



BRETON  
博雷顿

# 博雷顿科技股份有限公司 BRETON TECHNOLOGY CO., LTD.

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

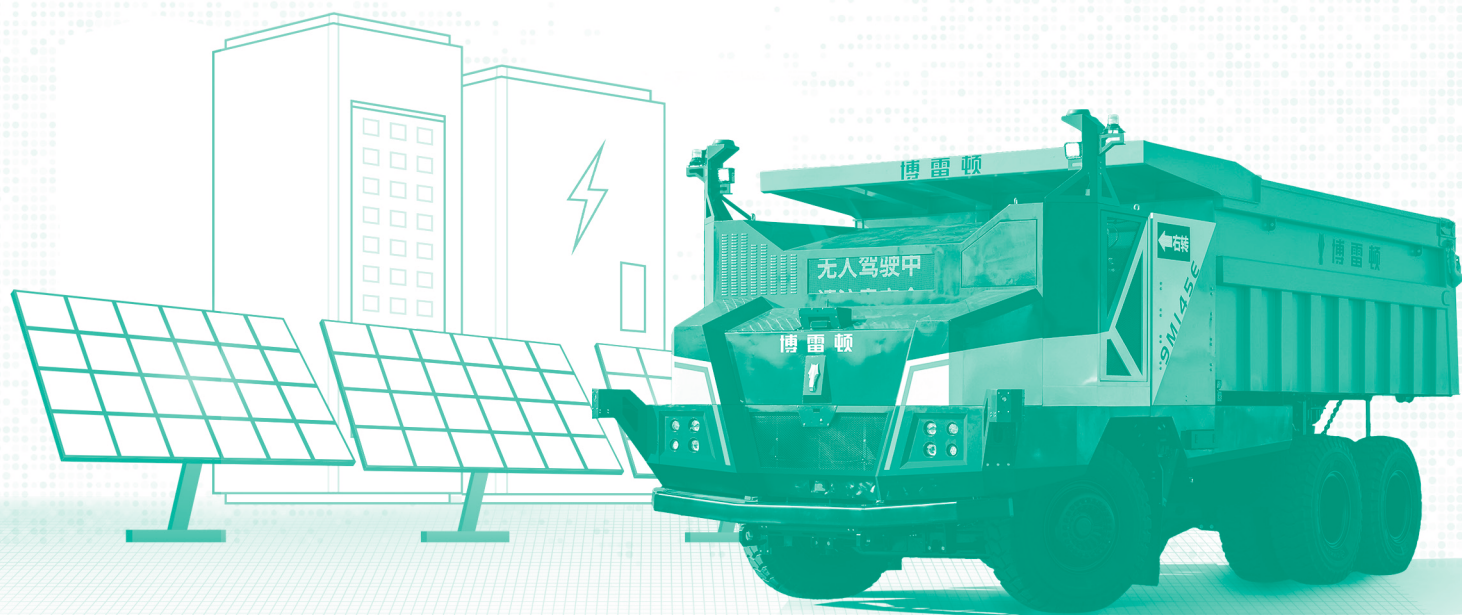
Stock code : 1333



## 2025 ANNUAL REPORT

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# 1. CORPORATE INFORMATION

## CHINESE COMPANY NAME

博雷頓科技股份有限公司

## ENGLISH COMPANY NAME

Breton Technology Co., Ltd.

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chen Fangming *(Chairman of the Board and General Manager)*

Mr. Qiu Debo

Mr. Sun Kanghua

Ms. Yang Hui

### Non-executive Directors

Mr. Cao Haiyi

Mr. Wang Zhenkun

### Independent Non-executive Directors

Mr. Zhou Yuan

Dr. Li Xiaofu *(Resigned on February 5, 2026)*

Mr. Gui Zhenhua *(Appointed on February 5, 2026)*

Dr. Jiang Bailing

Mr. YIM, Chi Hung Henry

### Supervisors

Mr. Liu Yudong

*(Retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026)*

Ms. Wang Yanzhen

*(Retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026)*

Ms. Sun Wenxu

*(Retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026)*

## COMMITTEES UNDER THE BOARD OF DIRECTORS

### AUDIT COMMITTEE

Dr. Jiang Bailing *(Chairman)*

Mr. YIM, Chi Hung Henry

Dr. Li Xiaofu *(Resigned on February 5, 2026)*

Mr. Gui Zhenhua *(Appointed on February 5, 2026)*

### NOMINATION COMMITTEE

Dr. Li Xiaofu *(Chairman) (Resigned on February 5, 2026)*

Mr. Gui Zhenhua *(Chairman)*

*(Appointed on February 5, 2026)*

Ms. Yang Hui

Dr. Jiang Bailing

### REMUNERATION AND APPRAISAL COMMITTEE

Mr. Zhou Yuan *(Chairman)*

Mr. Chen Fangming

Dr. Jiang Bailing

### STRATEGY COMMITTEE

Mr. Chen Fangming *(Chairman)*

Mr. Qiu Debo

Mr. Zhou Yuan

## JOINT COMPANY SECRETARIES

Mr. Liu Xingyu *(Resigned on January 9, 2026)*

Mr. Zhang Fei *(Appointed on January 9, 2026)*

Ms. Shum Kit Han

## AUTHORIZED REPRESENTATIVES

Mr. Sun Kanghua

Ms. Shum Kit Han

# 1. CORPORATE INFORMATION

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

### Principal Place of Business in Mainland China

Room 208, 2/F, Block 3, No. 168 Shennan Road, Minhang District, Shanghai, PRC

### Principal Place of Business in Hong Kong

Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

## H SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited  
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

## PRINCIPAL BANKS

China Merchants Bank Shanghai Hualing Branch  
No. 1092, Hualing Road, Baoshan District, Shanghai, PRC

Agricultural Bank of China Shanghai Jinqiao Branch  
No. 188, New Jinqiao Road, Pudong New District, Shanghai, PRC

## AUDITOR

KPMG  
*Certified Public Accountants*  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*  
8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

## COMPLIANCE ADVISOR

Gram Capital Limited  
Room 1209, 12/F, Nan Fung Tower, 88 Connaught Road Central/173 Des Voeux Road Central, Central, Hong Kong

## LEGAL ADVISOR

### As to Hong Kong law

Haiwen & Partners LLP  
Rooms 601-602 & 610-616, 6/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

## COMPANY'S WEBSITE

Official Website: [www.breton.top](http://www.breton.top)  
Investor Relations Email: [ir@breton.top](mailto:ir@breton.top)

## STOCK CODE

Stock Code on the Hong Kong Stock Exchange: 1333.HK

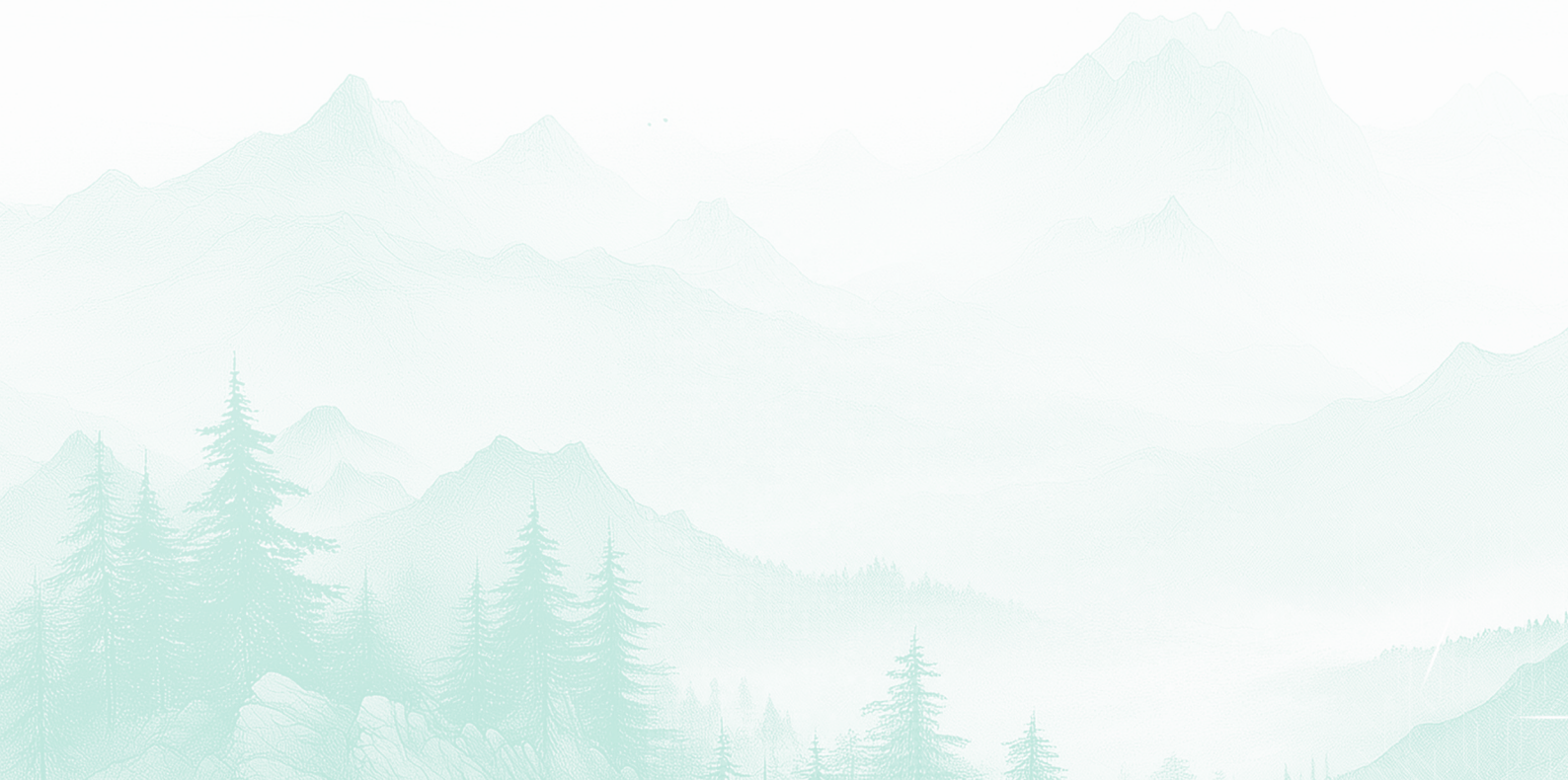
## 2. CORPORATE PROFILE

### About US

Breton is a comprehensive solution provider focusing on zero-carbon and smart mines, committed to building a one-stop green and intelligent operation system for global mining customers. With electrification and intelligence as its core directions, the Company deeply integrates its design, research and development (“R&D”) and manufacturing capabilities to develop electric construction machinery capable of autonomous operation, while providing intelligent operation technologies and photovoltaic (“PV”) energy storage services, establishing a full-industry-chain value ecosystem covering “energy supply – equipment application – intelligent driving”.

Relying on its technological accumulation and industry insights from early deep cultivation in the mining equipment sector, the Company has become a leading manufacturer of battery-electric wide-body dump trucks and battery-electric loaders, establishing a leading position in the industry. According to CIC data, from 2022 to 2024, the Company ranked first globally for three consecutive years in shipments of battery-electric wide-body dump trucks with a battery capacity exceeding 650kWh, demonstrating a sustained leading market competitiveness in its core products. In the field of unmanned mining operations, the Company has continuously increased investment in technological R&D and taken the lead in achieving industrial breakthroughs. According to CIC data, the Company is the first manufacturer in China to launch battery-electric mining wide-body dump trucks equipped with autonomous operation systems and battery-electric loaders with remote operation technology to the market, providing key equipment support for the intelligent transformation of mines.

Meanwhile, in response to the global development trend of green energy, the Company has actively responded to the clean energy demand of overseas mining customers. It is accelerating the commercialization of energy services for grid-forming photovoltaic energy storage power stations, further expanding its global business landscape of “energy+equipment+services” and striving to become a world-leading comprehensive service provider for zero-carbon smart mines.



### 3. CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my great pleasure to present the Company's annual report for the year ended December 31, 2025.

The year 2025 marked a milestone in the Company's development. During the year, we successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, establishing ourselves as the first listed company focused on "zero-carbon mining robots", and were included as a constituent stock of the Hang Seng Composite Index. Beyond these milestones, we drove synergistic progress across our three strategic pillars: battery-electric mining trucks, unmanned driving, and PV-storage micro-grids. These achievements have accelerated our transformation from an equipment manufacturer into a world-leading comprehensive service provider for zero-carbon smart mines. For the full year, we recorded revenue of approximately RMB779 million, representing a year-on-year increase of 22.7%. Our gross margin improved from 5.8% to 11.1%, reflecting continued optimization of our business mix.

#### I. Business Highlights Review

**Battery-electric mining trucks:** In the context of green mining, with increasingly stringent environmental policies and energy-saving regulations being introduced, new energy powertrains are replacing traditional fossil fuels. This transition not only reduces emissions but also enhances operational efficiency and significantly lowers energy costs. Notably, the cost-saving benefits of electrification are even more pronounced in larger-tonnage dump trucks. The market for new energy wide-body trucks in China has continued its rapid expansion alongside rising penetration rates. In 2025, the Company's battery-electric mining truck business achieved remarkable growth, surging by nearly 80% year-on-year. Revenue from battery-electric wide-body dump trucks accounted for 82.9% of total annual revenue, with the proportion of high-end models (large-tonnage units with high-capacity batteries) increasing from 50% to 67%. Furthermore, the Company signed long-term strategic cooperation agreements with industry leaders engaged in mining area operation, cementing its position in the first tier of the industry for large-scale commercial deployment capabilities.

**Unmanned driving:** In 2025, unmanned driving served as the core strategic track for the Company's strategic investment and breakthrough upgrades. It also acted as a pivotal enabler in our drive to transform the mining industry from standalone equipment electrification to full-scenario intelligence. Over the past year, facing the vast opportunities of global mining intelligence transformation and the challenges of industry technology iteration, we focused on the core themes of restructuring our technology system, consolidating our talent foundation, and promoting commercial deployment. Through this, we achieved a critical leap from technical trials to scenario applications in the field of unmanned driving. In November 2025, the Company launched the cableless dedicated mining truck 9M145E, which was forward-developed starting with autonomous driving. From its structure to its line-control system, it was completely reconstructed based on the requirements of unmanned operations. At the same time, we innovatively applied mature and validated end-to-end large model technology from the passenger vehicle sector to the development of autonomous driving algorithms and models for closed mining scenarios. Based on massive amounts of real-world mining operation data, we fully self-developed an E2E autonomous driving large model adapted to extreme mining conditions, achieving continuous inference and end-to-end optimization across the full chain of perception, decision-making and control.

### 3. CHAIRMAN'S STATEMENT

**Overseas Business:** In 2025, we continued to advance the implementation of our integrated overseas strategy of “PV-storage + battery-electric mining trucks + unmanned driving”. We delivered 31 pure electric dump trucks in a single batch to a copper-cobalt mining area in Zambia, Africa. This was not only the Company's first large-scale overseas order for battery-electric mining trucks since its listing, but also among the first batches of Chinese battery-electric mining truck products to be deployed in the African mining market in a single large shipment, marking the formal comprehensive recognition of our electric mining equipment by major overseas mining projects. At the same time, addressing the industry dilemma of weak grid infrastructure in Africa and the widespread reliance on expensive diesel power generation in mining areas, we launched a grid-forming PV-storage micro-grid solution specifically designed for overseas mining scenarios. This solution can autonomously establish voltage and frequency in fully off-grid or weak-grid environments to achieve stable and reliable power supply. It not only provides zero-carbon power assurance for the large-scale operation of battery-electric mining trucks but also fundamentally reduces the comprehensive energy costs for mining customers. Across the DRC, Sierra Leone, Zimbabwe, and Zambia, the Company has deployed hundred-megawatt solar and energy storage projects. The Dizwa smart microgrid in the DRC (76MWp PV + 100MWh storage) is nearing completion, while the Ruashi microgrid project has also made substantial progress. As these assets come online, our PV-storage power operations are poised to become a new growth engine for the Company, continuously contributing stable electricity revenue.

## II. Industry Trends and Strategic Outlook

The mining industry is currently embracing a historic opportunity driven by the deep convergence of electrification and intelligence. As battery-electric mining trucks demonstrate increasingly significant economic benefits on the cost side, the penetration rate of mining truck electrification will accelerate. Meanwhile, the industry generally believes that 2025 is the first year of large-scale application of unmanned driving in mining. Looking ahead, Breton's strategic path will focus on three key directions:

**Battery-electric mining trucks: cementing industry leadership.** We will continue to expand our market advantages in high-capacity battery and high load tonnage products. By accelerating the R&D and mass production of models exceeding 145 tonnes, we aim to further increase our market share and consolidate our position at the forefront of the industry.

**Unmanned driving: launching full-scale commercialization.** 2026 will be a pivotal year for the large-scale deployment of our unmanned driving business. Leveraging our core demonstration projects in key mining areas as benchmarks, we will accelerate large-scale replication in mining areas nationwide and even globally, and promote the large-scale implementation of unmanned solutions.

**Overseas business: harvest phase in full swing.** With multiple hundred-megawatt solar and energy storage projects in Africa coming online in succession, our PV-storage power operations are set to deliver steadily growing cash flow. Simultaneously, it provides green energy assurance for the large-scale deployment of unmanned mining trucks, establishing a closed loop of “energy + equipment + services”.

### 3. CHAIRMAN'S STATEMENT

Looking ahead, Breton aims to evolve into an AI-driven new energy and resource services company. Specifically, the battery-electric mining truck business will continue to consolidate the Company's core foundation, constantly refining our product portfolio and technological barriers. The AI-driven unmanned driving business, leveraging the end-to-end autonomous driving model as its core enabler, will persistently reshape mining production organization and operational paradigms, building a differentiated technological moat and a second growth curve for the Company. In addition, the PV-storage micro-grid business will construct an independent, controllable green energy supply system tailored for mining scenarios, providing stable zero-carbon power assurance for electric equipment and intelligent operations, and open a new track for long-term, stable cash flow. These three segments are deeply coupled, mutually empowering, and reciprocally reinforcing, establishing Breton as one of the few enterprises in the mining sector capable of delivering full-chain, systematic solutions encompassing "clean energy + intelligent equipment + intelligent operation and maintenance services".

We are grateful for the long-standing trust and support from our shareholders, and for the dedication of all our employees. Standing at the threshold of a new era, Breton remains committed to long-termism and pragmatism – making energy cleaner and production smarter – as we invite our shareholders to witness the great revolution in mining toward a "data – and intelligence-driven" future.

