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Breton Technology Co., Ltd.
博雷頓科技股份公司

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1333)

PROPOSED CHANGE OF AUDITOR

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Breton Technology Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board hereby announces that KPMG ("**KPMG**") has retired as the auditor of the Company upon the expiry of its term of office at the conclusion of the 2025 annual general meeting of the Company held on June 25, 2026 and has not been reappointed. The retirement was because the Company and KPMG failed to reach a consensus on the audit fee arrangement for the year ending December 31, 2026.

The Company initiated the quotation and evaluation process for the audit work for the year ending December 31, 2026 in early May 2026. In early June 2026, the Company communicated with KPMG regarding the Group's overall business plan for 2026, future development direction and overseas business expansion. Based on the expected audit scope, audit procedures and workload, KPMG provided the Company with its audit fee proposal, which represented an increase as compared with the Group's audit fee level for the year 2025. Having considered the current scale of operations of the Group, the service proposals and fee quotations offered by other competent and qualified audit firms in the market, as well as the Group's overall cost control measures, the Company is of the view that there are suitable audit firms in the market that can provide competitive fee proposals and meet the Group's audit requirements. Accordingly, the Company initiated the external auditor selection process and engaged in communications with several competent and qualified professional accounting firms regarding their audit proposals, service arrangements and fee levels for the 2026 audit in mid-June 2026. On July 10, 2026, the audit committee of the Board (the "**Audit Committee**") held a meeting to review the service proposals and fee quotations submitted by each candidate auditor and, having considered the Group's current and expected business scale and overseas business development, the audit proposals, professional capabilities, overseas project support capabilities and fee levels offered by different accounting firms, was of the view that Rongcheng (Hong Kong) CPA Limited ("**RCHK**") possesses the professional qualifications and experience necessary to provide high-quality audit services, and proposed the appointment of RCHK as the new auditor of the Company. On the same day, having considered the recommendation of the Audit Committee, the Board resolved to propose the appointment of RCHK as the auditor of the Company for the year ending December 31, 2026, to hold office until the conclusion of the next annual general meeting of the Company, subject to approval by the shareholders of the Company (the "**Shareholders**") at the extraordinary general meeting.

KPMG has confirmed in its retirement letter that there are no other matters relating to its retirement as the Company's auditor that need to be brought to the attention of the Shareholders. The Board and the Audit Committee also confirmed that, save as disclosed above, there are no other disagreements or unresolved matters between the Company and KPMG, and there are no other circumstances relating to the aforesaid retirement that need to be brought to the attention of the Shareholders.

The Board further confirms that as at the date of this announcement, KPMG has not commenced any audit work in respect of the consolidated financial statements of the Group for the year ending December 31, 2026. The Board is of the view that the proposed change of auditor will not have any material impact on the annual audit and the release of annual results of the Group for the year ending December 31, 2026.

The Board takes this opportunity to express its sincere gratitude to KPMG for its professional and quality services rendered to the Group over the past years.

After careful consideration and fair negotiation with RCHK, it is proposed that the auditor's remuneration for the financial year ending December 31, 2026 (the "**Estimated Audit Fees**") shall range from RMB2,800,000 to RMB3,500,000. The Estimated Audit Fees are determined after taking into account various factors, including the scale, nature and complexity of the Group's business operations, the anticipated audit scope, additional audit matters that may arise in 2026, changes in audit procedures and workload that may result from fluctuations in the Group's asset scale, revenue levels and customer base, the audit timetable, as well as the seniority and mix of proposed assigned professional staff.

In assessing the reasonableness of the proposed audit fees, the Audit Committee has taken into consideration the audit proposals and fee quotations offered by other competent and qualified accounting firms in the market. The Audit Committee noted that the fee proposal provided by KPMG for the audit for the year ending December 31, 2026 represented an increase as compared with the Group's audit fee for the year 2025. Based on the communications between the Company and KPMG during the discussions on the audit fee arrangement, KPMG indicated that such fee increase was primarily attributable to the Group's anticipated new overseas projects in 2026 and the continuous expansion of overseas business, which would lead to a broader expected audit scope and higher workload. In addition, as KPMG's local resources and business presence in the Democratic Republic of the Congo, where the Group's major overseas projects are located, are relatively limited, it is expected that additional overseas audit resources would need to be deployed, thereby increasing the relevant audit costs.

After comparing the audit proposals and fee quotations offered by different accounting firms, the Audit Committee is of the view that the audit fee proposal offered by RCHK is competitive and meets the Group's current audit requirements. Meanwhile, according to the information provided by RCHK, RCHK is a member of the Rongcheng Network. RSM China CPA LLP (容誠會計師事務所(特殊普通合夥)) within the Rongcheng Network is affiliated to the global RSM International network. RSM International network maintains an office in the Democratic Republic of the Congo, where the Group's major overseas projects are located, and possesses relatively well-established local support capabilities, which would help enhance the efficiency of overseas audit work. Accordingly, the Audit Committee is of the view that the audit proposal and the Estimated Audit Fees offered by RCHK are reasonable and are in line with the Group's current and future business development needs.

