Other current liabilities | 5,148,163.03 | 1.09% | 2,861,319.59 | 0.73% | 79.92% |
| Estimated liabilities | 98,327,105.69 | 20.90% | 34,354,500.00 | 8.79% | 186.21% |
| Deferred income | 28,334,278.38 | 6.02% | 30,259,480.02 | 7.74% | -6.36% |
| Deferred tax liabilities | 1,398,845.04 | 0.30% | 1,747,336.93 | 0.45% | -19.94% |
| Other non-current liabilities | 4,721,358.41 | 1.00% | 1,625,230.23 | 0.42% | 190.50% |

Reasons for major changes in the item

Monetary fund: Mainly due to expenditures for daily production and operating activities.

Notes receivable: Mainly due to the acceptance and endorsement of notes receivable of the busbar business during the year.

Accounts receivable: Mainly due to the increase in receivables from the busbar business during the year.

Contract liabilities: Mainly due to a significant increase in new sales contracts signed by the subsidiary Fuxin Busbar, resulting in a corresponding increase in advances from customers.

Other current liabilities: Mainly due to the increase in deductible output tax for the contract liabilities of the subsidiary FuxinBusbar due within one year.

Estimated liabilities: Mainly due to the estimated liabilities arising from a newly added litigation case during the current period.

Other non-current liabilities: Mainly due to the presentation of contract liabilities of the subsidiary Fuxin Busbar with maturities exceeding one year under this item.

(4) Investment analysis

1. Major subsidiaries and investees

√ Available □ Unavailable

Unit: RMB

| Name | Type | Executive Directors | Principal business | Registered capital | Total assets | Net assets | Operating income | Net profit |
|--|------------|---------------------|---------------------------------------|--------------------|----------------|-----------------|------------------|---------------|
| Great Talent Technology Limited | Subsidiary | Zhu Xinguang | Investment | \$1 | 87,079,026.18 | 5,902,756.79 | 0.00 | -16,395.54 |
| Shenyang Kaiyi Electric Co., Ltd. | Subsidiary | Yan Sixin | Manufacturing of electrical equipment | 1,000,000.00 | 43,081,788.05 | -59,979,049.08 | 0.00 | -185,675.13 |
| Fuxin Enclosed Busbar Co., Ltd. | Subsidiary | Fu Lei | Manufacturing of enclosed busbars | \$8,500,000.00 | 141,536,480.71 | 35,097,225.84 | 107,991,911.39 | 1,040,716.14 |
| Hainan Garden Lane Flight Hotel Management Co., Ltd. | Subsidiary | Xing Yingxing | Hotel business | 50,000,000.00 | 65,654,404.5 | -139,944,162.55 | 56,1784,32.63 | -5,882,055.52 |
| Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd. | Subsidiary | Su Jianghua | Electric power engineering | 10,000,000.00 | 7,032,682.79 | 6,887,532.24 | 0.00 | -1,139.57 |

Analysis of business of main investees

√Available □ Unavailable

(5) Significant assets and equity disposal

√Available □ Unavailable

1. Connected transaction on transfer of 10.5% equities in HNA Tianjin Center Development Co., Ltd.

Based on the need to integrate resources, supplement working capital, and promote sustainable operations, upon consideration and approval at the 16th meeting of the tenth session of the Board of Directors of NEE on 29 September 2025, the Company's controlling subsidiary, Hainan Garden Lane Flight Hotel Management Co., Ltd. (hereinafter referred to as "**Garden Lane Hotel**"), entered into the "**Agreement on Transfer of Equities**" in respect of HNA Tianjin Center Development Co., Ltd. (hereinafter referred to as "**Tianjin Center**") with a related party, Beijing Haihongyuan Enterprise Management Consulting Co., Ltd. (hereinafter referred to as "**Beijing Haihongyuan**"). Garden Lane Hotel transferred its 10.5% equities in Tianjin Center to Beijing Haihongyuan at a consideration of RMB3.58 million (for details, please refer to the announcement dated 29 September 2025). On 16 March 2026, the equity transfer was registered with the administration for industrial and commercial as a change.

2. Transfer of 100% equities in Northeast Electric Development (HK) Company Limited

During the Reporting Period, the Company, focusing on optimizing internal asset allocation, revitalizing existing assets, improving its asset-liability structure, and enhancing the quality of core assets, carried out the following transaction: upon consideration and approval at the 12th meeting of the tenth session of the Board of Directors of NEE on 17 January 2025, the Company agreed to transfer its 100% equities in its wholly-owned subsidiary, Northeast Electric Development (Hong Kong) Company Limited, to a non-related party, Prosper Power Limited, at a consideration of RMB4 million. On 26 June 2026, the equity transfer was registered with the administration for industrial and commercial as a change.