**Chen Fangming**

*Chairman of the Board, Executive Director and General Manager*

March 30, 2026



## 4. FINANCIAL AND OPERATION HIGHLIGHTS

### Operation Information

During the Reporting Period, the Group recorded a revenue of RMB779.5 million, representing an increase of 22.7% as compared to RMB635.5 million for the corresponding period in 2024, primarily due to the sustained growth in market demand for battery-electric wide-body dump trucks. The following table sets forth the breakdown of the Group's revenue by type and its percentage of total revenue for the periods as indicated:

|                                        | For the Year Ended December 31, |               |                |               |                |               |
|----------------------------------------|---------------------------------|---------------|----------------|---------------|----------------|---------------|
|                                        | 2025                            |               | 2024           |               | Change         |               |
|                                        | RMB'000                         | %             | RMB'000        | %             | RMB'000        | %             |
| <b>Product sales:</b>                  |                                 |               |                |               |                |               |
| Battery-electric wide-body dump trucks | 646,087                         | 82.9%         | 364,588        | 57.4%         | 281,499        | 77.2%         |
| Battery-electric loaders               | 96,656                          | 12.4%         | 224,197        | 35.3%         | -127,541       | -56.9%        |
| Battery-electric tractor trucks        | 1,073                           | 0.1%          | 7,035          | 1.1%          | -5,962         | -84.7%        |
| Spare parts and accessories            | 24,448                          | 3.1%          | 25,688         | 4.0%          | -1,240         | -4.8%         |
| <b>Sub-total</b>                       | <b>768,264</b>                  | <b>98.5%</b>  | <b>621,508</b> | <b>97.8%</b>  | <b>146,756</b> | <b>23.6%</b>  |
| <b>Rendering of services</b>           | <b>2,207</b>                    | <b>0.3%</b>   | <b>3,187</b>   | <b>0.5%</b>   | <b>-980</b>    | <b>-30.8%</b> |
| <b>Rental income</b>                   | <b>9,012</b>                    | <b>1.2%</b>   | <b>10,762</b>  | <b>1.7%</b>   | <b>-1,750</b>  | <b>-16.3%</b> |
| <b>Total revenue</b>                   | <b>779,483</b>                  | <b>100.0%</b> | <b>635,457</b> | <b>100.0%</b> | <b>144,026</b> | <b>22.7%</b>  |

### FINANCIAL HIGHLIGHTS

|                      | For the year ended December 31, |         |
|----------------------|---------------------------------|---------|
|                      | 2025                            | 2024    |
|                      | RMB'000                         | RMB'000 |
| Revenue              | 779,483                         | 635,457 |
| Gross profit         | 86,174                          | 36,839  |
| Gross profit margin  | 11.1%                           | 5.8%    |
| Loss before taxation | 280,157                         | 274,457 |
| Loss for the period  | 318,202                         | 274,547 |

For the year ended December 31, 2025, the Group's revenue was RMB779.5 million, representing a year-on-year increase of 22.7%; our gross profit was RMB86.2 million, representing a year-on-year increase of 133.9%; our gross profit margin was 11.1%, representing an increase of 5.3 percentage points compared with 2024; our loss for the period was RMB318.2 million, representing a year-on-year increase of 15.9%, such year-on-year increase in loss was mainly due to the increase in impairment losses on trade and other receivables, contract assets and financial guarantees issued, as well as the increase in provision for income tax expenses.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Results

#### Business Review

In 2025, the Company closely followed the development trend of the era centering on energy and intelligence. With R&D and manufacturing of core equipment as its foundation, industrialization of autonomous driving as its driving engine, and overseas market expansion as its growth driver, the three core business segments achieved remarkable results through synergistic development. The competitiveness of its core products and global market layout capability continued to improve, laying a solid foundation for the Company to enter a new stage of development.

#### I. **R&D and manufacturing of battery-electric engineering machinery: strategically focusing on battery-electric mining truck business to achieve rapid revenue growth**

In 2025, driven by China's national "dual carbon" goals, the electric wide-body dump truck industry maintained rapid development. Leveraging its advantages in the new energy industrial chain, China continued to lead the global market, and the market penetration rate of new energy wide-body dump trucks kept rising. In terms of technical pathways, the industry showed an in-depth integration trend of "upsizing, electrification and unmanned operation". Multiple technical routes including pure electric, hybrid and battery swapping developed in parallel, and models with a load capacity of over 100 tons became mainstream. Large-capacity lithium iron phosphate batteries, multi-stage energy recovery systems, intelligent connected cloud platforms and other core technologies achieved large-scale application, cutting the operating cost of each vehicle by more than 70% compared with fuel-powered vehicles.

In 2025, the Company focused on the core application scenarios of mines, strategically optimized and focused on resources for the battery-electric engineering machinery business, and focused its core resources on the high-potential battery-electric wide-body dump trucks (battery-electric mining truck) business. The Company's battery-electric mining trucks cover 105-tonne, 120-tonne, 135-tonne and 145-tonne series models, with continuous improvement in production technology, steady improvement in production capacity and supporting capacity, and excellent reliability of market-side products. Leveraging on the technology accumulation and customer advantages in the mining scene, this category achieved a substantial increase in revenue from RMB364,588,000 in 2024 to RMB646,087,000, representing a year-on-year increase of 77.2%, and the revenue proportion increased from 57.4% to 82.9%, becoming the core driving force driving the growth of the Company's product sales. At the same time, facing the operating challenges of fierce competition in the battery-electric loader market and pressure on gross profit margin, the Company proactively implemented strategic contraction, optimized production capacity and order structure, and the revenue of this category was adjusted from RMB224,197,000 in 2024 to RMB96,656,000, representing a year-on-year decrease of 56.9%, so as to ensure the profit quality and sustainable development of the overall business, and the business structure became healthier.

In terms of product R&D, the Company completed multiple projects for mining trucks, including the 135-tonne range-extended model, battery-swap model and new-generation heavy-duty model, achieved cost reduction for the 120-tonne in-house mass-produced model, and pressed ahead with the development of 145-tonne large-tonnage rigid frame, drive-by-wire pure electric and unmanned driving models. Meanwhile, upon completing the preliminary research on battery replacement and in-house frame manufacturing, it promoted the connection of external cooperation projects such as ultra-fast charging technology and unmanned driving solutions.

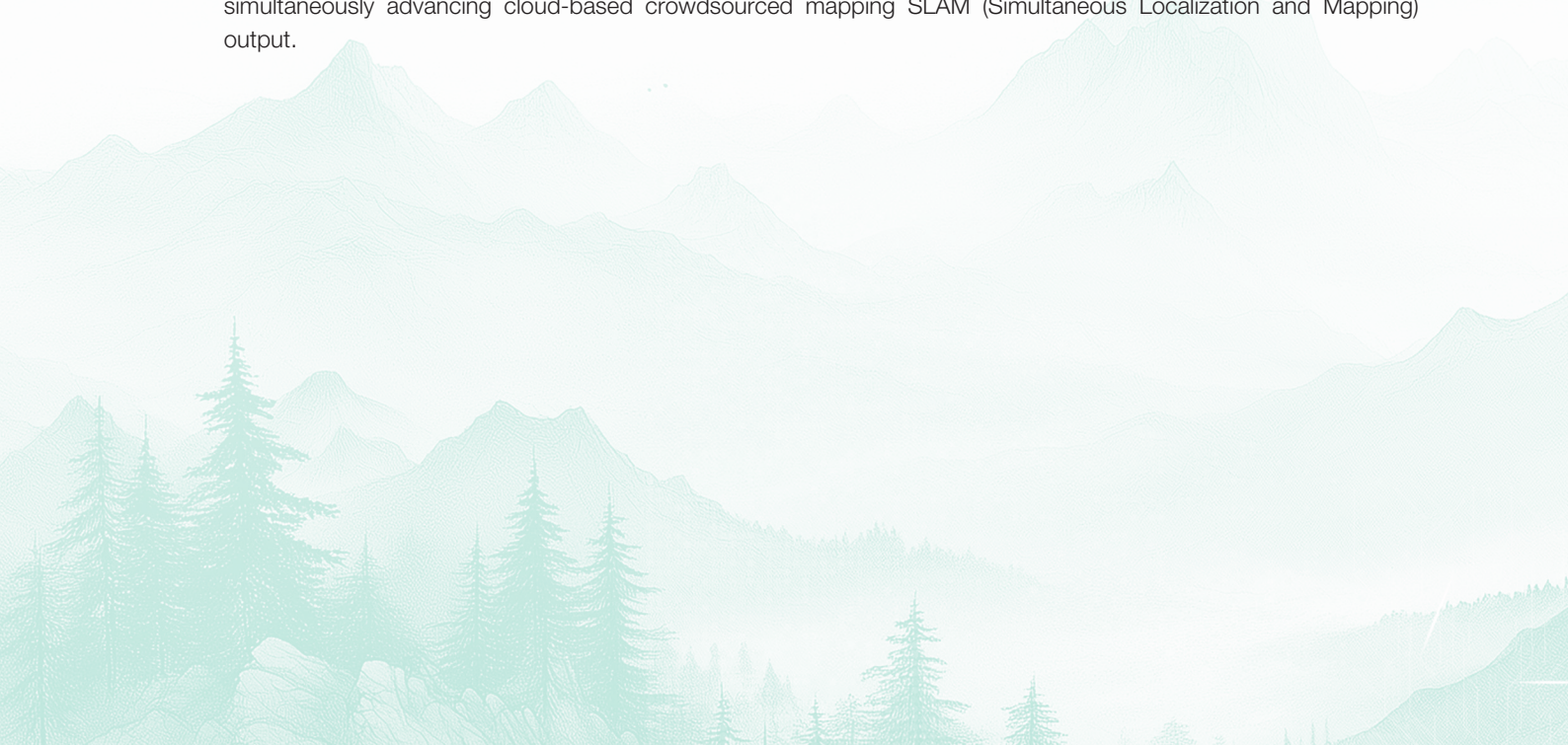
## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### II. Autonomous Driving Business: Accelerating Scenario Implementation and Building a Full-Link Intelligent Solution

In 2025, the unmanned operation of battery-electric wide-body dump trucks officially entered the large-scale commercial application stage. New-generation models eliminate cabs at the initial design stage and restructure chassis and perception systems, realizing the underlying native integration of intelligent driving systems and vehicle control units. This is evolving vehicles from labor-replacing tools into autonomous intelligent operating entities with capabilities superior to manual operation. In practical operations, relying on 5G private networks and cloud control platforms, fleets comprising hundreds of pure electric unmanned mining trucks have achieved regular operation in multiple large open-pit mines. Meanwhile, relevant technologies have been successfully verified in extreme scenarios such as plateau and high-altitude areas, and started delivering solutions to overseas mines. This marks unmanned technology as a core driving force for the safe, efficient and green transformation of the mining industry.

In 2025, the Company's autonomous driving business achieved a critical leap from technical validation to scenario application. Prototype manufacturing of 135-tonne and 145-tonne unmanned driving mining trucks were completed, with field tests conducted in typical mining areas. The drive-by-wire chassis and unmanned driving system were efficiently integrated, achieving vehicle control precision and operational safety at industry-leading levels. The Company has deepened its cooperation with multiple leading industry enterprises, promoting a deep integration of unmanned driving technology with mining production processes.

In technology R&D, the Company has broken through the industry's traditional technical bottlenecks of 2D detection and preset path planning, the Company has charted a forward-looking technology R&D path encompassing 3D pre-fusion perception and full-link end-to-end models. The Company has planned a two-stage technology R&D path: Perception algorithms adopted a combination of 3D pre-fusion and 4D OCC (Occupancy), with a subsequent upgrade to a full-link end-to-end model; PNC (Planning and Control) algorithms adopted 3D spatio-temporal joint planning and hybrid algorithms, with the control end upgraded from LQR (Linear Quadratic Regulator)+PID (Proportional-Integral-Derivative Controller) to an MPC (Model Predictive Control)+LQR+PID redundant design, while simultaneously advancing cloud-based crowdsourced mapping SLAM (Simultaneous Localization and Mapping) output.



## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### III. Overseas Business: Achieving Breakthroughs Through Diversified Layout and Gradually Forming a Global Market Operation System

In 2025, mining microgrid solutions spearheaded by Chinese enterprises have seen accelerated implementation across Africa. A leading new energy firm took the lead in launching the integrated green mine microgrid solution. Guided by the core concept of localized adaptation, it has completed benchmark projects at iron mines in Guinea, copper mines in Zambia and gold mines in Zimbabwe. A major power engineering enterprise built a solar-storage-diesel hybrid microgrid at the Kambove Mining Area in the Democratic Republic of the Congo, equipped with 27MWp photovoltaic facilities and a 21.25MW/85MWh energy storage system, which has been fully commissioned and put into commercial power supply. In parallel, a Chinese gold mining operator commissioned the country's first large-scale new energy demonstration power station at the Abuja Gold Mine in Côte d'Ivoire, West Africa. It has established a multi-energy complementary smart microgrid combining photovoltaic, energy storage, grid power and diesel power generation, enabling seamless on-grid and off-grid switching.

The Company's overseas business focused on regional markets with abundant mineral resources yet insufficient power supply and has established an integrated business model of "PV and energy storage power solutions + electric construction equipment". For regions such as Africa and Southeast Asia which boast rich mineral resources but suffer from inadequate power supply and high electricity costs, the Company provided tailored power solutions including PV and energy storage power generation for local mining enterprises. Leveraging this as a gateway to collaboration, the Company has further extended its business to electric construction equipment such as battery-electric wide-body dump trucks, forming a closed business loop of energy and equipment synergy.

In 2025, the Company focused on deepening its presence in the African market, achieving leapfrog breakthroughs in overseas market layout and commercial implementation, completed layout in key regions including the Democratic Republic of the Congo, Sierra Leone and Zimbabwe, achieved the construction of PV and energy storage power stations pending operation, and signed large-scale PPA projects. In addition, the Company has broken through traditional financing channels and deepened cooperation with professional financial institutions. It has completed fundamental arrangements such as the restructuring of its overseas business structure and promoted the simultaneous progress of multiple projects throughout their entire process. Its capabilities in overseas project execution and localized operation have continued to mature, fully preparing for the sustained expansion of its global business.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### Future Development and Strategies

Our goal is to become an AI-driven new energy and resource service company. We aim to build a core technology platform that propels new energy mining equipment into the robotics era, deeply integrate the entire industrial chain resources of new energy mining equipment and unmanned mining, and fully empower the green and intelligent upgrading of the whole mining and transportation process in mines. We will continue to consolidate our dual-leading position in technology and market in the fields of new energy mining equipment and autonomous driving for mines. To achieve this goal, we plan to implement the following core development strategies:

#### I. Focus on Scenario-based Tiered Implementation, Deepen Product Matrix Upgrades, and Expand Overseas “Dual Expansion” Footprint

We will develop tiered intelligent mine demonstration projects by promoting fully unmanned benchmark projects in large-scale mining areas and launching hybrid-operation transition models in small and medium-sized mining areas while achieving mass production and delivery of autonomous mining trucks, as well as phased implementation of key projects. We will continue to upgrade battery-electric wide-body dump trucks, complete the R&D and core component self-manufacturing breakthroughs for range-extended, battery-swapping, heavy-duty and other models, advance the development of large-tonnage rigid frames and specialized mining trucks adaptable to different operating conditions, and enrich our product matrix. Leveraging advantages in existing overseas markets, we will consolidate core regions such as the Democratic Republic of the Congo and Zambia, explore emerging markets including Guinea and South Africa, establish in-depth partnerships with major state-owned enterprise (SOE) and central SOE customers, and enhance overseas influence through comprehensive capabilities.

- 1. Develop Tiered Intelligent Mine Demonstration Projects and Achieve Mass Production and Delivery of Autonomous Mining Trucks:** We will adopt differentiated project layouts for mining areas of varying scales and operating conditions by building benchmark projects for “unmanned mining operations” at large scale open pit mines and implementing a full-process system covering autonomous driving, intelligent dispatching, and intelligent safety and environmental protection to surpass manual operation in work efficiency; promoting demonstration projects of the “hybrid-operation transition models” at small and medium sized mining areas to reduce the cost of intelligent transformation and rapidly improve the overall efficiency of mining and transportation through mixed dispatching and collaborative operation between manned and autonomous vehicles. Meanwhile, focusing on the core needs of key mining customers, we will achieve mass production and delivery of autonomous mining trucks and the development of three demonstration projects, prioritize phased delivery and implementation of key projects, realize stable operation of manned-unmanned hybrid fleets, and gradually achieve 24/7 normalized unmanned operation in mines; concurrently advance the development of fully autonomous vehicle control, switch to self-developed Vehicle Control Units (VCUs), and launch external sales of self-developed intelligent chassis control modules.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

2. **Research, Develop and Launch Specialized Mining Trucks for Different Scenarios:** Building on our existing battery-electric wide-body dump truck products, the Company will continue to intensify product R&D and upgrading. We have successfully completed multiple projects including range-extended, battery-swapping, and new-generation heavy-duty models, achieving cost reduction and efficiency improvement in our 120-tonne self-manufactured mass-produced vehicles, while making core breakthroughs in battery switching technology and frame self-production. Concurrently, we will advance the R&D of 145-tonne large-tonnage rigid frames, drive-by-wire battery electric models, and autonomous driving models. We will further develop specialized battery-electric wide-body dump trucks tailored to different mining scenarios such as open-pit coal mines, metal mines, and sand & aggregate mines, as well as different operating conditions including short-distance transfer, long-distance heavy haulage, and complex terrain operations. This will fully enrich our product matrix and enhance the scenario adaptability of our products.
3. **Expand Both Overseas Existing and New Markets, and Establish In-Depth Partnerships with SOEs and Central SOEs:** Leveraging our solid foundation in overseas PV-storage, vehicle sales and leasing businesses in 2025, we will consolidate our advantages in existing copper mine markets in the Democratic Republic of the Congo and Zambia, fully tap into mining truck demand from overseas mining customers, and explore emerging mineral markets such as Guinea and South Africa, to achieve coverage in core global mining regions. In parallel, we will closely engage with major SOE and central SOE customers going global, deepen partnerships with leading companies such as CNMC (中國有色) and Minmetals (五礦) to build a stable collaborative ecosystem. By leveraging our comprehensive capabilities encompassing “products + solutions + full lifecycle services,” we will enhance our industry influence in overseas PV-storage solutions.

### II. Build an Industrial Ecosystem for Mining Autonomous Driving and Forge Core Competitiveness Through Full-Chain Collaboration

By introducing strategic investors and cooperating in industrial incubation funds, the Company will invest in upstream enterprises and reinvest proceeds into the R&D of autonomous driving technologies, forming a synergistic and win-win community of shared interests. It will further deepen strategic cooperation with core hardware suppliers to jointly develop customized mining products and establish a nationwide hardware maintenance system to lower operation and maintenance costs. In collaboration with research institutes and universities, the Company will conduct R&D on key technologies, focusing on breakthroughs in perception, dispatching, and large model algorithms, while jointly establishing talent training bases to enhance the reserve of technical personnel.

