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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）

QUARTERLY UPDATE ON IMPLEMENTATION OF ACTION PLAN TO RESOLVE AUDITOR'S DISCLAIMER OF OPINION

Reference is made to the annual report of Northeast Electric Development Co., Ltd. (the "**Company**", "**Northeast Electric**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2025 ("**FY2025**") published on 29 April 2026 (the "**Annual Report**") and the quarterly update announcement of the Company dated 29 July 2026. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Annual Report.

The board of directors (the "**Board**") of the Company wishes to provide shareholders of the Company and potential investors with the latest update on the Group.

As disclosed in the Annual Report, the auditor of the Company did not express an opinion on the consolidated financial statements of the Group for FY2025 (the "**Disclaimer of Opinion**") due to multiple uncertainties relating to going concern, the details of which are set out on pages 130 to 132 of the Annual Report. The Company proposed to implement the action plan as set out on page 57 of the Annual Report (the "**Action Plan**") to address the Disclaimer of Opinion.

The Company hereby provides updates on the implementation of the Action Plan as at the date of this announcement, as follows:

(i) fundraising from major shareholders and obtaining financial support to fully meet financial obligations as they fall due

NEE and its subsidiaries 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, sufficient to support the Group's going concern for the twelve months commencing 31 March 2026 (the "**Next Twelve Months**").

(ii) settlement of compensation relating to prior litigation will not occur within twelve months

The Company is actively negotiating a debt settlement plan for judicial enforcement arising from the litigation case with the relevant financial institutions involved. Under the Action Plan, an appropriate repayment discount will be offered on the principal portion of the compensation liability, while liability for payment of related interest and penalty interest will be waived. This will prevent the settlement of compensation payable under the aforesaid litigation case from falling due within the next twelve months.

Negotiations on the out-of-court settlement between the Company and Liaoning Trust Investment Company are still ongoing. As at the date of this announcement, no concrete or definitive agreement or memorandum of understanding have been entered into by the Company. Prior litigation enforcement matter disclosed herein have not yet exerted any impact on the Company's production and operation.

(iii) no repayment order will be reactivated by the court within the next twelve months in respect of compensation liabilities arising from guarantees provided for bank borrowings of former subsidiaries in prior litigation

The Company is actively negotiating a debt settlement scheme for judicial enforcement of the litigation matter with the relevant financial institutions concerned. Appropriate repayment discounts will be applied to the principal debts under the joint and several compensation liability, while the liability for relevant interest and penalty surcharges shall be exempted, so as to prevent the court from restarting enforcement procedures for the repayment ruling within the next twelve months.

As at the date of this announcement, no concrete or definitive agreement or memorandum of understanding have been entered into by the Company.

(iv) the Group will maintain stable operations, optimise resources and costs, and expand into new markets through product innovation, expansion into high-margin businesses and lean management

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 Group currently enjoys a stable internal and external operating environment with a sufficient order backlog for its busbar business. Building on the sustained growth achieved in 2025, the busbar business will still see a certain degree of growth in 2026. Please refer to the 2026 interim Report for details.

(v) other fund-raising

The Company will also obtain strategic investors through capital market financing. The Company has been in active negotiations with potential investors, to invest in the Company in order to improve the Company's capital structure.

As at the date of this announcement, no concrete or definitive agreement or memorandum of understanding have been entered into by the Company.

The Board will continue to use its best endeavours to implement the Action Plan with an aim to resolving the Disclaimer of Opinion as soon as possible. The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status of implementation of the Action Plan as and when appropriate.

By order of the Board
Northeast Electric Development Co., Ltd.
Zhu Xinguang
Chairman

Haikou, Hainan Province, the PRC
October 29 2026

As at the date of this Announcement, the Board comprises of five executive Directors, namely Mr. Zhu Xinguang, Ms. 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.