(6) Cause description of significant changes in production and operation, as well as the profit component, principal business and its structure and profitability during the Reporting Period as compared to the previous reporting period

Please refer to “(1) Overview and (2) Main Activities” in “IV. REPORT OF THE DIRECTORS”.

VI. Other Events Guarantee

In 2025, the Company neither increased the external guarantee amount nor provided guarantee for any of its shareholders, de facto controller or related parties; as at 31 December 2025, the balance of the actual external guarantees provided by the Company was RMB30 million (all of which were provided before 2004, with no new guarantee amount provided in 2025).

Purchase, Sale or Redemption of the Company’s Listed Securities

During the year, the Company did not redeem any listed securities nor did the Company and any of its subsidiaries repurchase or sell any of the Company’s listed securities.

Employee and Remuneration Policies

As at 31 December 2025, the Group had 282 employees (2024: 286 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB23.99 million, and the number of retired employees for whom the Company bore expenses was nil. The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

The Remuneration Committee of the Board reviews the remuneration and compensation packages of the Directors and the senior management with reference to the salaries paid by comparable companies in the market, time commitment, responsibilities of the Directors and the senior management as well as the Group's financial performance and make recommendations to the Board for consideration and approval.

The Company's employee remuneration policy is based on the Company's economic benefits. According to the Company's annual business plan and business task indicators, the Company conducts a comprehensive performance appraisal to determine the employees' annual salary distribution. The Company determines employees' compensation standards based on job value, and adheres to performance-oriented and ability-oriented principles, giving reasonable returns to excellent employees. All employees shall enjoy fair and consistent treatment without gender discrimination. At the same time, the Company is committed to attracting and retaining outstanding talents by offering them competitive salaries. The salary and welfare of the Company's employees will be appropriately adjusted according to its operating benefits, regional living standards, and changes in the price index.

In order to improve employees' sense of identity and belonging, the Company and its subsidiary also actively provide multiple benefits for employees, including annual physical examination, holiday allowance, high temperature allowance etc., enabling each staff to be respected and cared as much as possible, thus enhancing the corporate cohesiveness, and stimulate employees' enthusiasm and creativity.

The Company strictly forbids any unethical employment approaches, including child labour and forced labour in the workplace, ensures employees to enjoy labour rights and perform their obligations in accordance with laws, and earnestly fulfills social responsibilities. During the year, the Company does not involve any material violations of laws and regulations relating to employment and labour practices.

Environmental Management

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmentally-friendly and sustainable development by abiding by relevant laws and regulations (including the “**Environmental Protection Law of the People’s Republic of China**” and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments) during its daily operation. An environmental, social and governance report (“**ESG Report**”) of the Group will be issued in accordance with the Environmental, Social and Governance Reporting Guide as contained in Appendix C2 to the Listing Rules.

Corporate governance practices

During the Reporting Period, the Board regularly monitored and reviewed the progress of the Group's corporate governance practices to ensure compliance with the relevant codes.

The Company is committed to maintaining strict corporate governance standards. The principles of these standards are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that all business operations comply with applicable laws and regulations.

In the opinion of the Board, the Company has applied the principles and complied with the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2025.

The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation. In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure from time to time to ensure that appropriate action is being taken as and when appropriate.

Pursuant to Code Provision E.1.2 of the Corporate Governance Code, the chairman and the directors should have the right to attend the annual general meetings of the Company.

To protect the interests of the Group and the shareholders while enhancing the corporate value, the Group has been adopting a sound structure, good practices and proper procedures of corporate governance. The Board of Directors, now comprised of five non-independent Directors and three independent non-executive Directors, is the highest governing body of our Group. During the Reporting Period, the Company paid attention to the introduction of directors and professional managers with financial knowledge and resources, which is conducive to creating a governance environment featured with diverse board members and gender diversity, so that the Company's corporate governance is more in line with best practices.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors and the Supervisors of the Company on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the Supervisors, all the Directors and the Supervisors have confirmed that they had complied with the Model Code during the year.

Independent Confirmation

The Company has received written confirmations of independence from each of the independent non-executive directors in accordance with Rule 3.13 of the Listing Rules. The Board is satisfied with the independence of all independent non-executive directors.