1. **Industrial Ecosystem Incubation and Strategic Investment:** By introducing strategic investors focused on mining business layout and establishing a special industrial incubation fund, the Company will deeply integrate external resources with internal R&D through investments in upstream enterprises. This will in turn support the iterative development of autonomous driving technologies, while forging a synergistic and win-win community of shared interests.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

2. **Deep Cooperation with Core Hardware Suppliers:** The Company will continue to strengthen strategic cooperation with leading chip suppliers and core hardware providers including LiDAR, cameras and infrared sensors. Leveraging Breton's application experience in mining scenarios, it will jointly develop automotive-grade and mining-customized hardware products with manufacturers, such as multispectral integrated sensors and high-computing domain controllers adapted to harsh mining conditions; establish a stable hardware supply chain system and cooperate with hardware maintenance enterprises to build a nationwide hardware maintenance system in line with the layout of mining projects, thereby reducing equipment operation and maintenance costs.
3. **Deepened Technical Collaboration with Industry Research Institutes and Universities:** The Company will cooperate with domestic research institutes and universities in the fields of construction machinery, artificial intelligence and automatic control to conduct joint R&D on core technologies for mining autonomous driving, focusing on breakthroughs in key technologies including unstructured road perception, multi-vehicle collaborative dispatching, and end-to-end large model algorithms; jointly build talent training bases to supply professional technical talents for the unmanned mining sector and strengthen the talent reserve for technical R&D.

### III. Strengthen Technology R&D and Engineering Implementation Capabilities, Cultivate and Attract High-End Technical Talents, and Continuously Enhance Core Competitiveness and Brand Influence

With independent technology R&D and engineering implementation as dual cores, the Company will continuously strengthen its technological R&D capabilities in mining autonomous driving and improve its talent development and attraction system. It will enhance core competencies across the entire process, including "algorithm R&D, hardware integration, project delivery, and operation services". Meanwhile, through the development of benchmark projects and brand building, to elevate Breton's brand influence in the global unmanned construction machinery equipment sector.

1. **Drive Continued Breakthroughs in Core Technology R&D:** Focusing on key technical pain points in mining autonomous driving, the Company will achieve critical technological breakthroughs in 2026, including automated calibration (vision sensors + Planning and Control (PNC)), full-site deployment of end-to-end algorithms + RL algorithms, and dual software redundancy design, accomplish the mass production fusion of tri-spectral features (camera + LiDAR + infrared) and deliver centimeter-level precision for pure vision binocular algorithms; continuously optimize the Planning and Control – Reinforcement Learning (PNC-RL) algorithm system, improve spatiotemporal Transformer trajectory prediction, multi-indicator trajectory optimization, and hybrid control technologies such as Model Predictive Control, Linear Quadratic Regulator, and Proportional-Integral-Derivative Controller (MPC + LQR + PID), enabling safe operation of autonomous driving battery-electric wide-body dump trucks at a maximum speed of 40 km/h. In parallel, the Company will promote standardized development of full-stack software covering perception, SLAM, fusion, prediction, decision-making, planning and control, and complete the standardization of all testing and calibration tools, to support project delivery and test data analysis nationwide.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- 2. Focus on Engineering Implementation of Core Components and Products:** Centered on the “Xiyu (曦馭)” autonomous driving battery-electric wide-body dump trucks, the “Ximou (曦眸)” all-weather perception system, and the “Xiheng (曦衡)” multi-modal large-model intelligent mine dispatching system, the Company will build a multi-level and full-cycle ecological service solution for intelligent mining. We will provide mining customers with full-chain solutions covering autonomous driving equipment deployment, intelligent dispatching system construction, roadside perception and high-precision positioning support, full-life cycle equipment operation and maintenance, and early warning for parts after sales; achieve precise coverage of small and medium-sized mining areas through lightweight service packages (such as truck dispatching systems and remote monitoring systems), and continuously deepen technology iteration and service penetration, to enhance customer stickiness. In 2026, the Company will build a full-link unmanned driving solution covering intelligent perception, intelligent control, intelligent driving, and smart dispatching, centered around five self-developed intelligent products including XiYu Mining Trucks (曦馭礦機), XiHeng Smart Dispatching (曦衡智調) and XiYu Smart Cabin (曦御智艙), laying the product foundation for mass production and installation and commercial application.
- 3. Enhance Project Delivery Capabilities:** The delivery team will be capable of initiating work on two mines simultaneously and completing delivery of a single mine within one month; the operations team will be deployed in a tiered configuration based on mine scale, enabling 24/7 uninterrupted operations alongside a staff rotation mechanism. Concurrently, we will refine the Standard Operating Procedure (SOP) for project delivery covering the full process from mining area survey, solution design, equipment deployment, algorithm adaptation, and trial operation to normalized operation, so as to improve the delivery efficiency and quality through the standardized operating procedure.
- 4. Establish a Comprehensive Talent Development and Attraction System:** To address key talent gaps in autonomous driving R&D, the Company will expand its R&D workforce, with a focus on attracting high-end technical professionals in decision-making and planning, software development, tool chain development, perception algorithms and related fields; establish the Breton Intelligent Driving Academy (博雷頓智能駕駛學院) to improve its talent development system, and continue investing in optimizing R&D and project management training programs to cultivate versatile professionals equipped with both technical expertise and mining scenario experience; create a talent development path covering “R&D – delivery – operation” and select outstanding R&D personnel for project delivery and operation management to achieve deeper integration of technology and practical scenarios; cooperate with universities to build autonomous driving internship bases and launch specialized talent development programs to provide a stable, long-term talent pool for the Company’s development.
- 5. Strengthen Brand Building and Industry Influence:** Through external promotion of core achievements such as cabinless autonomous battery-electric wide-body dump trucks and benchmark projects for fully unmanned mining operations, to establish Breton as a technology leader in the field of mining autonomous driving; actively participate in industry exhibitions and academic exchanges in construction machinery and mine intelligence, release technical whitepapers on unmanned mining, and share practical implementation experience; revamp the Company’s official website and product presentation materials, add sections including product operation videos, user feedback, and cost calculation models to fully showcase the products and technological strengths of the Company, thereby enhancing brand professionalism and influence.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### IV. Continuously Improve Internal Management and Internal Control Systems and Strengthen Risk Management and Corporate Governance Frameworks to Drive Sustainable Corporate Development

Placing great emphasis on the establishment of internal management and internal control systems, we will continue to establish a scientific, standardized, highly efficient and coordinated governance structure, while optimizing operational management mechanisms, risk control strategies and cost control systems.

- 1. Optimize Internal Operation and Management System:** The Company will promote the digital upgrading of its management and fully integrate its after-sales system, ERP (Enterprise Resource Planning), vehicle-to-everything and dispatching systems to form a digital closed loop for business-finance integration and realize the electronic integration of after-sales management and financial reimbursement; establish automated linkage and penetrating management between human resources and projects to improve operational efficiency. Meanwhile, the procurement management system will be optimized with unified tiered procurement of office equipment and establishment of a lean management mechanism, to effectively reduce the Company's operating costs.
- 2. Improve Risk Management and Control and Compliance Management Systems:** The Company will deeply integrate legal and compliance reviews into the entire process of project cooperation, contract signing, product R&D and project delivery, and establish a closed-loop compliance control system covering the pre-, mid- and post-stages of business operations; improve the regular violation accountability mechanism, with the Internal Audit and Compliance Center taking the lead in audits and relevant departments cooperating to implement accountability tracking, thereby forming an accountability chain of problem identification, supervision and rectification, and closed-loop management. Meanwhile, the Company will strengthen the risk prevention and control capabilities for project delivery and equipment operation and maintenance by establishing a full-chain risk response system covering early warning for equipment fault, emergency takeover and remote operation and maintenance, so as to fully ensure the safe and stable operation of autonomous driving systems in mining.
- 3. Strengthen Cost Control and Supply Chain Management:** The Company will establish a lean cost control system to implement full-cycle cost optimization across the entire chain of hardware procurement, R&D investment, project delivery and operation services; build a strategic coordination mechanism with core suppliers to achieve cost reduction through large-scale procurement of core hardware via long-term cooperation agreements. Meanwhile, the Company will improve the standardized platform for self-developed hardware and software, establish a modular architecture, and continuously reduce the marginal costs of R&D and production. It will also develop a forward-looking early warning mechanism for supply chain risks and enhance resilience for the supply of core hardware and key components to ensure a secure and stable supply chain.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### • Revenue

During the Reporting Period, the Group recorded a revenue of RMB779.5 million, representing an increase of 22.7% as compared to RMB635.5 million for the corresponding period in 2024. Such change was mainly attributable to the increase in the revenue proportion of battery-electric wide-body dump trucks. In terms of revenue structure, the revenue proportion of battery-electric wide-body dump trucks increased to 82.9% in 2025, among which the revenue proportion of models with a power battery capacity exceeding 650kWh exceeded 80%, and models with autonomous driving functions exceeded 25%. The following table sets forth the breakdown of the Group's revenue by type and its percentage of total revenue for the periods as indicated:

|                                        | For the year ended December 31, |                       |                |                       |
|----------------------------------------|---------------------------------|-----------------------|----------------|-----------------------|
|                                        | 2025                            | As a                  | 2024           | As a                  |
|                                        | RMB'000                         | percentage of revenue | RMB'000        | percentage of revenue |
| <b>Sales of products:</b>              |                                 |                       |                |                       |
| Battery-electric wide-body dump trucks | 646,087                         | 82.9%                 | 364,588        | 57.4%                 |
| Battery-electric loaders               | 96,656                          | 12.4%                 | 224,197        | 35.3%                 |
| Battery-electric tractor trucks        | 1,073                           | 0.1%                  | 7,035          | 1.1%                  |
| Spare parts and accessories            | 24,448                          | 3.1%                  | 25,688         | 4.0%                  |
| Sub-total                              | 768,264                         | 98.5%                 | 621,508        | 97.8%                 |
| <b>Rendering of services</b>           | 2,207                           | 0.3%                  | 3,187          | 0.5%                  |
| <b>Rental income</b>                   | 9,012                           | 1.2%                  | 10,762         | 1.7%                  |
| <b>Total revenue</b>                   | <b>779,483</b>                  | <b>100.0%</b>         | <b>635,457</b> | <b>100.0%</b>         |

#### • Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit margin was 11.1%, representing an increase of 5.3 percentage points as compared to 5.8% in 2024. This was mainly due to the increase in revenue proportion of battery-electric wide-body dump trucks with higher gross profit margins.

#### • Other Net Gains

During the Reporting Period, the Group's other gains amounted to RMB6.0 million, mainly consisting of government grants of RMB7.5 million. Other gains decreased by RMB18.7 million as compared with 2024, mainly due to a one-off gain of RMB16.3 million recognized in 2024 from the disposal of an associate.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- **Selling Expenses**

During the Reporting Period, the Group's selling expenses amounted to RMB67.6 million, representing an increase of 13.2% as compared to RMB59.7 million for the corresponding period in 2024. The increase was mainly attributable to the corresponding rise in employee benefits and line with the business growth.

- **Administrative Expenses**

During the Reporting Period, the Group's administrative expenses amounted to RMB98.9 million, representing a decrease of 9.5% as compared with RMB109.3 million for the corresponding period in 2024. The decrease was mainly due to the decline in share-based incentive expenses relating to the grant of restricted share units to employees.

- **Research and Development Costs**

During the Reporting Period, the Group's R&D expenses amounted to RMB69.7 million, representing a decrease of 14.7% as compared with RMB81.7 million for the corresponding period in 2024. The decrease was mainly due to the reduction in outsourced R&D expenditures of the Group.

- **Impairment Losses on Trade and Other Receivables, Contract Assets and Financial Guarantees Issued**

During the Reporting Period, the impairment losses on trade and other receivables, contract assets and financial guarantees issued by the Group amounted to RMB120.1 million, representing an increase of 44.5% as compared with RMB83.1 million for the corresponding period in 2024. The increase was mainly attributable to the growth in the Group's trade and other receivables and the higher provisioning rate applied to certain long-outstanding receivables.

- **Finance Income**

During the Reporting Period, the Group's finance income amounted to RMB8.3 million, representing a decrease of 21.0% as compared with RMB10.5 million for the corresponding period in 2024. The decrease was mainly due to the decline in interest income from bank deposits.

- **Finance Costs**

During the Reporting Period, the Group's finance costs amounted to RMB18.8 million, representing an increase of 104.6% as compared with RMB9.2 million for the corresponding period in 2024. The increase was mainly due to the higher interest expenses on bank borrowings and finance leases.

- **Income Tax Expense**

During the Reporting Period, the Group's income tax expense was primarily derived from the provision for enterprise income tax on the current profits of certain subsidiaries.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- **Loss for the Period**

As a result of the above, the Group's loss for the year ended 2025 amounted to RMB318.2 million, representing an increase of 15.9% as compared with the loss of RMB274.5 million for the year ended 2024.

- **Liquidity and Capital Resources**

During the Reporting Period, our working capital was primarily sourced from cash inflows from operating activities, bank borrowings, finance leases and equity financing. In accordance with our financial policies, our management monitors and maintains a certain level of cash and bank balances to mitigate the impact of cash flow fluctuations.

As of the end of the Reporting Period, the Group's total current assets amounted to RMB1,314.7 million (December 31, 2024: RMB1,019.6 million); the Group's total current liabilities amounted to RMB1,196.2 million (December 31, 2024: RMB665.1 million).

As of the end of the Reporting Period, the Group's total assets amounted to RMB2,247.2 million (December 31, 2024: RMB1,438.3 million); the Group's total liabilities amounted to RMB1,440.2 million (December 31, 2024: RMB756.1 million).

As of the end of the Reporting Period, the Group's gearing ratio (calculated as total liabilities divided by total assets and multiplied by 100%) was 64.1% (as of December 31, 2024: 52.6%). Taking into account the Group's current liquidity, unutilised banking credit balances and expected cash inflows from operating activities, the Directors are of the opinion that the Group has sufficient resources to meet its financial requirements for the present and the next 12 months.

- **Cash and Cash Equivalents**

As of December 31, 2025, the Group's cash and cash equivalents amounted to RMB350.3 million, representing an increase of 75.8% compared with RMB199.3 million as of December 31, 2024. The increase was mainly due to the receipt of proceeds from the Global Offering and the placement of new H Shares.

- **Pledged Bank Deposits**

As of December 31, 2025, the Group's pledged bank deposits amounted to RMB111.8 million, representing an increase of RMB107.6 million compared with RMB4.2 million as of December 31, 2024. This increase was mainly due to an increase in deposits provided to battery suppliers in line with increased procurement; and paid to PV and energy storage equipment suppliers amid the expansion of the overseas micro-grid business.

- **Inventories**

The Group's inventories decreased from RMB259.0 million as of December 31, 2024 to RMB179.2 million as of December 31, 2025. Inventories turnover days decreased from 161 days as of December 31, 2024 to 115 days as of December 31, 2025, primarily due to a faster inventory turnover as a result of an increase in sales and strengthened inventory management during the Reporting Period.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- **Trade and Other Receivables**

The Group's trade and other receivables increased from RMB555.8 million as of December 31, 2024 to RMB651.8 million as of December 31, 2025. The change was mainly due to the increase in bills receivable and deposits. Meanwhile, the growth rate of operating revenue outpaced that of trade receivables. As a result, trade receivables turnover days decreased from 236 days as of December 31, 2024 to 210 days as of December 31, 2025.

- **Property, Plant and Equipment**

The Group's expenditure on property, plant and equipment increased from RMB165.3 million as of December 31, 2024 to RMB507.9 million as of December 31, 2025. This was mainly due to the increase in investment in construction in progress for property, plant and equipment during the period.

- **Material Investments/Future Plans for Material Investments or Capital Asset**

As at 31 December 2025, we did not have any material investments or significant acquisitions.

As disclosed in the section headed "Business" of the Prospectus, we are expanding PV storage and charging energy business in the international market, which may lead to an increase in investments in "PV-storage micro-grid" asset. On November 24, 2025, the Company completed the placing of an aggregate of 10,000,000 new H Shares, of which approximately 70% of the net proceeds are intended to be used for the investment in and development of the Group's overseas PV storage and charging energy business. As at the Latest Practicable Date, save for the aforesaid plans, the disclosures set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, and the section headed "Use of Proceeds from the Placing" in the announcement of the Company dated November 24, 2025, the Group currently has no other plans for material investments or capital assets.

- **Other Investments**

The Group's other investments increased from RMB41.7 million as of December 31, 2024 to RMB55.8 million as of December 31, 2025, mainly due to increase in the fair value of the Group's equity investments recognized as financial assets.

- **Significant Acquisitions and Disposals of Subsidiaries, Associates and Affiliates**

From the Listing Date up to December 31, 2025, we had no significant acquisitions or disposals of subsidiaries, associates and affiliates.

- **Right-of-use Assets**

The Group's right-of-use assets increased from RMB106.6 million as of December 31, 2024 to RMB117.0 million as of December 31, 2025, mainly due to the lease expenditures for newly arose office spaces and overseas land use rights by the Group.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### • Trade and Other Payables

The Group's trade and other payables increased from RMB374.5 million as of December 31, 2024 to RMB632.7 million as of December 31, 2025. This increase was mainly due to the expansion of overseas PV and energy storage micro-grid projects, which led to a corresponding increase in trade payables for equipment and construction costs. Trade payables turnover days increased from 139 days as of December 31, 2024 to 153 days as of December 31, 2025.

### • Loans and Borrowings

The Group's loans and borrowings increased from RMB352.3 million as of December 31, 2024 to RMB721.5 million as of December 31, 2025, mainly due to the increased funding requirements arising from business development and expansion.

The balances of current and non-current loans and borrowings as of December 31, 2025 were RMB496.7 million and RMB224.8 million respectively (2024: RMB267.2 million and RMB85.1 million), with weighted average interest rates of 3.7% and 3.9% respectively (2024: 3.4% and 3.5%).

### • Provisions

The Group's provisions increased from RMB16.5 million as of December 31, 2024 to RMB19.1 million as of December 31, 2025, mainly due to an increase in warranty provisions as a result of higher product sales.

### • Lease Liabilities

The Group's lease liabilities increased from RMB5.8 million as of December 31, 2024 to RMB18.7 million as of December 31, 2025, mainly due to the lease of new office spaces and overseas land use rights.

### • Cash Flows

During the Reporting Period, the Group recorded a net cash outflow from operating activities of RMB174.6 million (2024: net cash outflow of RMB270.0 million). Such change was mainly due to the enhanced management of the operating cashflow of the Group, with the expansion of its business scale.

During the Reporting Period, the Group recorded a net cash outflow from investing activities of RMB404.9 million (2024: net cash outflow of RMB135.7 million). Such change was mainly due to increased expenditure on purchases of property, plant and equipment, notably from the expansion of the overseas PV and energy storage micro-grid business.

During the Reporting Period, the Group recorded a net cash inflow from financing activities of RMB730.6 million (2024: net cash inflow of RMB182.8 million). Such change was mainly due to new loans and borrowings, the receipt of proceeds from the Global Offering, and the placement of new H Shares obtained by the Group.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- **Foreign Exchange Risk**

As of the end of the Reporting Period, the Group was primarily exposed to foreign exchange risk because the proceeds from the Global Offering and the placement of new H Shares were denominated in Hong Kong dollars and certain bank deposits were denominated in U.S. dollars. The Group currently has not entered into any financial instruments for hedging purposes, nor has it used any currency borrowings or other hedging instruments to hedge foreign exchange risks. (December 31, 2024: nil). The Company's management continued to monitor foreign exchange risk and will consider adopting appropriate hedging measures in the future when necessary.