The above Estimated Audit Fees are determined on the assumption that the Group's business operations, accounting policies and regulatory environment remain unchanged during the relevant financial year. Save for any material changes to the aforesaid bases or assumptions, the final audit fees are not expected to differ materially from the estimated amount set out above. In the event of any material changes, the Company will publish further announcement(s) as appropriate to make additional disclosures (if applicable).

In assessing the proposed appointment of RCHK as the auditor of the Company, the Audit Committee has considered a number of factors including but not limited to (i) its experience, industry knowledge and technical capabilities in handling audit engagements for companies listed on the Stock Exchange; (ii) its independence from the Group and objectivity; (iii) its proposed audit fees and audit proposal; (iv) its market reputation and track record; (v) its resources and capacity, including human resources, time commitment and composition of its audit team; and (vi) the relevant guidelines published by the Accounting and Financial Reporting Council of Hong Kong (the "**AFRC**"), including Part 2 of the "Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors" (the "**Guidelines**") and the "Guidance Notes on Change of Auditors".

The Audit Committee has made reference to Part 2 of the Guidelines (in particular paragraph 2.2.4 thereof) and, based on the considerations set out in the Guidelines, is satisfied that RCHK possesses independence, professional competence and the capability to conduct high-quality audits, and that RCHK possesses sufficient and appropriate human resources, expertise, time and resources to perform high-quality audit work for the Company. A summary of the detailed assessment conducted by the Audit Committee is set out below:

(i) Governance and leadership – RCHK is registered with the AFRC as a public interest entity auditor. The Audit Committee has reviewed profiles of RCHK's leadership team, organisational structure and quality management policies on governance and leadership, and is satisfied that RCHK has established a sound audit quality management system and rigorous audit methodologies and is committed to conducting audit work in the interests of the Company's Shareholders and the wider public.

(ii) Independence and compliance with relevant ethical requirements – The Audit Committee has held discussions with the proposed engagement partner and noted that RCHK complies with the Code of Ethics for Professional Accountants (including the independence provisions) issued by the Hong Kong Institute of Certified Public Accountants and applicable quality management standards. There are no non-audit services, financial or commercial relationships between the Company and RCHK that may impair RCHK's independence, nor any other relationships (whether financial, employment, familial or otherwise) between members of the proposed audit engagement team (and their respective immediate family members) and the Company that could compromise RCHK's independence when conducting audits for the Company.

(iii) Industry knowledge and technical competence – RCHK has a team of staff with professional qualifications and extensive audit experience, and possesses experience in providing audit services to companies listed on the Stock Exchange and clients across various industries. In addition, RCHK is able to leverage its international service network and professional resources to provide cross-border audit support for enterprises with domestic and overseas operations. The Audit Committee has reviewed and discussed the audit plan and audit timetable with RCHK, and confirmed that it has sufficient qualified staff and professional resources to deliver high-quality audit services.

(iv) Engagement performance – The Audit Committee has discussed with RCHK in respect of its overall audit strategy, which covers clear audit scope, audit focus and key work arrangements. After reviewing RCHK's audit methodology proposed to be adopted and the background of the engagement partner and team members, the Audit Committee is satisfied that the audit team possesses sufficient professional expertise, human resources and time commitment to effectively carry out the audit work of the Company.

(v) Communication and interaction with the Audit Committee – The Audit Committee considers that RCHK has established communication arrangements with the Audit Committee and the management of the Company to ensure that audit progress, significant audit matters and other key issues can be timely reported to the Audit Committee and properly addressed.

(vi) Monitoring procedures – To the best of its knowledge, the Audit Committee is not aware of any matters that may affect RCHK's integrity, objectivity and independence, or that may adversely affect the quality of its audit.

Based on the foregoing, the Audit Committee has assessed and considered that RCHK is independent, qualified and suitable to act as the auditor of the Company, and has recommended to the Board the appointment of RCHK as the auditor of the Company. The Board and the Audit Committee are of the view that the change of auditor will enhance the cost-effectiveness of the Company's annual audit, maintain sound corporate governance practices and is in the interests of the Company and the Shareholders as a whole.

The above resolution regarding the proposed change of auditor is subject to consideration and approval by the Shareholders at a general meeting of the Company. A circular containing, among other things, details of the proposed appointment of auditor, together with a notice of the extraordinary general meeting, will be dispatched to the Shareholders in due course.

By order of the Board
Breton Technology Co., Ltd.
Mr. Chen Fangming
Chairman, General Manager and Executive Director

Hong Kong, July 10, 2026

As at the date of this announcement, the Directors of the Company are (i) Mr. Chen Fangming, Mr. Qiu Debo, Mr. Chen Guomin and Ms. Yang Hui as executive Directors; (ii) Mr. Cao Haiyi and Mr. Wang Zhenkun as non-executive Directors; and (iii) Mr. Zhou Yuan, Mr. Gui Zhenhua, Dr. Jiang Bailing and Dr. Tim Sun as independent non-executive Directors.