Review by the Audit Committee

The Audit Committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors and one non-independent Director, namely Mr. Wang Hongyu, Mr. Li Zhengning, Mr. Fang Guangrong and Mr. Liu Kejia. Mr. Wang Hongyu who has the appropriate professional qualifications as required by the Listing Rules is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Group for the Year.

Extract from the Independent Auditor's Report

The following is the extract of the Independent Auditor's Report from the auditor of the Company, Wilson & Partners CPA Limited (“**WPCPA**”):

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 3.1 to the consolidated financial statements, the Company was involved in a litigation during the year as a defendant in relation to an original loan of RMB35 million that originated in 1997. The loan was subsequently transferred pursuant to a **“Debt Transfer Agreement”** dated 1 June 2005 and settled through the use of stocks to offset the then outstanding balance of approximately RMB31.52 million. On 3 July 2025, the Company received the Notice of Appearance, the bill of indictment, and other related litigation materials served by the People’s Court of Heping District, Shenyang City of Liaoning Province* (遼寧省沈陽市和平區人民法院, the **“Court”**)(the **“Litigation”**).

On 27 September 2025, the Court rendered a first-instance judgment in the civil action brought by Liaoning Trust and Investment Company* (遼寧信託投資公司) (**“Liaoning Trust”**), holding the Debt Transfer Agreement dated 1 June 2005 invalid and ordering the Company to pay compensation of approximately RMB31.52 million plus occupation fees. The Company appealed, but on 30 January 2026 the Intermediate People’s Court of Shenyang City, Liaoning Province* (遼寧省沈陽市中級人民法院) dismissed the appeal and affirmed the lower court’s findings, ruling the contract void ab initio.

Pursuant to the effective judgment, the Company is liable for compensation of RMB31.52 million and interest provisionally calculated at RMB32.45 million as at 31 December 2025, totaling approximately RMB63.97 million, which has been recognised in its consolidated financial statements.

On 16 March 2026, the Company filed a petition for retrial with the Higher People’s Court of Liaoning Province* (遼寧省高級人民法院, the “**Higher Court**”). The outcome remains uncertain, and enforcement proceedings may follow. If enforced, the Company would be required to settle the total amount of approximately RMB63.97 million.

The Group is currently in a net current liabilities and net liabilities position as at 31 December 2025. In certain prior litigation cases, courts have suspended enforcement until the conditions for execution are fulfilled. It remains uncertain whether the Higher Court will grant such a suspension in this Litigation. In the event that enforcement proceeds and the Company is placed into liquidation, the Group’s assets, including property, plant and equipment held by 阜新封閉母線有限責任公司 Fuxin Enclosed Busbar Co., Ltd.*, a wholly-owned subsidiary, may be subject to seizure. This would adversely affect the continued operating capabilities of the Group’s principal subsidiaries. While the Litigation has not yet impacted the Group’s production and operations, the ultimate effects will depend on the enforcement decisions of the Higher Court and Liaoning Trust.

The Group recorded net current liabilities of approximately RMB277,628,000 and net liabilities of approximately RMB276,261,000 as at 31 December 2025. The Group also reported a loss of approximately RMB82,755,000 and had a net operating cash outflow of approximately RMB16,760,000 for the year ended 31 December 2025. These conditions, together with other matters disclosed in note 3.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has made certain assumptions on the Litigation and certain prior litigation cases, and has taken plans and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 3.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these assumptions, plans and measures, which are subject to multiple uncertainties, including: (1) the Company has filed a petition for retrial of the Litigation with the Higher Court and the outcome will result in favour of the Company, no enforcement of the judgment will be taken; (2) although the second-instance judgment has taken effect of the Litigation, enforcement action has not been taken by Liaoning Trust and the Company has filed a retrial petition, the Group does not need to discharge the compensation and the related interest, and its cash resources will remain unaffected; (3) if enforcement of the Litigation proceeds, the court will order suspension of enforcement until the conditions for execution are fulfilled, thereby preserving the Group's liquidity and working capital; (4) the Company will not be placed into liquidation by Liaoning Trust, and its assets will not be subject to seizure; the Group's subsidiaries will continue to operate without interruption, ensuring production and operations remain unaffected; (5) successfully obtain fundings and financial support from substantial shareholders to meet in full its financial obligations as they fall due; (6) successful negotiation with banks for a new loan facility; (7) settlement of compensation for a prior litigation case will not happen within the twelve months; (8) order to repay liabilities arising from prior litigations on guarantees issued to bankers of a former subsidiary will not happen within the twelve months; and (9) the Group will maintain operational stability, optimize resources and costs, and expand into new markets through product innovation, diversification into higher margin businesses, and streamlined management. The Company will also utilize capital market financing to secure strategic investors.