- **Provision of Financial Guarantees Issued**

Provision of financial guarantees issued includes the Group's liability guarantees provided for certain customers, these customers funded their purchases of the Group's products through finance leases provided by third-party leasing companies. As at December 31, 2025, the Group's maximum exposure to such guarantees was RMB505.5 million (2024: RMB344.1 million). During the year ended December 31, 2025, no customer default incurred (2024: nil).

- **Contingent Liabilities**

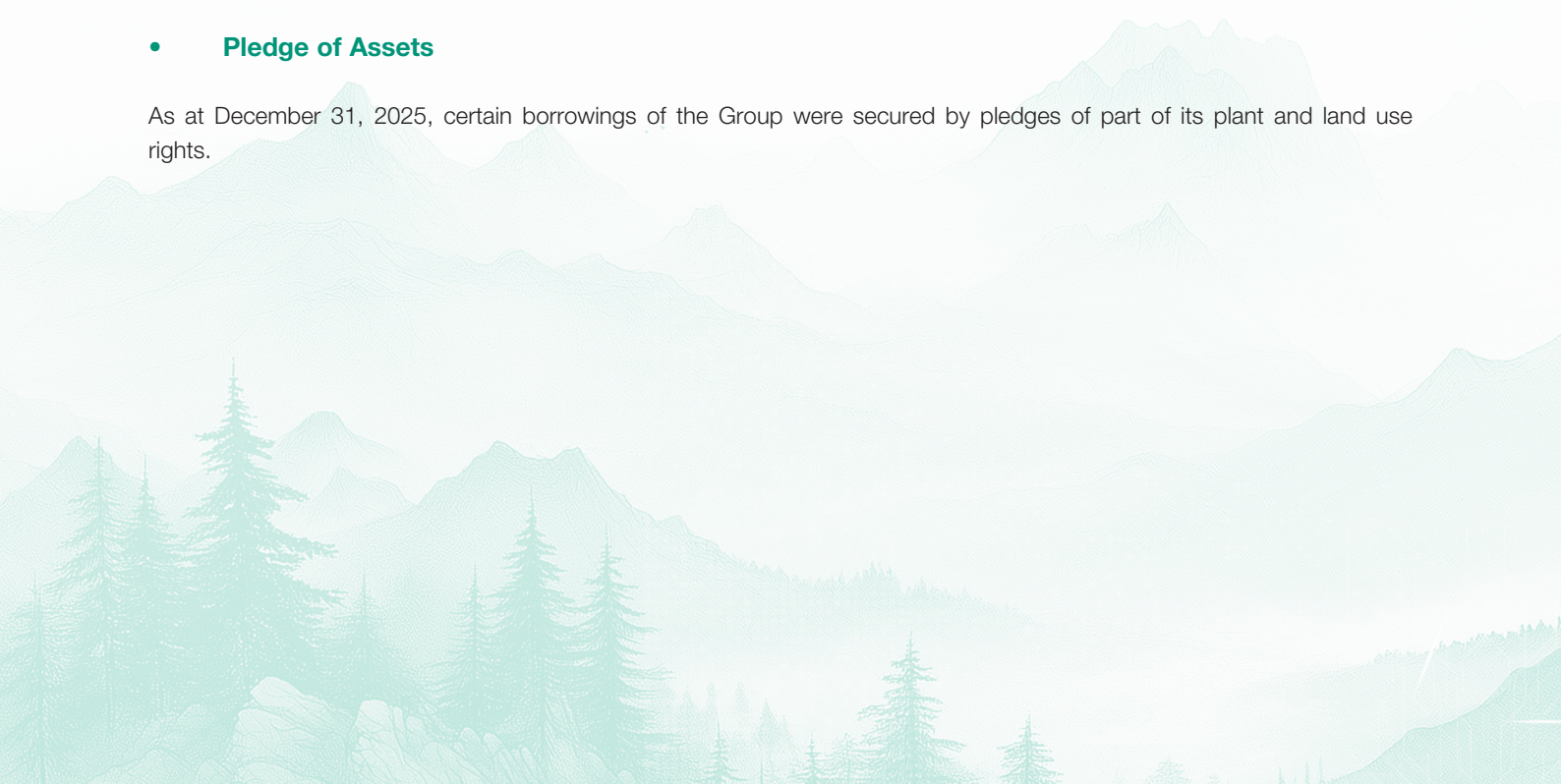
As at December 31, 2025, save for the issued financial guarantees as disclosed above, the Group did not have any material contingent liabilities.

- **Capital Commitments**

As of December 31, 2025, the Group had capital expenditures contracted for but not yet recognized of RMB 223.4 million, and capital expenditures authorized but not contracted of RMB27.5 million, primarily for capital expenditures relating to the purchase of plants and equipment as well as overseas PV and energy storage micro-grid projects.

- **Pledge of Assets**

As at December 31, 2025, certain borrowings of the Group were secured by pledges of part of its plant and land use rights.



## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- **Employees and Remuneration Policy**

As at the end of the Reporting Period, the Group had 346 employees (as at December 31, 2024: 372 employees). For the year ended December 31, 2025, our staff costs amounted to approximately RMB130.3 million (for the year ended December 31, 2024: RMB151.2 million). The employee remuneration policy of the Group is determined after taking into account the overall salary level in the industry, employees' performance and other factors.

To maintain competitiveness and expand its talent pool, the Group reviews and adjusts its remuneration policy from time to time in response to market conditions. It is committed to providing employees with attractive remuneration packages and a vibrant working environment. The Group also provides training for all employees to equip them with the necessary skills to perform their duties and to assist them in achieving their personal career goals and aspirations. Furthermore, the Group offers management and leadership training to suitable employees to further enhance organizational capabilities and drive the Group towards its mission and growth objectives.

The Group recognizes the importance of employee career development in unleashing their full potential. We provide excellent opportunities for employees through both on-the-job training and formal courses. The Group believes that continuously fostering a unique corporate culture and increasing its investment in training will help enhance employee cohesion and attract more talented people to join us.



## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Chen Fangming (陳方明)**, aged 44, the founder of our Group, was appointed as our executive Director in November 2016, and was then appointed as the general manager of the Company in July 2018. He was further appointed as a Director and the chairman of the Board in October 2018. He was later re-designated as an executive Director in April 2024, and is primarily responsible for the overall strategy planning and making key business and operational decisions of our Group. Mr. Chen currently holds various positions in our Group shown in the table below.

| Name of the companies                                                             | Position                                             | Date of appointment |
|-----------------------------------------------------------------------------------|------------------------------------------------------|---------------------|
| VOIE LACTEE ENERGIE S.A.S                                                         | president                                            | February 2025       |
| Breton Energy Technology Zambia Limited                                           | director                                             | January 2025        |
| Breton Corporation                                                                | director                                             | January 2025        |
| Breton HK Holding Limited                                                         | director                                             | January 2025        |
| Breton (Beijing) Technology Co., Ltd.<br>(博雷頓(北京)科技有限公司)                          | executive director                                   | November 2024       |
| Breton (Hong Kong) Technology Limited                                             | director                                             | November 2024       |
| Breton (Wuhan) Technology Co., Ltd.<br>(博雷頓(武漢)科技有限公司)                            | the chairman of the board and<br>the general manager | March 2023          |
| Breton (Wuhan) New Energy Equipment Co., Ltd.<br>(博雷頓(武漢)新能源裝備有限公司)               | executive director                                   | March 2023          |
| Breton (Lanxi) New Energy Engineering Machinery Co., Ltd.<br>(博雷頓(蘭溪)新能源工程機械有限公司) | the chairman of the board and<br>the general manager | January 2023        |
| Breton (Hunan) Technology Co., Ltd.<br>(博雷頓(湖南)科技有限公司)                            | executive director and<br>the general manager        | October 2022        |
| Breton (Shandong) New Energy Vehicle Co., Ltd<br>(博雷頓(山東)新能源汽車有限公司)               | executive director and<br>the general manager        | May 2020            |
| Breton Smart Electric (博雷頓智電)                                                     | executive director and<br>the general manager        | July 2019           |
| Breton Intelligent (博雷頓智能)                                                        | executive director                                   | June 2019           |
| Zhejiang Breton Technology Co., Ltd.<br>(浙江博雷頓科技有限公司)                             | executive director and manager                       | April 2019          |

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen has over ten years of experience in commerce, investment and business management. Prior to joining our Group, Mr. Chen served as the chairman of the board and the general manager of Shanghai Breton Investment Group Co., Ltd. from June 2009 to November 2016. During his tenure in Shanghai Yijin, Mr. Chen led investment in over 20 companies covering new energy and advanced manufacturing sectors. Prior to his tenure in Shanghai Yijin, Mr. Chen worked at several private companies in Shanghai, which mainly engaged in commerce and investment activities, and gained considerable experience.

Mr. Chen obtained a bachelor's degree in engineering mechanics from South China University of Technology (華南理工大學) in July 2004. He was awarded the honorary Shanghai May 1st Labor Medal (上海市五一勞動獎章) by the Shanghai Federation of Trade Unions (上海市總工會) in December 2019.

**Mr. Qiu Debo (邱德波)**, aged 62, has been the president from August 2021, and is primarily responsible for the overall management. He was appointed as a Director in August 2022. He was later re-designated as an executive Director in April 2024. He also serves as an executive director of our subsidiary, namely Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司) since March 2023.

Mr. Qiu has over 25 years of experience in business management. He has been an executive director since October 2017 at Shanghai Zhongmin Business Management Co., Ltd. (上海眾民商業管理有限公司). From November 2005 to March 2016, he served as the party secretary, an executive director, chief executive officer and president at Lonking Holdings Limited (中國龍工控股有限公司), a company listed on the Stock Exchange (stock code: 3339). From August 1997 to October 2005, he served as a general manager of Fujian Lonking Group Co., Ltd. (福建龍工集團有限公司). From October 1992 to May 1997, he served as a section chief of publicity department and director of the party committee office at Fujian Longgang Enterprise Group Company (福建龍鋼集團).

Mr. Qiu obtained an associate's degree in Chinese language and literature from Fujian Normal University (福建師範大學) in October 1986, a master's degree in executive business administration (EMBA) from Shanghai Jiaotong University (上海交通大學) in December 2006 and a doctorate degree in business administration (DBA) from Grenoble Graduate School of Business through attending online courses in France in May 2012. Mr. Qiu was awarded the National Machinery Industry Excellent Entrepreneur (全國機械工業優秀企業家) by China Machinery Industry Federation (中國機械工業聯合會) in June 2007. He was accredited as a senior economist by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) in December 1999.

**Mr. Sun Kanghua (孫康華)**, aged 47, was appointed as a Director in November 2022. He was later re-designated as an executive Director in April 2024, and is primarily responsible for the overall financial management and financial matters. He also serves as a supervisor of our subsidiaries, namely Breton (Wuhan) Technology Co., Ltd. and Breton (Wuhan) New Energy Equipment Co., Ltd. since March 2023.

Mr. Sun has over ten years of experience in financial management. Prior to joining our Group, Mr. Sun served as the chief financial manager of the intelligence department at Shanghai Hi-Tech Control System Co., Ltd. (上海海得控制系統股份有限公司) from January 2016 to August 2019. From January 2011 to January 2016, he served as a finance manager at KION Baoli (Jiangsu) Forklift Co., Ltd. (凱傲寶驪(江蘇)叉車有限公司).

Mr. Sun received an associate's degree in accounting for foreign enterprises from Nanjing University of Finance and Economics (南京財經大學) in June 2002. He obtained a master's degree in business administration (MBA) from Xi'an University of Science and Technology (西安科技大學) in June 2013.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Yang Hui (楊慧)**, aged 45, was appointed as a Director in October 2023. She was later re-designated as an executive Director in April 2024. She was appointed as the joint president of the Company in January 2026, and is primarily responsible for participating in major decisions on our Group's operations and development, and the brand building and public relations matters. She serves as the vice president, the director of public relations, director of human resources and director of sales of our Company since July 2022. She also serves as a director of our subsidiaries namely Breton ESG Pte. Ltd. and Breton Energy Technology Zambia Limited since November 2023 and January 2025, respectively.

Ms. Yang has approximately ten years of experience in brand building and public relations matters. Prior to joining our Group, Ms. Yang served as the executive president of Shanghai Yijin from May 2015 to September 2018, where she also serves as the general manager since September 2018.

Ms. Yang obtained a bachelor's degree in English language and literature from Yantai Normal University (煙台師範學院) (currently known as Ludong University (魯東大學)) in July 2002, and a master's degree in journalism and communication from Suzhou University (蘇州大學) in June 2005.

### Non-executive Directors

**Mr. Cao Haiyi (曹海毅)**, aged 45, was appointed as a Director in February 2023 and is primarily responsible for participating in major decisions on our Group's operations and development. He was later re-designated as a non-executive Director in April 2024. Mr. Cao has over ten years of experience in business management. Mr. Cao has served as a vice-general manager of Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) since April 2020, where he served as a director from April 2020 to July 2023. From November 2014 to March 2020, he served as a general manager at equity finance department of Chasing Securities Co., Ltd. (財信證券股份有限公司). From February 2011 to November 2014, he served as an executive director at investment banking division of Guangzhou Securities Co., Ltd. (廣州證券股份有限公司) (currently known as CITIC Securities South China Company Limited (中信証券華南股份有限公司)).

Mr. Cao currently holds directorships and supervisorship in the companies shown in the table below:

| Name of the companies                                                               | Position   | Date of appointment |
|-------------------------------------------------------------------------------------|------------|---------------------|
| Hunan Xinjinhao Camellia Oil Corp., Ltd. (湖南新金浩茶油股份有限公司)                            | director   | February 2022       |
| Malanshan Capital Management (Hunan) Co., Ltd.<br>(馬欄山資本管理(湖南)有限公司)                 | director   | September 2021      |
| Sino Ic Leasing Co., Ltd. (芯鑫融資租賃有限責任公司)                                            | director   | August 2021         |
| Hunan Stock Exchange Co., Ltd. (湖南股權交易所有限公司)                                        | director   | April 2021          |
| Caihong Group (Shaoyang) Special Glass Co., Ltd.<br>(彩虹集團(邵陽)特種玻璃有限公司)              | director   | April 2021          |
| Shenzhen Fortune Caixin Venture Capital Management Co., Ltd.<br>(深圳市達晨財信創業投資管理有限公司) | supervisor | August 2020         |

Mr. Cao obtained a bachelor's degree in international economics and a master's degree in finance from Hunan University (湖南大學) in June 2002 and June 2005, respectively.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Wang Zhenkun (王振坤)**, aged 60, was appointed as a Director in October 2023, and is primarily responsible for participating in major decisions on our Group's operations and development. He was later re-designated as a non-executive Director in April 2024. Mr. Wang has over 30 years of experience in engineering and investment. He has served as and is currently a member of the Party Committee, deputy general manager at equity finance department of Changjiang Venture Capital Fund Management Co., Ltd. (長江創業投資基金管理有限公司) since July 2023. From August 2021 to June 2023, he concurrently served as the general manager at the first division of fund management, and an executive director and general manager of Hubei Changjiang Changding Private Equity Fund Management Co., Ltd. (湖北省長江長鼎私募基金管理有限公司). From December 2015 to March 2022, he served as a deputy general manager of Hubei Changjiang Economy Belt Industrial Fund Management Co., Ltd. (湖北省長江經濟帶產業基金管理有限公司) (currently known as Changjiang Industrial Investment Private Equity Fund Management Co., Ltd. (長江產業投資私募基金管理有限公司)). From July 2014 to December 2015, he served as the general manager of Hengfeng Meilin Investment Management Co., Ltd. (恒豐美林投資管理有限公司). From August 2006 to July 2014, he successively served as the general manager, the secretary of the Party Committee and deputy general manager of Wuhan Dongfeng Hongtai Holdings Group Co., Ltd. (武漢東風鴻泰控股集團有限公司) (currently known as Dongfeng Hongtai Holdings Group Co., Ltd. (東風鴻泰控股集團有限公司)). From October 2003 to August 2006, he served as the general manager of Wuhan Shenlong Car Parts Co., Ltd. (武漢神龍轎車零部件股份有限公司). From April 1992 to October 2003, he worked at Dongfeng Chaoyang Diesel Company Limited (東風朝陽柴油機有限責任公司) with his final position as a deputy general manager.

Mr. Wang currently holds directorships in the companies shown in the table below:

| Name of the companies                                                                                                                | Position                              | Date of appointment |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------|
| Aotecar New Energy Technology Co., Ltd.<br>(奧特佳新能源科技股份有限公司), a company listed<br>on the Shenzhen Stock Exchange (stock code: 002239) | chairman of the<br>board and director | July 2024           |
| Hubei Changjiang Chegou Private Equity Fund Management Co., Ltd.<br>(湖北長江車谷私募基金管理有限公司)                                               | executive director                    | January 2023        |
| Hubei Huanggang Changjiang Venture Capital Industry Fund<br>Management Co., Ltd. (湖北黃岡長江創投產業基金管理有限公司)                                | director                              | April 2022          |

Mr. Wang obtained a bachelor's degree in mechanical design and manufacturing from Luoyang Engineering College (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in July 1990. From March 2006 to January 2008, he studied through on-the-job learning in Tsinghua University and obtained a master's degree in business administration in January 2008. He also obtained the certificate of senior engineer issued by the personnel department of Dongfeng Chaoyang Diesel Company Limited in December 2002.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Independent Non-executive Directors

**Mr. Zhou Yuan (周元)**, aged 59, was appointed as an independent Director in November 2022 and was re-designated as an independent non-executive Director in April 2024. Mr. Zhou has over 15 years of experience in business management. He has been a secretary general of Green Energy Industry Development Association (綠色能源產業發展促進會) and a chairman of the board of Shanghai Jingyao Investment Co., Ltd. (上海晶耀投資有限公司) since March 2015.

Mr. Zhou currently holds directorships and other positions in the companies shown in the table below:

| Name of the companies                                                                                                                                    | Position                               | Date of appointment |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------|
| Shanghai HYP-ARCH Architectural Design Consultant Co., Ltd.<br>(上海霍普建築設計事務所股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301024) | independent director                   | December 2024       |
| Yuneng Technology Co., Ltd. (昱能科技股份有限公司),<br>a company listed on the Shanghai Stock Exchange (stock code: 688348)                                        | independent director                   | September 2023      |
| Chint New Energy Technology Co., Ltd. (正泰新能科技股份有限公司)                                                                                                     | independent director                   | October 2023        |
| Tonking New Energy Group Holdings Limited<br>(同景新能源集團控股有限公司), a company listed on Growth Enterprise Market of the Stock Exchange (stock code: 08326)     | independent non-executive director     | March 2017          |
| Shanghai Ailing Exhibition Co., Ltd. (上海艾靈會展有限公司)                                                                                                        | executive director and general manager | April 2013          |
| Shanghai Jingyao Investment Co., Ltd. (上海晶耀投資有限公司)                                                                                                       | executive director                     | May 2010            |
| Shanghai Aizhan Exhibition Service Co., Ltd.<br>(上海艾展展覽服務有限公司)                                                                                           | executive director and general manager | February 2006       |

Mr. Zhou obtained an associate's degree in economics and management from Anhui University of Technology (安徽工業大學) (previously known as East China University of Metallurgy (華東冶金學院)) in July 1988.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Dr. Li Xiaofu (李曉郭)**, aged 41, was appointed as an independent Director in November 2022 and was re-designated as an independent non-executive Director in April 2024. He resigned as an independent non-executive Director in February 5, 2026. Dr. Li has been an associate professor in law at East China University of Political Science and Law (華東政法大學) since July 2019, where he also served as a research assistant from June 2017 to June 2019.

Dr. Li obtained a bachelor's degree in economic law, a master's degree in constitutional and administrative law, and a doctorate degree in international law from East China University of Political Science and Law in July 2007, June 2010 and June 2013, respectively. He also obtained a master's degree in legal institutions from University of Wisconsin-Madison in the United States in August 2009 and a post-doctorate degree in applied economics from Shanghai University of Finance and Economics (上海財經大學) in June 2017. He was selected into Shanghai Youth Law and Legal Talent Pool (上海青年法學法律人才庫) by Shanghai Law Society (上海市法學會) in January 2022.

**Dr. Jiang Bailing (江百靈)**, aged 54, was appointed as an independent Director in November 2022 and was re-designated as an independent non-executive Director in April 2024. He has been an associate professor at Shanghai National Accounting Institute (上海國家會計學院) since July 2013. From July 2009 to July 2013, he was a lecturer at Shanghai National Accounting Institute.

Dr. Jiang currently holds directorships in the listed companies shown in the table below:

| Name of the companies                                                                                                                | Position             | Date of appointment |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| Sailvan Times Co., Ltd. (賽維時代科技股份有限公司),<br>a company listed on the ChiNext Market of<br>Shenzhen Stock Exchange (stock code: 301381) | independent director | May 2020            |

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In addition, he held directorships in the listed companies shown in the table below in the last three years:

| Name of the companies                                                                                                                                                                       | Position             | Appointment period                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------|
| Pylon Technologies Co., Ltd. (上海派能能源科技股份有限公司),<br>a company listed on the Science and Technology<br>Innovation Board of Shanghai Stock Exchange<br>("SSE STAR MARKET") (stock code: 688063) | independent director | from May 2020<br>to October 2025          |
| Ahwhit Precision (Shanghai) Co., Ltd.<br>(上海阿為特精密機械股份有限公司),<br>a company listed on the Beijing Stock Exchange<br>(stock code: 873693)                                                       | independent director | from<br>November 2017 to<br>November 2023 |
| Pengdu AGRICULTURE & ANIMAL Husbandry Co., Ltd.<br>(鵬都農牧股份有限公司), a company listed on the<br>Shenzhen Stock Exchange (stock code: 002505)                                                    | independent director | from<br>May 2020 to<br>April 2024         |
| Trina Solar Co., Ltd. (天合光能股份有限公司),<br>a company listed on the SSE STAR MARKET<br>(stock code: 688599)                                                                                      | independent director | from<br>February 2018 to<br>April 2024    |

Dr. Jiang obtained a doctorate degree in accounting from Xiamen University (廈門大學) in June 2009. He was admitted as a fellow of the Institute of Public Accountants in the Australia (FIPAAU) by Institute of Public Accountants in October 2019, and a fellow of the Institute of Financial Accountants in the United Kingdom (FFAUK) by Institute of Public Accountants in October 2019.

**Mr. YIM, Chi Hung Henry (嚴志雄)**, aged 65, was appointed as an independent non-executive Director in April 2024. Mr. YIM has over 30 years of financial auditing experience. From July 2004 to December 2021, he served as an audit partner of Ernst & Young, Ernst & Young Hua Ming LLP and its predecessor firm Ernst & Young Hua Ming (collectively "Ernst & Young"). From February 1991 to June 2004, he successively served various audit positions in Ernst & Young. He served as an independent non-executive director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (currently known as Guotai Haitong Securities Co., Ltd.(國泰海通證券股份有限公司)), a company listed on Stock Exchange (stock code: 2611) and on Shanghai Stock Exchange (stock code: 601211) from May 2023 to April 2025. He has been serving as an independent non-executive director of Yixin Group Limited (易鑫集團有限公司), a company listed on Stock Exchange (stock code: 2858) from February 2025, Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (北京同仁堂醫養投資股份有限公司) from June 2024, and Neurodawn Pharmaceutical Co., Ltd. (南京寧丹新藥技術股份有限公司) from September 2025, respectively.

Mr. YIM received his bachelor's degree in social science from the University of Hong Kong in November 1984. He has been a member of the Hong Kong Institute of Certified Public Accountants since April 1988 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom since June 1993.

**Mr. Gui Zhenhua (桂振華)**, aged 61, was appointed as an independent non-executive Director in February 2026. He has held various positions including senior advisor and director of the Beijing Office of the Shenzhen Training Center of the State Environmental Protection Administration (國家環保總局深圳培訓中心), president of China Green Pictorial under the State Forestry Administration (國家林業局中國綠色畫報社), executive chairman and secretary-general of the China High-Level Forum on Green Development (中國綠色發展高層論壇), and executive chairman of the Green Development Fund (China Green Development Fund) of China Cultural Heritage Foundation.

Mr. Gui holds a doctorate degree in business administration from the California Southern University, USA.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### SUPERVISORS

**Mr. Liu Yudong (劉昱東)**, aged 39, had served as a Supervisor since August 2021. He retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026. He currently serves as a manager and legal representative at Guangzhou NextBigThing Investment Management Co., Ltd. (廣州耐必信創業投資管理有限公司) since January 2020. From January 2019 to January 2020, he served as a director of the strategic investment division at Guangzhou Joyy Information Technology Co., Ltd. (廣州歡聚時代信息科技有限公司). He successively served as an investment director, vice president and partner at Beijing N5 Capital Consulting Co., Ltd. (北京五岳天下投資諮詢有限公司) from December 2013 to November 2018. From September 2010 to March 2013, he served as a senior investment manager at JD Capital Co., Ltd. (昆吾九鼎投資管理有限公司).

Mr. Liu currently holds directorships in the companies shown in the table below:

| Name of the companies                                                                                                                  | Position               | Date of appointment |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|
| Suzhou Laimou Technology Co., Ltd. (蘇州來牟科技有限公司)<br>(previously known as Beijing Laimou Innovation Technology Co., Ltd. (北京來牟創新科技有限公司)) | non-executive director | February 2023       |
| Raycloud Fashion Co., Ltd. (北京睿雲時尚科技發展有限公司)                                                                                            | non-executive director | August 2021         |
| Beijing Tweet Information Technology Co., Ltd.<br>(北京推文信息科技有限公司)                                                                       | non-executive director | August 2021         |
| Shenzhen Sound Heath Science and Technology Co., Ltd.<br>(深圳市聲希科技有限公司)                                                                 | non-executive director | January 2020        |
| Shenzhen Jungle Culture Communication Co., Ltd.<br>(深圳市叢林文化傳播有限公司)                                                                     | non-executive director | March 2018          |

Mr. Liu obtained a bachelor's degree in information and computing science from Hunan University in June 2008 and a master's degree in applied finance from Singapore Management University in Singapore in May 2010. He also obtained the Fund Practicing Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in May 2018.

**Ms. Wang Yanzhen (王艷滇)**, aged 45, had served as a Supervisor since November 2022. She retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026. Ms. Wang has been an administration director since October 2021 and a director of general management department of the Company since May 2023. Prior to joining our Group, she served as a vice president at Shanghai Deweisi Education Training Co., Ltd. (上海德偉思教育培訓有限公司) from September 2019 to September 2021. From May 2005 to September 2019, she successively served in various positions including a deputy director of the office, and a vice chairman of labor union of Lonking Shanghai Machinery Co., Ltd. (龍工(上海)機械製造有限公司), and served as the general section chief of the audit office at Lonking Holdings Limited.

## 6. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wang obtained an associate's degree in law from Shandong Radio and TV University (山東廣播電視大學) (currently known as Shandong Open University (山東開放大學)) in July 2001. She was accredited as an intermediate economist from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2014.

**Ms. Sun Wenxu (孫文旭)**, aged 32, had served as a Supervisor since November 2022. She retired upon the abolition of the Supervisory Committee by the Company on February 5, 2026. Ms. Sun has been a legal supervisor of the Company since March 2019. Prior to joining our Group, she served as a legal counsel manager at Law To (Shanghai) Legal Consulting Co., Ltd. (律到(上海)法律諮詢有限公司) from April 2016 to December 2018.

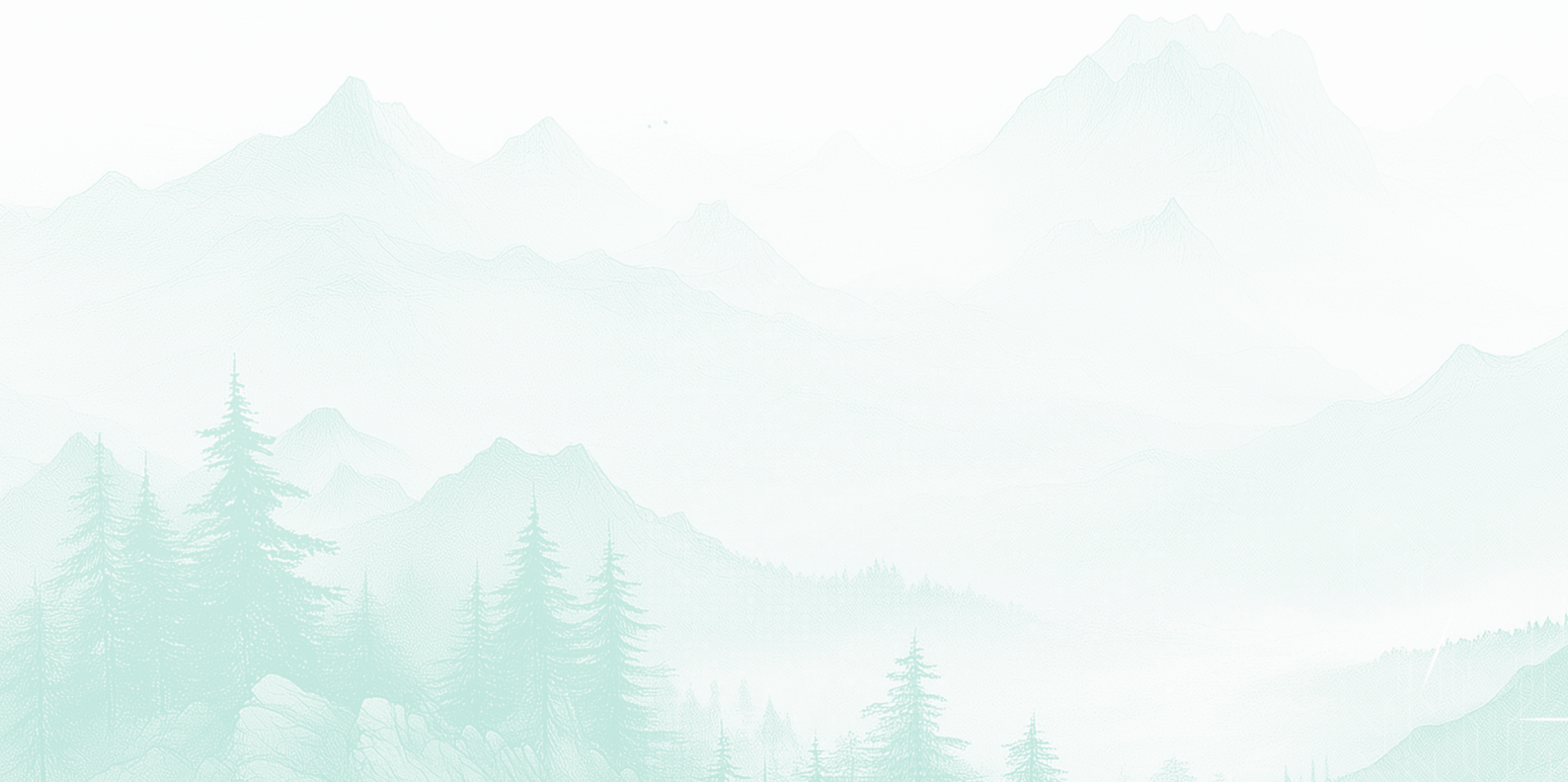
Ms. Sun obtained an associate's degree in hotel management from China University of Labor Relations (中國勞動關係學院) in July 2012, a bachelor's degree in law from East China University of Political Science and Law in January 2021 and a master's degree in international law through online courses in West Ukrainian National University in Ukraine in June 2023.

### SENIOR MANAGEMENT

For the biographical details of Mr. Chen, Mr. Qiu and Ms. Yang, see “—Directors, Supervisors and Senior Management—Executive Directors”.

### Changes of Information of Directors, Supervisors and Senior Management

Save as disclosed in this Annual Report, since the date of publication of the 2025 Interim Report and up to the Latest Practicable Date, there was no change to information which was required to be disclosed by Directors, Supervisors and senior management members pursuant to Rule 13.51B(1) of the Listing Rules.



## 7. CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to report to the Shareholders on the corporate governance of the Company from the Listing Date to December 31, 2025.

### CORPORATE GOVERNANCE CULTURE, BUSINESS OBJECTIVES, VALUE AND STRATEGY

The Company is a China-based provider of electric-powered engineering machinery and the principal activities of the Group include the design, development and commercialization of battery-electric engineering machinery with autonomous capabilities and provision of intelligent operation services. As a group with diversified businesses, we recognize the importance of stakeholders at the Board level and throughout the Group, so the Group strives to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees' conducts and behaviours as well as the business activities, and to ensure that they are embedded throughout the Company's vision, mission, policies and business strategies:

- (a) Integrity – we strive to do what is right;
- (b) Excellence – we aim to deliver excellence;
- (c) Collaboration – we are always better together;
- (d) Accountability – we are accountable for delivering on our commitments;
- (e) Empathy – we value our stakeholders including the employees, customers, supply chain and the community; and
- (f) Sustainability – we are committed to a sustainable future.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## 7. CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance the corporate values, formulate its business strategies and policies, and enhance its transparency and accountability.

From the Listing Date, the Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules on the Stock Exchange. The Board is of the view that from the Listing Date to the end of the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 as disclosed in the section headed “Chairman and Chief Executive Officer” in this Corporate Governance Report.

### Board of Directors

#### Board Composition

As at the date of this annual report, the Board comprises ten Directors, including four executive Directors, two non-executive Directors and four independent non-executive Directors. The second Board has a term of three years, commencing on April 2, 2024 and ending on April 1, 2027. Upon the expiry of their term of office, Directors are eligible for re-election. Set out below are the members of the Board for the year ended December 31, 2025:

#### Executive Directors

Mr. Chen Fangming (*Chairman of the Board and General Manager*)

Mr. Qiu Debo (邱德波)

Mr. Sun Kanghua (孫康華)

Ms. Yang Hui (楊慧)

#### Non-executive Directors

Mr. Cao Haiyi (曹海毅)

Mr. Wang Zhenkun (王振坤)

#### Independent Non-executive Directors

Mr. Zhou Yuan (周元)

Dr. Li Xiaofu (李曉鄂)

Dr. Jiang Bailing (江百靈)

Mr. YIM, Chi Hung Henry (嚴志雄)

## 7. CORPORATE GOVERNANCE REPORT

Details of the Directors' biographies are set out in the section "Directors, Supervisors and Senior Management" of this annual report. Save as disclosed in this annual report, none of the members of the Board and senior management has any financial, business, family or other material or related relationships with one another.

Each of the above Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March and April 2024 (as case may be), and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

### Responsibilities of the Board and Management

The Board is responsible for the leadership and management of the Company, overseeing the Company's business, investments and strategic decisions, maintaining an effective risk management and internal control system of the Company, and monitoring the performance of the Company.

All Directors, including the Non-executive Directors and the Independent Non-executive Directors, have brought a wide spectrum of valuable business experiences, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations of the Company.

The principal powers and functions of the Board include, but are not limited to, convening shareholders' meetings and reporting on its work to the shareholders' meetings; implementing resolutions adopted by the shareholders' meetings; determining the business plans and investment policies of the Group; considering the annual financial budget and final accounts of the Group; formulating proposals on profit distribution and plans for loss recovery of the Company; formulating the basic management systems of the Company; and exercising such other powers as conferred by laws, administrative regulations, departmental rules, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

To oversee specific aspects of the Company's affairs, the Board has established four Board committees, namely the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The Board has delegated various responsibilities to the Board committees, which are set out in their respective terms of reference.

The senior management is responsible for the daily operation of the Company, including but not limited to implementing the strategies and directives determined by the Board, and organizing and coordinating the work of various departments and teams of the Company.

## 7. CORPORATE GOVERNANCE REPORT

### Chairman and Chief Executive Officer

Pursuant to Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of Chairman and Chief Executive Officer shall be separate and not exercised by the same individual. Currently, Mr. Chen Fangming holds both the positions of the chairman of the Board of the Company and the general manager of the Company. As Mr. Chen Fangming has been responsible for the Group's business and overall strategic planning for many years, the Board is of the view that vesting the roles of both the chairman and the general manager in Mr. Chen Fangming is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures implemented by the Group, the Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company has not segregated the roles of the chairman and the general manager. The Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager of the Company as necessary and appropriate, taking into account the circumstances of the Group as a whole.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the Corporate Governance Code, including:

- a) formulating and reviewing the Company's corporate governance policies and practices;
- b) reviewing and monitoring the training and continuing professional development of Directors and senior management;
- c) reviewing and monitoring the Company's policies and practices in respect of compliance with laws and regulatory requirements;
- d) formulating, reviewing and monitoring a code of conduct and compliance manual (if any) applicable to employees and Directors; and
- e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

From the Listing Date up to December 31, 2025, the Board has performed the above corporate governance functions, including from time to time reviewing a series of corporate governance documents and monitoring their implementation; reviewing and actively arranging training and continuing professional development for Directors and senior management; reviewing and monitoring whether the Company has violated laws and regulations; and reviewing and monitoring the shareholder communication policies to ensure their effectiveness.

## 7. CORPORATE GOVERNANCE REPORT

### Independence of Independent Non-executive Directors

From the Listing Date up to the date of this annual report, the Board has at all times complied with Rule 3.10A of the Listing Rules regarding the appointment of independent non-executive Directors representing at least one-third of the Board members, as well as Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from each independent non-executive Director pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

### Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors are elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting prior to the expiry of their term of office. Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term.

Accordingly, each of the Directors of the Company has entered into a service contract with the Company for a term of three years commencing from their respective date of appointment, unless terminated in accordance with the terms thereof, and are eligible for re-election upon expiry of their term.

### Training and Professional Development

Pursuant to Code Provision C.1.4 of the Corporate Governance Code, all Directors shall participate in continuing professional development to develop and refresh their knowledge and skills to ensure that they continue to make informed and relevant contributions to the Board.

Each newly appointed Director of the Company receives necessary induction training upon initial appointment to ensure a proper understanding of the Company's business and operations and full awareness of the Directors' duties and responsibilities under the Listing Rules and relevant statutory requirements. Mr. Gui Zhenhua (桂振華) confirms that (i) he has obtained legal advice as set out in Rule 3.09D of the Listing Rules on February 5, 2026; and (ii) he understands his obligations as a Director under the Listing Rules.