Should the Group fail to achieve the above-mentioned assumptions, plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

Given the uncertain outcomes of the assumptions and the execution of the above plans and measures by the Group are in progress as at the date of the approval for issuance of the consolidated financial statements with details as set out in note 3.1 to the consolidated financial statements, and in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, we are unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and we disclaim our opinion on the consolidated financial statements of the Group in respect of year ended 31 December 2025.

* The English name is for identification purpose only.

Explanation by the Board of Directors on the “Non-standard Audit Report” Issued by the Accounting Firm for the Reporting Period

The fundamental reason for the auditor's disclaimer of opinion for the Year is the uncertainties relating to going concern and their possible impact on the consolidated financial statements. These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group's cash flow forecasts which cover a period of not less than twelve months from the date of the end of the reporting period.

Cash flow forecasts, which are based on the assumption of the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operation, existing contractual debt obligation and capital expenditure requirements for at least twelve-month period from the date of the end of the reporting period. Such cash flow forecasts, which include certain assumptions relating to the Litigation and certain prior litigation cases, as well as plans and measures to alleviate liquidity pressure and improve the financial position, are set out in Note I-1 to the consolidated financial statements of the Group and some of measures details are as follows:

- (1) Maintain stability in the internal and external operating environments and plan long term sustainable operation goals. In order to achieve the balance of cash flow, we will reasonably plan and adjust the business operation scale, establish sound operational objectives, continue to do a good job in operation management, improve product innovation ability, and maintain and strengthen the capacity for continuous operation, thereby steadily improving the profitability of our primary businesses. On the basis of the growth of the Company's existing primary business on a comparable basis in 2025, it is expected that there will still be a certain increase in 2026.
- (2) Rationally allocate resources and enhance cost control. The Group has adopted a flat management structure, effectively reducing labor costs. Simultaneously, we will strengthen comprehensive budget management and cost control, strictly control all kinds of expense expenditures. In 2026, the operating lease expense of the Hotel Nikko Dalian under Garden Lane Hotel has been reduced to RMB6 million, representing a 20% decrease compared with the previous year, through multiple rounds of negotiations that secured favorable renewal terms. This measure will help reduce operating costs and maximize the profitability of its primary businesses.
- (3) Develop new products to enhance market competitiveness. Centering on the development of traditional busbar-type power transmission and transformation equipment, we will strengthen R&D investment, adjust the product structure, and increase the proportion of renovation projects with higher gross profit margins and new products in sales revenue within the busbar business orders.

- (4) Ensure safe production and firmly uphold the safety red line. We will strengthen organizational leadership, strictly implement accountability, and vigorously enforce the implementation of various responsibility measures to ensure safe and stable production. Refine emergency response plans and improve emergency handling capabilities, and adhere to the highest work standards, strictest work requirements, and strongest sense of responsibility to effectively implement safety precautions and create an ideal safety environment for smooth and orderly operation and development of the enterprise's safe production.
- (5) By strengthening the collection of receivables and seeking external financial support, the Group can guarantee its own funding needs. Funding sources: Firstly, for the main business, we will improve cash flow by strengthening supply chain management and internal fund management, reducing capital occupation, accelerating collection of payments, increasing the credit limit for material purchases, or securing bank loans. Secondly, the Group will seek financial support from major shareholders to provide the necessary level of financial assistance. Thirdly, NEE and its subsidiaries do not have no loans or borrowings from financial institutions or non-connected external entities, and Fuxin Busbar has a good bank credit rating and financing record, showing financing capabilities; the Group may, subject to business development needs, apply for bank credit support by pledging real estate, ensuring sufficient funding for the next 12 months of continuous operation. By virtue of these measures, the Group can meet working capital requirements and achieve cash flow balance.
- (6) Fully utilize capital market financing channels to introduce strategic investors with all efforts. The introduction of strategic investors is a core task for NEE in 2026. To this end, a dedicated task force has been established to fully advance this initiative. With the support of strategic investors, the Company aims to resolve historical debt burdens, cultivate new businesses, improve operating conditions and its assetliability structure, and enhance its going concern capability.