To assist Directors in developing and refreshing their knowledge and skills, the Company will periodically arrange various forms of training and seminars, and Directors will also be provided with updates or revised versions of relevant legislation, rules and Listing Rules to keep them abreast of the latest developments. The training sessions covered a wide range of relevant topics including i) the roles, functions and responsibilities of the Board, its committees and its Directors, and board effectiveness; ii) issuers' obligations and Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties; iii) corporate governance and environmental, social and governance matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business); and iv) risk management and internal controls. From the Listing Date up to December 31, 2025, all Directors (namely Mr. Chen Fangming, Mr. Qiu Debo, Mr. Sun Kanghua, Ms. Yang Hui, Mr. Cao Haiyi, Mr. Wang Zhenkun, Mr. Zhou Yuan, Dr. Li Xiaofu, Dr. Jiang Bailing and Mr. YIM, Chi Hung Henry) have participated in training courses provided by professional institutions or read materials on corporate governance and related topics to develop and refresh their knowledge and skills, and have provided relevant training records to the Company.

## 7. CORPORATE GOVERNANCE REPORT

### Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct to regulate i) dealings in the securities of the Company by the Directors, Supervisors and the employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities, and ii) other matters as covered by the Model Code.

Having made specific enquiries of all Directors and Supervisors, the Company confirms that all Directors and Supervisors have complied with the Model Code throughout their respective tenures during the year ended December 31, 2025. No incident of non-compliance of the by the employees was noted by the Company during the Reporting Period.

### Independence of the Board

The Company considers the independence of the Board to be essential to good corporate governance and the effectiveness of the Board. The Board has established relevant mechanisms to ensure that the independent views of any Director can be communicated to the Board, so as to enhance the objectivity and effectiveness of decision-making. The Board has reviewed the following key features or mechanisms under the Company’s governance structure and considers that such features or mechanisms can effectively ensure the provision of independent views and recommendations to the Board.

The nomination, election and appointment of Directors to the Board are conducted in strict compliance with relevant laws, regulations and policies as well as the Company’s rules and procedures, and in accordance with the principles of fairness, impartiality and openness, so as to ensure diversity of Board membership and absence of conflicts of interest.

Currently, the Board comprises four independent non-executive Directors, representing more than one-third of the total number of Board members, and the Audit Committee comprises three independent non-executive Directors, all in compliance with the independence requirements under the Listing Rules.

The independent non-executive Directors possess extensive industry experience and professional expertise, have the ability to devote sufficient time to perform their duties as Directors, can provide strong support and supervision for the development of the Company, and are able to remain objective and independent in decision-making, thereby safeguarding the interests of the Company and shareholders. The Company will conduct an annual assessment of the independence of independent non-executive Directors.

The Company has established effective communication channels for views, allowing Directors to express their views openly and, where necessary, on a confidential basis. All Directors (including independent non-executive Directors) may obtain external independent professional advice at the Company’s cost whenever they consider it necessary. All Directors shall abstain from voting on resolutions in which they have a direct or indirect interest. The Board has reviewed these mechanisms and confirmed their effective implementation during the Reporting Period.

During the period from the Listing Date up to December 31, 2025, the Board has complied with the relevant requirements mentioned above, and the above mechanisms have been effective in providing independent views and opinions to the Board. The Board will review the implementation and effectiveness of the above mechanisms on an annual basis.

## 7. CORPORATE GOVERNANCE REPORT

### Board Meetings and Shareholders' Meetings

The Board shall hold regular meetings to discuss the overall strategy, and the operational and financial performance of the Group. The Board shall hold at least four meetings in each year, approximately once quarterly, to be convened and chaired by the Chairman. Directors may attend meetings in person or by means of electronic communication. Written notice of at least 14 days shall be given to all Directors in advance of regular Board meetings. Reasonable notice shall be given for other meetings of the Board and Board committees.

During the period from the Listing Date up to December 31, 2025, the Company held seven Board meetings and two shareholders' meetings. The attendance record of each Director is set out below:

| Name of Director                                                       | Number of meetings attended<br>by Directors during term of<br>office/Number of meetings held<br>during term of office |                           |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------|
|                                                                        | Board Meetings                                                                                                        | Shareholders'<br>Meetings |
| <b>Executive Directors</b>                                             |                                                                                                                       |                           |
| Mr. Chen Fangming ( <i>Chairman of the Board and General Manager</i> ) | 7/7                                                                                                                   | 2/2                       |
| Mr. Qiu Debo                                                           | 7/7                                                                                                                   | 2/2                       |
| Mr. Sun Kanghua                                                        | 7/7                                                                                                                   | 2/2                       |
| Ms. Yang Hui                                                           | 7/7                                                                                                                   | 2/2                       |
| <b>Non-executive Directors</b>                                         |                                                                                                                       |                           |
| Mr. Cao Haiyi                                                          | 7/7                                                                                                                   | 2/2                       |
| Mr. Wang Zhenkun                                                       | 7/7                                                                                                                   | 2/2                       |
| <b>Independent Non-executive Directors</b>                             |                                                                                                                       |                           |
| Mr. Zhou Yuan                                                          | 7/7                                                                                                                   | 2/2                       |
| Dr. Li Xiaofu                                                          | 7/7                                                                                                                   | 2/2                       |
| Dr. Jiang Bailing                                                      | 7/7                                                                                                                   | 2/2                       |
| Mr. YIM, Chi Hung Henry                                                | 7/7                                                                                                                   | 2/2                       |

Apart from the regular Board meetings, the Chairman also held a meeting with all the Independent Non-executive Directors without the presence of other Directors during the Reporting Period.

## 7. CORPORATE GOVERNANCE REPORT

### Board Committees

The Company has established four Board committees, namely the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. All Board committees have established written terms of reference to define their authority and duties. The terms of reference of the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee are published on the Company's website and the website of the Stock Exchange, and are available to shareholders upon request. Each Board committee may appoint intermediaries to provide professional advice according to actual needs, with the relevant expenses borne by the Company.

### Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. During the Reporting Period, the Audit Committee consists of three independent non-executive Directors, namely Dr. Jiang Bailing, Mr. YIM, Chi Hung Henry and Dr. Li Xiaofu, and Dr. Jiang Bailing serves as the chairman of the Committee. Dr. Jiang Bailing and Mr. YIM, Chi Hung Henry have the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following: (i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance; (ii) examining the financial information of the Company and reviewing financial reports and statements of the Company; (iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and (iv) dealing with other matters that are authorized by the Board.

From the Listing Date up to December 31, 2025, the Audit Committee held two meetings. A summary of the work performed by the Audit Committee is as follows:

- (1) Reviewed and discussed the 2025 annual financial audit plan submitted by KPMG, including matters such as revenue recognition, impairment of accounts receivable, status of overseas projects and assessment of going concern ability;
- (2) Reviewed the 2025 annual internal control audit plan and the special audit report on production quality of the internal audit department, reviewed the effectiveness of the internal audit function and internal audit system, and provided comments on internal audit resource allocation, audit scope and rectification follow-up;
- (3) Received a briefing from the internal audit department on the progress of the internal control audit for the listing in the first half of 2025, and discussed the audit arrangements for the production business segments and cost accounting in the second half of the year;
- (4) Reviewed the Group's risk management and internal control systems and provided relevant recommendations to the Board;
- (5) Reviewed the Group's unaudited interim financial statements for the six months ended June 30, 2025, the draft interim results announcement and interim report, and made recommendations to the Board; and
- (6) Considered and confirmed the appointment of KPMG as the Company's auditor for the year 2025, confirmed its audit remuneration and made recommendations to the Board.

## 7. CORPORATE GOVERNANCE REPORT

The attendance record of each member of the Committee is set out below:

| Name of Member                        | Number of meetings<br>attended during term of<br>office/Number of Committee<br>meetings held during<br>term of office |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Dr. Jiang Bailing ( <i>Chairman</i> ) | 2/2                                                                                                                   |
| Mr. YIM, Chi Hung Henry               | 2/2                                                                                                                   |
| Dr. Li Xiaofu                         | 2/2                                                                                                                   |

### Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. During the Reporting Period, the Remuneration and Appraisal Committee consisted of three Directors, namely independent non-executive Directors Mr. Zhou Yuan and Dr. Jiang Bailing and executive Director Mr. Chen Fangming, and Mr. Zhou Yuan serves as the chairman of the Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following: (i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company; (ii) monitoring the implementation of the remuneration system of the Company; (iii) making recommendations to the Board on the remuneration packages of our Directors and senior management; and (iv) other duties conferred by our Board.

From the Listing Date up to December 31, 2025, the Remuneration and Appraisal Committee held 1 meeting. A summary of the work performed by the Remuneration and Appraisal Committee is as follows:

- (1) discussed the Company's remuneration policy for Directors and senior management and made recommendations to the Board in relation thereto; and
- (2) assessed the performance of Directors.

## 7. CORPORATE GOVERNANCE REPORT

The attendance record of each member of the Committee is set out below:

| Name of Member                    | Number of meetings<br>attended during term<br>of office/Number of<br>Committee meetings<br>held during term of office |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Mr. Zhou Yuan ( <i>Chairman</i> ) | 1/1                                                                                                                   |
| Mr. Chen Fangming                 | 1/1                                                                                                                   |
| Dr. Jiang Bailing                 | 1/1                                                                                                                   |

The Company's remuneration policy is designed to ensure that remuneration provided to employees (including Directors and senior management) is based on their skills, knowledge, responsibilities and level of involvement in the Company's affairs. Remuneration for Directors, Supervisors and members of senior management is determined by reference to remuneration paid by comparable companies and the achievement of the Company's key operating indicators. Remuneration for Directors and Supervisors includes salaries and other in-kind benefits, discretionary bonuses, contributions to retirement benefit schemes, and payments relating to equity incentives.

Details of remuneration of the Company's Directors and the five highest paid individuals are set out in notes 8 and 9 to the consolidated financial statements in this annual report. In accordance with Code Provision E.1.5 of the Corporate Governance Code, the bands of remuneration payable to senior management (including senior management who are also executive Directors) for the year ended December 31, 2025 are set out below:

| Remuneration band (RMB) | Number of individuals |
|-------------------------|-----------------------|
| 0-1,500,000             | 1                     |
| 1,500,000-3,000,000     | 1                     |

## 7. CORPORATE GOVERNANCE REPORT

### Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. During the Reporting Period, the Nomination Committee consists of three Directors, namely independent non-executive Directors Dr. Li Xiaofu and Dr. Jiang Bailing and executive Director Ms. Yang Hui, and Dr. Li Xiaofu serves as the chairman of the Committee. The primary duties of the Nomination Committee include, but are not limited to, the following: (i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management; (ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; (iv) assessing the independence of the independent non-executive Directors; (v) supporting our Company's regular evaluation of our Board's performance; and (vi) dealing with other matters that are authorized by the Board.

In assessing the composition of the Board, the Nomination Committee will consider various factors set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

In identifying and selecting suitable candidates for appointment as Directors, the Nomination Committee will, as appropriate, consider the relevant criteria for candidates set out in the nomination policy (which are necessary to align with the Company's strategy and achieve board diversity) before making recommendations to the Board.

From the Listing Date up to December 31, 2025, the Nomination Committee held one meeting. A summary of the work performed by the Nomination Committee is as follows:

- (1) Nominated Mr. Gui Zhenhua as a candidate for independent non-executive Director of the second session of the Board, a member of the Audit Committee and a member of the Nomination Committee; considered and approved the resolutions regarding the appointment of Ms. Yang Hui as the Co-President of the Company and the appointment of Mr. Zhang Fei as the Joint Company Secretary; and
- (2) The structure, size and composition of the Board as well as the independence of independent non-executive Director, and reviewed the Board diversity policy and nomination policy.

## 7. CORPORATE GOVERNANCE REPORT

The attendance record of each member of the Committee is set out below:

| Name of Member                    | Number of meetings<br>attended during term<br>of office/Number of<br>Committee meetings<br>held during term of office |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Dr. Li Xiaofu ( <i>Chairman</i> ) | 1/1                                                                                                                   |
| Dr. Jiang Bailing                 | 1/1                                                                                                                   |
| Ms. Yang Hui                      | 1/1                                                                                                                   |

### Nomination Policy and Procedure

The Company has adopted policies and procedures for the nomination and election of Directors (the “**Nomination Policy**”). The Nomination Policy sets out the criteria and procedures for election and performance evaluation, and provides guidance to the Board on the nomination and appointment of Directors. The Board believes that a clear election process facilitates good corporate governance, ensures the continuity of the Board, maintains the Board’s leadership, and enhances the efficiency and diversity of the Board. Both the Nomination Committee and the Board may nominate candidates for directorships. In assessing the suitability of recommended candidates and their potential contribution to the Board, the Nomination Committee may refer to several selection criteria such as integrity, professional qualifications and skills, knowledge, experience, commitment and relevant contribution. The Nomination Committee is required to report the assessment results and provide relevant recommendations to the Board on the appointment of suitable candidates for Directors, enabling the Board to make decisions and formulate the overall election plan, which will be submitted to the shareholders’ meeting for shareholders’ approval.

The Board and the Nomination Committee intend to review the nomination policy at least annually and expect that necessary amendments may be made from time to time in response to the evolving needs and circumstances of the Company and where applicable statutory obligations or requirements under the Listing Rules, Hong Kong laws or Chinese laws or other regulatory changes.

### Board Diversity Policy

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. The Company’s Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as investment and operations management. They obtained degrees in various areas including engineering mechanics, MBA, journalism and communication and accounting. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises one female Director and nine male Directors, ranging from 40 years old to 62 years old.

## 7. CORPORATE GOVERNANCE REPORT

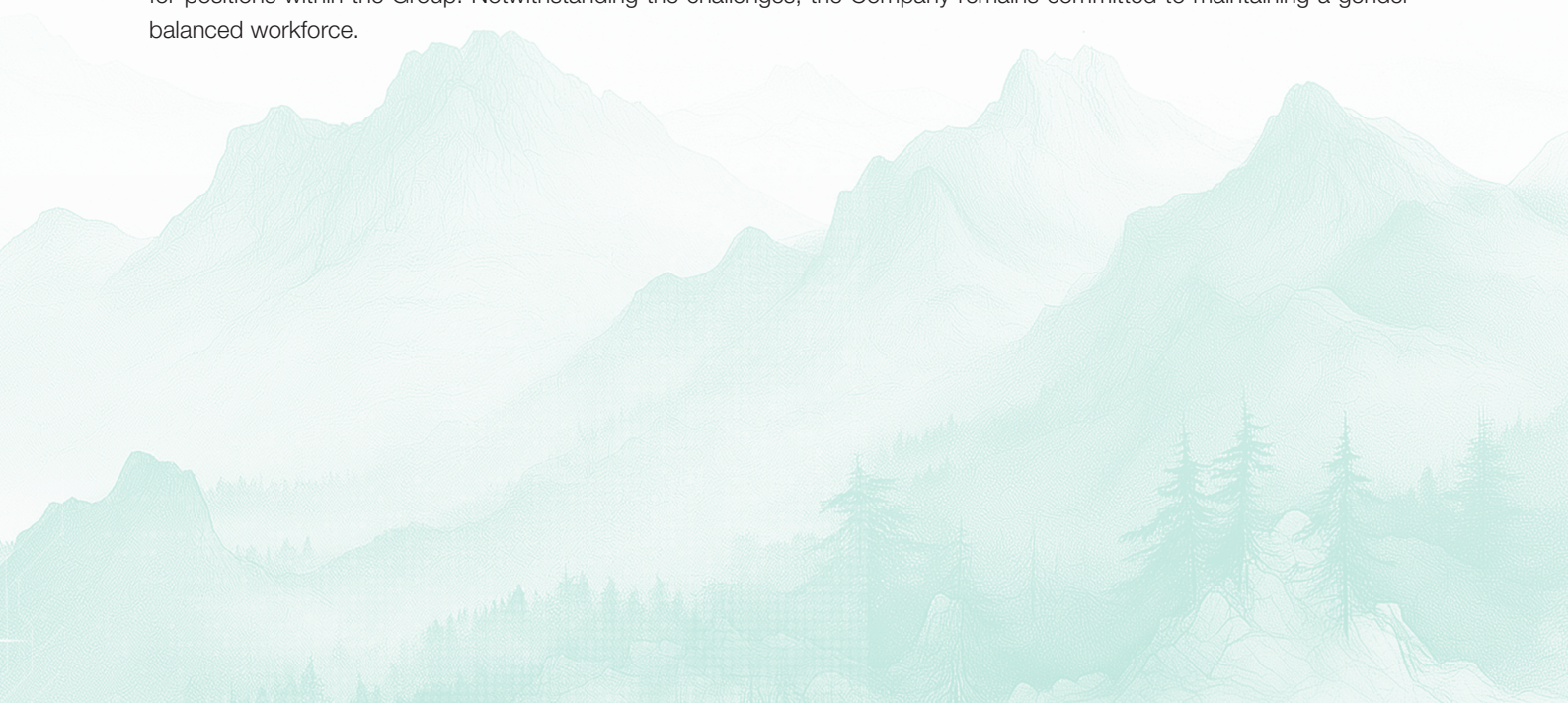
With regards to gender diversity on the Board, the Company recognizes the particular importance of gender diversity. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. The Company will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to the Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by the nomination committee periodically to maintain gender diversity of the Board.

The Nomination Committee will discuss and agree on expected goals at least once a year to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy in its annual corporate governance report.

Based on the review conducted by the Nomination Committee for the year ended December 31, 2025, taking into account the Company's existing business model, specific needs, and the diverse backgrounds of the Directors, the Nomination Committee and the Board consider that the current composition of the Board is consistent with the Company's Board Diversity Policy. No measurable targets have been set by the Board.

### Gender Diversity

The Company values gender diversity at all levels of the Group. As of December 31, 2025, out of the Group's 346 employees, there were 294 male employees and 52 female employees, representing approximately 84.97% and 15.03% respectively of the total workforce (including senior management). The Group has taken gender diversity into account in its recruitment process and is committed to increasing the proportion of female employees wherever possible in the future. To achieve gender diversity among employees, the Company is committed to creating favourable conditions in the workplace to continuously attract employees of different genders to join the Group. In this process, the Company may face challenges in matching talents of a particular gender in the human resources market with the education, experience and skills required for positions within the Group. Notwithstanding the challenges, the Company remains committed to maintaining a gender-balanced workforce.



## 7. CORPORATE GOVERNANCE REPORT

### Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility for the preparation of the Company's consolidated financial statements for the year ended December 31, 2025.

The management has provided the Board with all explanations and information necessary for the Board to make an informed assessment of the Company's financial statements, which are to be submitted to the Board for approval. The Company also provides all members of the Board with up-to-date information regarding the Company's performance, position and prospects.

The Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The statement of the Company's independent auditor regarding their reporting responsibilities for the financial statements is set out in the independent auditor's report in this annual report.

### Auditor's Remuneration

An analysis of the remuneration paid and/or payable to the Company's external auditor, KPMG, for audit services and non-audit services for the year ended December 31, 2025 is set forth below:

| Category of services | Fees paid/payable<br>(RMB million) |
|----------------------|------------------------------------|
| Audit services       | 3.8                                |
| IPO-related services | 1.5                                |
| Non-audit services   | –                                  |
| Total                | 5.3                                |

### Joint Company Secretaries

Ms. Shum Kit Han and Mr. Liu Xingyu have been appointed as the Joint Company Secretaries of the Company from March 2024. During the Reporting Period, Mr. Liu Xingyu was the primary contact person for Ms. Shum Kit Han at the Company.

Mr. Liu Xingyu, aged 43, was appointed as our joint company secretary and the secretary of the Board in March 2024 and January 2026. He serves as a supervisor of our subsidiaries, namely Breton (Shandong) New Energy Vehicle Co., Ltd., Breton (Hunan) Technology Co., Ltd., and Breton (Lanxi) New Energy engineering Machinery Co., Ltd., since May 2020, October 2022, and January 2023, respectively.

## 7. CORPORATE GOVERNANCE REPORT

Mr. Liu has over ten years of experience in financial management. Prior to joining our Group, Mr. Liu was the secretary of the board and the chief financial officer at Kingstone Semiconductor Joint Stock Company Ltd. from March 2018 to March 2020. He worked at Shanghai Boxi Electric Co., Ltd. (上海博璽電氣股份有限公司) as the general manager, the secretary of the board, and the chief finance manager from April 2016 to July 2017. From July 2012 to February 2016, he served as a deputy regional financial manager at East China Regional Company (恒大地產集團有限公司華東區域公司). From October 2009 to June 2012, he served as the director of the financial department at Zhumao Construction Machinery Trading (Shanghai) Co., Ltd. (住貿工程機械商貿(上海)有限公司).

Mr. Liu obtained a bachelor's degree in accounting in June 2005 from Hunan Agricultural University (湖南農業大學). He also obtained the certificate of Certificated Public Accountant (non-practice) issued by the Chinese institute of Certified Public Accountants (中國註冊會計師協會) in March 2020 and the certificate of Intermediate Accountant issued by Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障局) in May 2009.

Ms. Shum Kit Han was appointed as one of our joint company secretaries in March 2024. She currently serves as a manager of corporate services of Tricor Services Limited, a member of Vistra Group. She is responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Shum has over 10 years of experience in company secretary and corporate governance field. She obtained her master's degree in Professional Accounting and Corporate Governance in July 2015 and her bachelor's degree in English for Professional Communication in November 2005, both from the City University of Hong Kong. She also obtained her executive diploma in Anti-Money Laundering and Counter-Terrorist Financing from the University of Hong Kong School of Professional and Continuing Education in October 2022, and a diploma in Spanish as a foreign language in May 2023.

Ms. Shum is a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong.

For the year ended December 31, 2025, Ms. Shum Kit Han and Mr. Liu Xingyu have each received not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Mr. Liu Xingyu has resigned as the Joint Company Secretary of the Company due to a work change, with effect from January 9, 2026. Mr. Zhang Fei was appointed as the Joint Company Secretary of the Company on January 9, 2026. Mr. Zhang Fei was the primary contact person for Ms. Shum Kit Han at the Company.

### Shareholders' Rights

#### Convening an Extraordinary Shareholders' Meeting

According to Article 79 of the Articles of Association, the shareholders who individually or jointly hold more than 10% of the voting shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting or a class shareholders' meeting, and shall make such request to the Board of Directors in writing. The Board shall, in accordance with the provisions of laws, administrative laws and regulations, the listing rules of the stock exchange where the Company is listed and the Articles of Association of the Company, provide written feedback on whether or not to agree to hold an extraordinary shareholders' meeting or a class general meeting within 10 days after receiving the request.

## 7. CORPORATE GOVERNANCE REPORT

If the Board agrees to convene an extraordinary shareholders' meeting or a class shareholders' meeting, a notice of the meeting shall be issued within 5 days after the resolution of the Board is passed. Changes made to the original request in the notice shall be approved by relevant shareholders. If the Board does not agree to hold the extraordinary shareholders' meeting or the class shareholders' meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding no less than 10% voting shares of the Company shall be entitled to propose to convene an extraordinary shareholders' or a class shareholders' meeting, and shall make such request in writing to the Audit Committee.

If the Audit Committee agrees to convene the extraordinary shareholders' meeting or the class shareholders' meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained. If the Audit Committee fails to issue the notice for the shareholders' meeting or the class shareholders' meeting within the specified time, the shareholder(s) severally or jointly holding no less than 10% voting shares of the Company for no less than 90 consecutive days may convene and preside over such meeting on his or their own.

### Proposals Made at the Shareholders' Meeting

According to Article 84 of the Articles of Association, the shareholders who individually or collectively hold more than 1% of the Company's shares may put forward an interim proposal and submit it to the convener in writing 10 working days before the shareholders' meeting. The convener shall, within 2 days after receipt of the proposal, issue a supplementary notice of the shareholders' meeting, informing the content of the interim proposal; provided that this shall not apply where such proposal violates any laws, administrative regulations, the listing rules of the stock exchange where the Company is listed or the provisions of the Articles of Association, or does not fall within the scope of authority of the shareholders' meeting.

### Enquiries to the Board

Shareholders may request the Board of Directors for enquiries. For the avoidance of doubt, shareholders shall deposit and send the original copy of the duly signed written request, notice or statement or enquiry (as the case may be) to the above address, and provide their full name, contact information and proof of identity for the same to be valid. Shareholder information may be disclosed in accordance with the law. The Company will not normally deal with oral or anonymous inquiries.

Shareholders may send the above enquiries or requests to the following contact details:

Address: Room 208, 2/F, Block 3, No. 168 Shennan Road, Minhang District, Shanghai, PRC  
Email: [ir@breton.top](mailto:ir@breton.top)

## 7. CORPORATE GOVERNANCE REPORT

### Communication Policy with Shareholders/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business performance and strategies. The Company strives to maintain an ongoing dialogue with its shareholders, particularly through annual shareholders' meetings and extraordinary shareholders' meetings. At the annual shareholders' meeting, directors (or their proxy, where applicable) are available to meet with shareholders and respond to their enquiries.

To safeguard shareholders' interests and rights, each material issue, including the election of individual directors, shall be proposed as a separate resolution at a shareholders' meeting. All resolutions put forward at a shareholder meeting shall be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each shareholder meeting.

The Company has established a range of channels to maintain ongoing dialogue with its shareholders, details of which are set out below:

**a)** *Shareholders' Enquiries*

- Shareholders may access the publicly available information of the Company at any time.
- Shareholders may contact the Company's designated contact persons, email addresses and enquiry hotline to raise any question regarding the Company's matters.

**b)** *Company's Correspondence*

- "Company's correspondence" shall refer to any document issued or to be issued by the Company for the information or action of shareholders, including but not limited to the report of the Board, annual accounts and the auditors' report, interim reports, notices of meetings, circulars and proxy forms. The Company's correspondence dispatched to shareholders is prepared in plain language in both Chinese and English to facilitate shareholders' understanding of the contents. Shareholders shall have the right to choose the language (English or Chinese).
- Shareholders are encouraged to provide the Company with information such as email addresses to facilitate timely and effective communication.

## 7. CORPORATE GOVERNANCE REPORT

### c) *Company's Website*

- The Company's website ([www.breton.top](http://www.breton.top)) features a dedicated "Investor Relations" section. Information on the Company's website is updated regularly.
- Information published by the Company on the Stock Exchange is also made available on the Company's website immediately. Such information includes financial statements, result announcements, circulars, notices of shareholders' meetings and related statements.
- All presentation information provided together with the Company's annual shareholders' meeting and result announcements each year are available on the Company's website.
- All press releases and shareholder communications are available on the Company's website.

### d) *Shareholders' Meeting*

- Shareholders are encouraged to attend the shareholders' meeting, and if unable to attend, to appoint proxies to attend and vote at the meetings on their behalf.
- Appropriate arrangements will be made for the annual shareholders' meeting to encourage shareholders' participation in such meetings.
- The Company will regularly monitor and review the procedures for shareholders' meetings, and make revisions where necessary, to ensure that shareholders' needs are met to the greatest extent possible.
- Members of the Board (in particular, the chairmen of the committees under the Board/chairman of the Board or their representatives), appropriate senior management and the external auditor will attend the annual shareholders' meeting to answer shareholders' questions.
- Shareholders are encouraged to participate in shareholder events organized by the Company to convey information about the Company, including the latest strategic plans, products and services.

The Company continuously promotes good investor relations and strengthens communication with shareholders and potential investors to enhance their understanding of the business performance and strategies of the Group. The Board has reviewed the above policy during the Reporting Period and considered that shareholders have sufficient means and channels to express their views to the Company, and that the Company's shareholders communication policy was effectively implemented and carried out during the Reporting Period.

## 7. CORPORATE GOVERNANCE REPORT

### Amendments to the Articles of Association

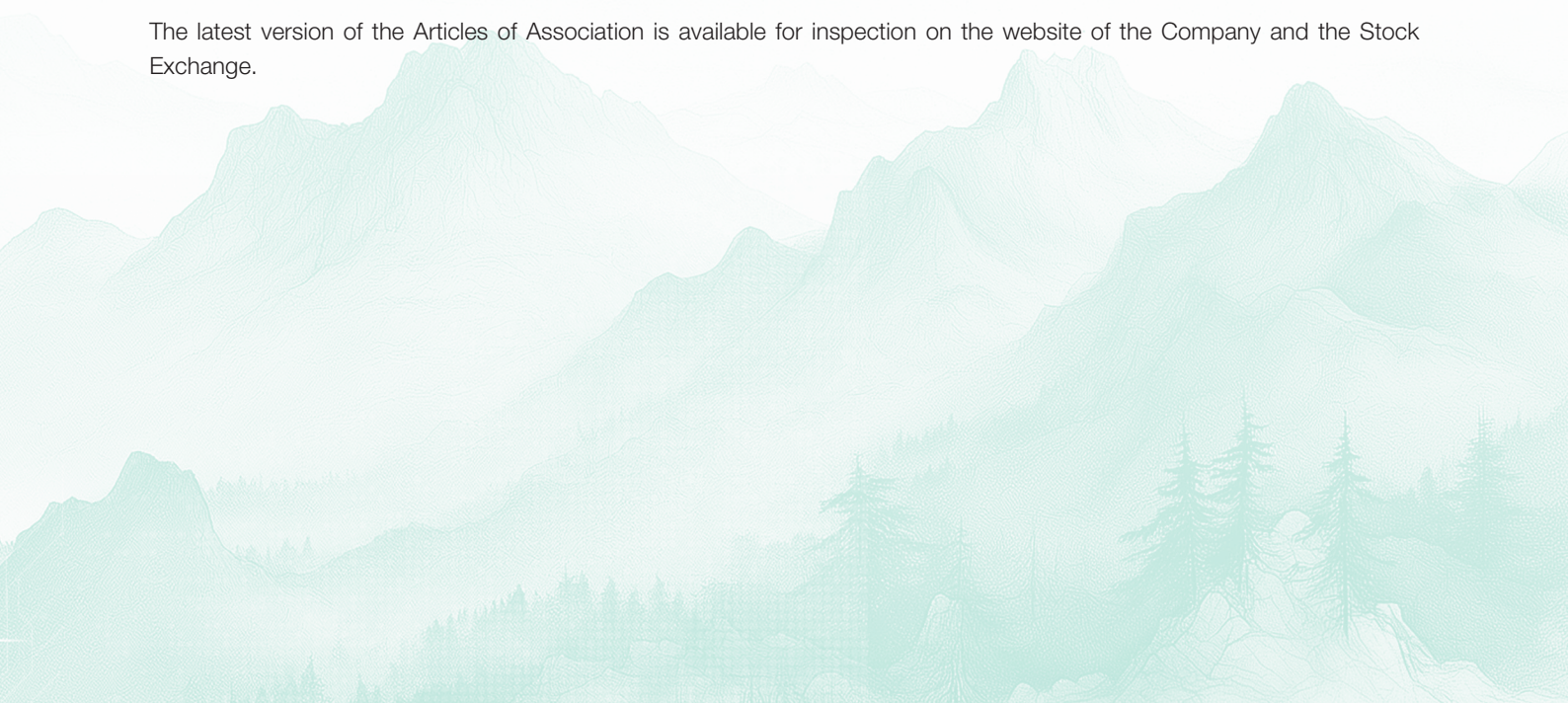
Given that the Company has successfully completed the public offering of its H Shares on The Stock Exchange of Hong Kong Limited, the Company convened its 2024 annual shareholders' meeting on June 26, 2025, at which a resolution to amend the Articles of Association was considered and approved, effective from June 26, 2025. For details, please refer to the Company's announcement dated June 3, 2025, its circular dated June 5, 2025, and its poll results announcement dated June 26, 2025.

Given the Company's proposed expansion of its principal business scope, the Company convened its 2025 extraordinary shareholders' meeting on September 26, 2025, at which a resolution to amend the Articles of Association was considered and approved, effective from September 26, 2025. For details, please refer to the Company's announcement dated August 27, 2025, its circular dated September 9, 2025, and its poll results announcement dated September 26, 2025.

To reflect the relevant changes in the Company's registered capital and total share capital following the completion of the Placing, the Board of Directors made corresponding amendments to the Articles of Association, effective from November 24, 2025. For details, please refer to the Company's announcement dated November 24, 2025.

To further improve the Company's corporate governance structure, ensure that the Articles of Association remain consistent with the latest legal and regulatory requirements, while also taking into account the actual needs of the Company's business development, the Company convened its first extraordinary shareholders' meeting of 2026 on February 5, 2026 at which a resolution to amend the Articles of Association and its appendices was considered and approved, effective from February 5, 2026, in accordance with the relevant laws, regulations, and normative documents, including the Company Law, the Guidelines for Articles of Association of Listed Companies (Revised in 2025), the Listing Rules, as well as regulatory requirements. Upon completion of these amendments, the Company will no longer have a Supervisory Committee or appoint supervisors. The Audit Committee of the Board of Directors will exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law, and the Rules of Procedure of the Supervisory Committee will be correspondingly abolished. For details, please refer to the Company's announcement dated January 9, 2026, its circular dated January 16, 2026, and its poll results announcement dated February 5, 2026.

The latest version of the Articles of Association is available for inspection on the website of the Company and the Stock Exchange.



## 7. CORPORATE GOVERNANCE REPORT

### Dividend Policy

The Company is a joint stock company incorporated in the People's Republic of China with limited liability. Whether future dividends will be distributed will be determined at the discretion of our Directors and may be based on a variety of factors, including our future operations and earnings, capital requirements and surplus, overall financial condition, contractual restrictions and other factors our Directors may deem relevant. Any proposed dividend distribution will also be subject to the approval of the shareholders' meeting. The Company does not have a predetermined dividend payout ratio. The current regulations in China permit the domestic companies to pay dividends only out of their accumulated distributable after-tax profits, after deducting any accumulated loss coverage and appropriations to the statutory and other reserve funds as determined in accordance with our Articles of Association and China Accounting Standards and its regulations. Therefore, even if we are profitable, we may not have sufficient or any distributable profits to pay dividends to our shareholders. There is no assurance that dividends of such amount or any amount may be declared or distributed annually or in any year.

For the year ended December 31, 2025, the Company did not pay or declare any dividends. The previous dividend distribution record of the Company may not be used as a reference or basis for determining the level of dividends that may be declared or paid by the Company in the future.

### Risk Management and Internal Control

The Board deeply understands that it is responsible for the risk management and internal control systems to safeguard shareholders' investments and the Company's assets, and to review the effectiveness of such systems on an annual basis. The Board also clarifies such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a comprehensive risk management and internal control governance system with clear levels and well-defined responsibilities, comprising three layers: strategic decision-making layer, operational management layer, and execution layer.

The strategic decision-making layer comprises the Board and the Audit Committee. The Board serves as the highest decision-making organization for risk management and internal control, responsible for the effectiveness of the Group's risk management and internal control efforts, and hears reports on the management and internal control systems for key risks including strategic, operational and ESG risks, as well as their implementation status. The Audit Committee is responsible for overseeing risk management and internal control mechanisms, and guiding the Group's management in implementing effective risk management systems.

The management layer comprises the Risk Management Department and the Internal Audit Department. The Risk Management Department is responsible for studying, discussing and organizing the implementation of risk management efforts. The Company has established an internal audit department, responsible for reviewing the effectiveness of internal controls and reporting any issues identified, thereby improving our internal control systems and procedures through the ongoing identification of errors and deficiencies. The internal audit department promptly reports any material issues identified to the Audit Committee and the Board of Directors.

## 7. CORPORATE GOVERNANCE REPORT

The execution layer comprises all business departments. Business departments carry out day-to-day risk management work in accordance with position requirements, and promptly report to the Internal Audit Department and the Risk Control Departments any operational and management issue that may affect risks.

The Company's risk management and internal control systems have been developed with the following principles, features and processes with defined authority for implementation to promote a compliance culture, to perform independent review and monitor the risk management progress, to address potential risks related to operations, information security, intellectual property and anti-corruption, and to provide findings and recommendations for improvement to the Audit Committee.

### Business Operational Risk Management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. Our sales department, research center, production and operations department, procurement department, human resources department, public relations department, legal department, risk management department, finance department, customer service department, quality department, secretary to the Board's office, administrative department, IT department, and internal audit department are collectively responsible for ensuring that our business operations comply with internal procedures. In the event of a major adverse occurrence, the matter will be escalated to our senior management, and the Board may need to take appropriate measures.

### Anti-Corruption Risk Management

Anti-corruption risk refers to the risk associated with the use of cheating, bribery, or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our economic interests and (ii) the pursuit of improper interests of our Company.

The Company has a zero-tolerance policy for corruption and in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. Our internal audit department is directly responsible for anti-corruption risk management and has established an anti-corruption committee comprising designated personnel from our human resources, internal audit, and legal departments. We also maintain a whistleblower mechanism to encourage the internal reporting of suspicious activities. Employees can make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery. All suppliers are required to sign anti-corruption commitments before engagement. During the Reporting Period, the Company held 2 anti-corruption trainings and briefings to all employees. There were no non-compliance cases in relation to bribery and corruption.

## 7. CORPORATE GOVERNANCE REPORT

### Confidentiality Risk Management

Confidentiality risk arises when an employee breaches their confidentiality obligations by disclosing our or our business partners' trade secrets to third parties. Such actions could harm our commercial interests and expose us to legal actions and reputational damage. To address this, we have implemented a stringent confidentiality agreement template that employees must sign along with their employment contract before starting their roles.

This agreement clearly outlines their responsibilities to protect confidential information. We also provide training to raise employee awareness of confidentiality, including regular security drills and simulated leak scenarios to enhance vigilance. Furthermore, we have enacted a Confidentiality Management Policy that defines the roles and responsibilities of our confidentiality team, establishes procedures for managing trade secrets and personnel handling sensitive information, monitoring information disclosure and responding to enquiries, and sets forth disciplinary actions and rewards to reinforce compliance.