The Board has made a full and detailed assessment of the Group's ability to continue as a going concern, including reviewing the Group's working capital forecast for the next twelve months compiled by the management. It is believed that the Group can obtain sufficient sources of financing to ensure the need for working capital and capital expenditure. The Board recognized the compilation of these financial statements on a going concern basis by the management.

The Board understands that the fundamental reason for the auditor's disclaimer of opinion for the Year is the uncertainties relating to going concern and their possible impact on the consolidated financial statements. Notwithstanding the above, the Group has been actively implementing plans and measures to alleviate liquidity pressure and improve its financial position, details of which are set out in Note I. 1 to the consolidated financial statements of the Group. The Board considers that these action plans will be able to address the basis for the disclaimer of opinion. The Board will continue to pay attention to and supervise the management of the Company to ensure that they take proactive and effective measures, focus on the implementation of all work related to the Company's going concern to improve the Company's ability to continue as a going concern, drive the healthy, stable and sustainable development of the Company, and safeguard the legitimate rights and interests of the Company and investors.

The Audit Committee understands that the fundamental reason for the auditor's disclaimer of opinion for the Year is the uncertainties relating to going concern and their possible impact on the consolidated financial statements. Based on the work carried out and the preliminary results achieved by management in mitigating debt risks during 2025 and up to 31 March 2026, the Audit Committee agrees with management's position and basis that the Group has actively implemented plans and measures to alleviate liquidity pressure and improve its financial position. The Audit Committee considers that the action plans will be able to address the basis for the disclaimer of opinion.

The Audit Committee has reviewed the disclaimer of opinion for the Year and agrees with its basis. Management has assessed the impact of the disclaimer of opinion on the Group and is of the view that, provided the measures set out in Note I. 1 to the financial statements are successfully implemented, the disclaimer of opinion will not have a material impact on the Group's day-to-day operations. The Audit Committee and management have no disagreement on (i) the disclaimer of opinion and (ii) the Company's plans to address the disclaimer of opinion.

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the current year (2024: Nil). There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Events after the Reporting Period

None.

Publication of Annual Report in The Stock Exchange of Hong Kong Limited and the Official Website of the Company

Annual report which contained all information specified in Appendix D2 to Listing Rules will be published on the website of the Hong Kong Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.nec.com.cn>.

Definitions

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| Beijing Haihongyuan | Beijing Haihongyuan Enterprise Management Consulting Co., Ltd. (北京海鴻源企業管理諮詢有限公司), a substantial shareholder of the Company |
| CSRC | China Securities Regulatory Commission |
| Chongqing Hotel | Chongqing HNA Hotel Investment Co., Ltd., a former associate of the Company |
| De facto controller of the Company | None |
| Dalian Changjiang Plaza | Dalian Changjiang Plaza Co., Ltd., a related party of the Company |
| Fuxin Company, Fuxin Busbar | Fuxin Enclosed Busbar Co., Ltd., a subsidiary of the Company |
| Garden Lane Hotel, Garden Lane Flight Hotel | Hainan Garden Lane Flight Hotel Management Co., Ltd. (海南逸唐飛行酒店管理有限公司), a subsidiary of the Company |
| HNA Trust Management | Hainan HNA No. 2 Trust Management Service Co., Ltd., a related party of the Company |
| High People's Court of Liaoning Province | High People's Court of Liaoning Province |
| NEE, the Company, the Listed Company | Northeast Electric Development Company Limited |
| NEEQ | The National Equities Exchange and Quotations |
| NEE (HK) | Northeast Electric Development (HK) Company Limited, a former subsidiary of the Company |

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| Stock Exchange | The Stock Exchange of Hong Kong |
| Shenyang Municipal Intermediate People's Court | Liaoning Shenyang Municipal Intermediate People's Court |
| Tianjin Center | HNA Tianjin Center Development Co., Ltd. (海航天津中心發展有限公司), a former associate of the Company |

By order of the Board
Northeast Electric Development Company Limited
Zhu Xinguang
Chairman

Haikou, Hainan Province, the PRC
31 March 2026

As at the date of this Announcement, the Board comprises five executive Directors, namely Mr. Zhu Xinguang, Miss He Wei, Mr. Ding Jishi, Mr. Mi Hongjie and Mr. Liu Kejia; and three independent non-executive Directors, namely Mr. Wang Hongyu, Mr. Li Zhengning and Mr. Fang Guangrong.