### Business Partner Contract Fraud Risk Management

Contract fraud risk arises when business partners engage in fraudulent activities, such as forging contracts, providing false information, or concealing critical facts, which could mislead us into signing unfavourable agreements and harm our interests. To mitigate this risk, we have established a Contract Management Policy that defines procedures for drafting, reviewing, and managing contracts. This policy includes a robust review process with multiple approval checkpoints to prevent and control contract risks effectively.

### Business Partner Product Quality Risk Management

Product quality risk arises when products or services provided by business partners have defects or quality issues, leading to customer dissatisfaction, harm to our brand image, and a loss of competitive edge. To manage this risk, we have implemented the Procurement Management Policy and the Supplier Management Procedure that specify supplier management processes and the responsibilities of our relevant departments. Additionally, our quality department annually maintains and updates our quality management system documents, including inspection standards and quality control procedures, to ensure prompt responses to quality issues. We have also introduced the Quality Issue Accountability Policy to define responsibilities for quality problems and ensure accountability in addressing them. The Board reviews the effectiveness of the Company's risk management and internal control systems at least once a year through the Audit Committee.

## 7. CORPORATE GOVERNANCE REPORT

The Company's risk management and internal control systems have been integrated into business processes as an inseparable part of the Company's overall operations. The systems comprise a comprehensive organizational structure where each position is assigned clear responsibilities and delegated corresponding authorities. The Company has established a reporting system based on the organizational structure, which includes reporting channels for the heads of each major business unit to the Board.

The Company has established risk management and internal control systems, as well as an accounting system, to identify and assess the Company's risks, formulate risk mitigation strategies, and provide reasonable assurance that assets are not used or disposed of without authorization, transactions are conducted with management's authorization, accounting records can be reliably used for preparing published financial information in the course of business, accountability for assets and liabilities is maintained, and business operations are conducted in accordance with relevant laws, regulations and internal guidelines.

The Company has an organizational structure with clear authority and responsibility. Each department is responsible for its day-to-day operations and is required to report regularly to the executive directors. Each department has established policies and procedures, which include establishing and maintaining effective policies to ensure that the Company's risks are properly identified and appropriate actions are taken to control such risks; establishing a structure with clear authority and appropriate segregation of duties; monitoring strategic plans and performance, designing effective accounting and information systems; controlling price-sensitive information affecting the Company's share price; and ensuring prompt and timely communication with the Company's stakeholders.

The Company is committed to establishing and maintaining risk management and internal control systems, including policies and procedures that the Company considers appropriate for its business operations. The Company is dedicated to continuously improving such systems and fostering a risk management culture to enhance risk management awareness among all employees.

The Company has adopted and implemented comprehensive risk management policies across all aspects of its business operations. In particular, the Company:

- established an Investment Decision-Making Committee and a Risk Management Department to oversee external investment and compliance management risks;
- provided ongoing anti-corruption and anti-bribery compliance training to employees to enhance their awareness of legal and regulatory requirements and encourage compliance with such requirements in their daily work; and
- arranged for the Directors and senior management to attend training seminars on the Listing Rules and the responsibilities of directors of a listed company in Hong Kong.

The Company has established an internal audit function, the effectiveness of which was reviewed by the Audit Committee during the year.

The Board reviews the effectiveness of the Company's risk management and internal control systems at least once a year through the Audit Committee. For the year ended December 31, 2025, the Board, through the Audit Committee, has reviewed the effectiveness of the Company's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programs and whether the budget is sufficient of the Company's accounting and financial reporting function, covering financial controls, operational controls, compliance monitoring and risk management functions, and considers the risk management and internal control systems to be effective and adequate.

## 7. CORPORATE GOVERNANCE REPORT

### Whistleblowing Policy

The Company has put in place a whistleblowing policy and a whistleblowing mailbox, under which employees and other stakeholders of the Company can, in a confidential and anonymous manner, raise concerns to the Audit Committee regarding any possible impropriety in relation to the Company.

### Anti-Bribery and Anti-Corruption Policy

The Company has formulated an anti-corruption risk management policy, continuously updating and issuing the Detailed Implementation Rules for Integrity Construction Management, which prohibit employees from engaging in any corrupt activities, whether for personal gain or improper advantage. Our internal audit department is directly responsible for anti-corruption risk management, establishing an integrity employment management system, and has set up an anti-corruption committee comprising designated personnel from the Human Resources, Internal Audit, and Legal Departments. We have established a whistleblowing mechanism that encourages internal reporting of suspicious activities. We adopt a zero-tolerance policy towards corrupt conduct and do not accept the hiring or promotion of individuals involved in corrupt incidents. We conduct regular internal training and require all suppliers and partners to comply with compliance standards and sign professional integrity agreements.

During the Reporting Period, neither the employees nor material business partners of the Company were subject to, or otherwise involved in, any complaints, investigations or regulatory enquiries concerning any bribery or kickback arrangements.

### Disclosure of Inside Information

In order to enhance the Company's system for handling and disseminating inside information and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company has adopted and implemented policies and procedures for inside information. The Company has taken reasonable measures from time to time to ensure that potential inside information is captured and kept confidential, so as to prevent any breach of the disclosure requirements in relation to the Company. These measures include, among others:

- restricting access to information to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully aware of their confidentiality obligations.
- entering into confidentiality agreements when the Company engages in material negotiations.
- designating executive directors or relevant persons as authorized spokespersons to communicate with external parties such as the media, analysts or investors, and to respond to external enquiries on behalf of the Company.

## 8. REPORT OF THE BOARD

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended December 31, 2025.

### List of Directors

The list of directors as at December 31, 2025 and up to the date of this annual report was as follows:

#### Executive Directors

Mr. Chen Fangming (*Chairman of the Board and General Manager*)

Mr. Qiu Debo

Mr. Sun Kanghua

Ms. Yang Hui

#### Non-executive Directors

Mr. Cao Haiyi

Mr. Wang Zhenkun

#### Independent Non-executive Directors

Mr. Zhou Yuan

Dr. Li Xiaofu (*who resigned on February 5, 2026*)

Mr. Gui Zhenhua (*who was appointed on February 5, 2026*)

Dr. Jiang Bailing

Mr. YIM, Chi Hung Henry



## 8. REPORT OF THE BOARD

### General Information

The Company was established under PRC laws as a limited liability Company on November 28, 2016 and was converted into a joint stock company with limited liability on November 23, 2022. The Company's H shares were listed on the Main Board of the Stock Exchange on May 7, 2025.

### Principal Business

As a leading high-tech enterprise in China specialized in new energy zero-carbon mining robots, the Company focuses on the research and development and manufacturing of products such as battery-electric wide-body dump trucks, and is dedicated to providing integrated green solutions encompassing "solar storage and transportation" for mining scenarios. For the year ended December 31, 2025, the Group generated revenue principally from product sales.

### Subsidiaries of the Company

Details of the Company's principal subsidiaries are set out in Note 15 to the consolidated financial statements in this annual report.

### Business Review, Prospects and Results

An objective review of the Group's business (including an analysis of the Group's financial performance using key financial performance indicators and potential future business development indicators of the Group) is set out in the sections headed "Business Review", "Future Development and Strategies" and "Financial Review" under "Management Discussion and Analysis" in this annual report. Such discussion forms part of the Report of the Board.

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements and the notes thereto in this annual report.

### Financial Summary

A summary of the Group's consolidated operations as well as assets and liabilities for the past 4 financial years, as extracted from the audited consolidated financial statements issued by the Group itself, is set out in the section headed "Financial Summary" in this annual report. This summary does not form part of the audited consolidated financial statements.

## 8. REPORT OF THE BOARD

### Principal Risks and Uncertainties

The following are the principal risks and uncertainties faced by the Group, some of which are beyond its control:

#### 1. Market and Industry Risks

- Our future growth depends on customer demand for and willingness to adopt new energy-powered construction machinery. The management will continuously enrich the new energy product portfolio, strengthen promotion and customized services in key markets, boost customers' willingness to replace equipment with new energy equipment, and consolidate the foundation of end-market demand.
- The new energy construction machinery industry is highly competitive, and we cannot guarantee success in competing within these industries. The management will consolidate differentiated advantages in core technologies including the three-electric system and unmanned operation, focus on in-depth operation in segmented application scenarios, and steadily enhance the industry competitiveness.
- The industry in which we operate is characterized by rapid technological iteration and development. The adoption of any alternative energy sources, including hydrogen energy, may adversely affect our business, prospects, operating results and financial condition. The management will conduct research and development across multiple technological routes and keep pace with industry trends of pure electric and hybrid technologies, mitigating operational risks arising from over-reliance on a single technical route.

#### 2. Operational and Financial Risks

- During the Reporting Period, we recorded net losses and net cash used in operating activities, and we may incur net losses and net cash used in operating activities in the future. The management will strictly control operating expenses and optimize order structure and receivables collection management, steadily improving overall cash flow and profitability.
- We recorded relatively low gross profit margins during the Reporting Period. The management will reduce costs and improve efficiency by optimizing the supply chain system, scale up the development of high value-added products, and gradually restoring profitability.
- Our product prices may fluctuate, which could have an adverse effect on our business, prospects, operating results and financial condition. The management will mitigate the impact of industry price volatility by securing long-term cooperation orders and upgrading product value.
- Our products may not meet customers' performance expectations and may have potential defects. The management will continuously optimize product stability and user experience by improving the R&D testing and full-process quality control system and upgrading the after-sales service system.
- Our business plans require substantial funding. To meet our future funding needs, we may need to seek equity or debt financing, which could dilute our shareholders' equity and introduce covenants that restrict our operations or dividend payments. However, such funding may not be available on acceptable terms, in a timely manner, or at all, which could force us to scale back or cease our operations. The management will control financial constraint risks by rationally planning capital utilization, expanding diversified financing channels and balancing the financing structure.

## 8. REPORT OF THE BOARD

### 3. Corporate Development and Product Mix Risks

- Our limited operating history makes it difficult to assess our future prospects. The management will build brand reputation and industry recognition over time through prudent operation, standardized internal governance and information disclosure.
- During the Reporting Period and for the foreseeable future, our revenue has primarily depended on and will continue to depend on a limited number of models. The management will accelerate the R&D and mass production of multi-scenario and multi-category new energy equipment to mitigate operational risks caused by concentrated reliance on a single product.

The above does not constitute an exhaustive list of the risks faced by the Group. For other risks and uncertainties faced by the Group, please refer to the section headed “Risk Factors” in the Prospectus.

The Company considers that risk management is crucial to the efficient and effective operation of the Group. The management of the Company assists the Board in evaluating material internal and external risks arising from the Group’s business, including operational risks, financial risks, regulatory risks, among others, and takes proactive steps to establish appropriate risk management and internal control mechanisms and integrate them into daily operational management.



## 8. REPORT OF THE BOARD

### Environmental Policy and Performance

The Group has consistently prioritized monitoring its Environmental, Social and Governance (“**ESG**”) practices and is committed to integrating them into its daily operations. The Group recognizes its obligations towards environmental protection and corporate social responsibility, and firmly believes that the integration of ESG principles is vital to the Group’s long-term business growth.

The Group has formulated an ESG policy, which includes the following elements: (i) effective risk governance relating to ESG matters, including environmental, social and climate-related risks; (ii) identification of key stakeholders and establishment of communication channels with them; (iii) a clear ESG framework; (iv) procedures for formulating ESG strategies; (v) ESG risk management and monitoring protocols; and (vi) identification of key performance indicators (“KPIs”), together with relevant initiatives and mitigation measures. The Board has the overall responsibility for reviewing, approving and adopting the ESG policy as well as the Group’s targets and strategies. Furthermore, it will oversee the implementation of the ESG policy, make necessary revisions to the overall ESG strategies as it deems appropriate, and effectively manage other material ESG-related matters.

Further details regarding the Company’s environmental policy and performance, please refer to the section “9. 2025 Environmental, Social and Governance Report” set out on page 85 to page 148 of this annual report.

### Compliance with Relevant Laws and Regulations

The operations of the Group are required to comply with applicable PRC laws and regulations. For the year ended December 31, 2025, to the best of the Board’s knowledge, the Group has not been involved in any non-compliance incidents that resulted in fines, enforcement actions or other penalties, which, individually or in the aggregate, could have a material adverse effect on the Group’s business, financial condition or results of operations, and has complied, in all material respects, with relevant laws and regulations that have a significant impact on the Group.

### Relationship with Employees, Customers and Suppliers

The Group recognises the importance of maintaining good relationships with its employees, customers and suppliers in achieving its current and long-term goals. The Group maintains good relationships with its employees, customers and suppliers. For the year ended December 31, 2025, there were no significant or serious disputes between the Group and its employees, customers and/or suppliers.

For further details regarding the Company’s relationships with its employees and suppliers, please refer to the section “9. 2025 Environmental, Social and Governance Report” on pages 85 to 148 of this report.

## 8. REPORT OF THE BOARD

### Employees

As of December 31, 2025, we had a total of 346 employees. We utilize a variety of recruiting channels to sustain our robust talent pool and support our continued growth. Our primary recruitment methods include online platforms, employment agencies and referrals. We provide a series of training for new employees, covering technological knowledge, skills development, corporate culture, leadership and communication to prepare them as future leaders of our Company. The Group is committed to establishing a competitive and fair remuneration package. To effectively motivate employees, the Group continuously improves its remuneration and incentive policies through market research. The Group conducts annual performance appraisals for its employees to provide feedback on their performance. Employee compensation generally consists of base salary and performance-based bonuses. In compliance with applicable PRC laws and regulations, we participate in a variety of government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, as well as housing funds. The Group make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees as required by applicable PRC laws and regulations, up to an upper limit stipulated by the local government regulations. Additionally, we provide employer's liability insurance and supplementary commercial accident insurance to enhance our employees' coverage.

### Customers

The Group continuously strives to enhance customer satisfaction by providing quality customer service. The Group has a customer service department that conducts follow-up interviews to assess the quality of services provided, as well as customers' suggestions and comments. Customers may submit complaints orally or in writing via designated email addresses or hotlines.

### Suppliers

When selecting suppliers, the Group considers factors such as customer demand for specific equipment and related specifications, functions or models to identify a pool of suppliers capable of meeting such demand. Furthermore, leveraging the Group's extensive experience in the mining industry and in-depth understanding of various mining equipment, the Group has established comprehensive supply chain management capabilities, enabling it to select the most suitable suppliers with strong service capabilities, a proven track record and favourable cooperation terms, thereby ensuring the quality of products and services provided by the Group and stability of supply.

### Major Customers and Suppliers

For the year ended December 31, 2025, revenue attributable to the Group's five largest customers accounted for approximately 35.44% of the Group's revenue from the sale of goods or provision of services. For the year ended December 31, 2025, revenue attributable to the Group's largest customer accounted for approximately 7.96% of the Group's revenue from the sale of goods or provision of services.

## 8. REPORT OF THE BOARD

For the year ended December 31, 2025, the total purchases attributable to the Group's five largest suppliers accounted for approximately 62.21% of the Group's total purchases. For the year ended December 31, 2025, the total purchases attributable to the Group's largest supplier accounted for approximately 22.71% of the Group's total purchases.

For the year ended December 31, 2025, none of the Directors nor, to the best of their knowledge, their respective close associates or any shareholders holding more than 5% of the Company's issued share capital (excluding treasury shares) had any interest in any of the five largest customers or suppliers.

### Sufficient Public Float

Based on information publicly available to the Company and to the best knowledge of the Directors, for the year ended December 31, 2025 and up to the Latest Practicable Date, the Company has maintained the minimum public float as required under the Listing Rules.

### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or PRC laws requiring the Company to offer new shares to its existing shareholders on a pro rata basis.

### Tax Relief and Exemption

The Company is not aware of any tax relief or exemption available to shareholders by reason of their holding of the Company's shares.

### Property, Plant and Equipment

Details of property, plant and equipment of the Group and the changes therein for the year ended December 31, 2025 are set out in Note 11 to the consolidated financial statements.

### Donations

For the year ended December 31, 2025, the Group made charitable donations of approximately RMB0.1 million. For further details, please refer to the section "9. 2025 Environmental, Social and Governance Report" in this report.

## 8. REPORT OF THE BOARD

### Purchase, Redemption or Sale of the Company's Listed Securities

From the Listing Date to December 31, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at the end of the Reporting Period, the Company did not hold any treasury shares as defined under the Listing Rules.

Up to the Latest Practicable Date, the Company repurchased a total of 710,800 H Shares on the Stock Exchange, which were held by the Company as treasury shares, for a total consideration of HK\$14,987,928.8. As of the Latest Practicable Date, the 710,800 repurchased H Shares have not been canceled and are held by the Company as treasury shares.

### Share Capital

Details of the changes in the share capital of the Company for the year ended December 31, 2025 are set out in Note 27 to the consolidated financial statements.

### Dividends

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025. The Board is not aware of any shareholders having waived or agreed to waive any dividends.

### Debentures and Convertible Bonds Issued

For the year ended December 31, 2025, the Group did not issue any debentures or convertible bonds.

### Equity-linked Agreements

For the year ended December 31, 2025, the Group did not enter into or have any equity-linked agreements.

### Permitted Indemnity Provision

The Company has maintained Director liability insurance to provide cover to its Directors against any losses that they may incur arising from any actual or alleged wrongful conduct. For the year ended December 31, 2025 and up to the Latest Practicable Date, a permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Cap. 622D of the Laws of Hong Kong)) was and is in force for the benefit of the Company's Directors.

### Reserves

Details of the changes in the reserves of the Group for the year ended December 31, 2025 are set out in the consolidated statement of changes in equity and in Note 27 to the consolidated financial statements in this Annual Report.

### Distributable Reserves

As at December 31, 2025, the Company had no distributable reserves.

## 8. REPORT OF THE BOARD

### Bank Loans and Other Borrowings

Details of the bank loans and other borrowings of the Group as at December 31, 2025 are set out in the “Management Discussion and Analysis” section and Note 22 to the consolidated financial statements in this Annual Report.

### Service Contracts of Directors and Supervisors

The Company has entered into service contracts with each of the Directors and Supervisors regarding, among other things, compliance with relevant laws and regulations, the Articles of Association and applicable arbitration provisions. Pursuant to Articles 134 of the Articles of Association, the term of office of Directors is three years, and they are eligible for re-election upon expiration of their term.

Save as disclosed above, the Company has not entered into and does not propose to enter into any service contract with any Director or Supervisor in their respective capacities as Directors or Supervisors (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

### Directors’ and Supervisors’ Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in this report, for the year ended December 31, 2025 and as at December 31, 2025, no transaction, arrangement or contract of significance to the Group’s business, to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor, or a connected entity of a Director or Supervisor, had a material interest, whether directly or indirectly, subsisted.

### Directors’ Interests in Competing Businesses

For the year ended December 31, 2025, none of the Directors had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Company, which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### Management Contracts

For the year ended December 31, 2025, the Company has not entered into or had any contract concerning the management and administration of the whole or any substantial part of its business.

## 8. REPORT OF THE BOARD

### Directors' and Supervisors' Rights to Acquire Shares or Debentures

Apart from the disclosures in the section "Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" below and elsewhere in this report, during the Reporting Period, no Directors or their respective spouses or minor children were granted any rights to benefit by acquiring the shares, underlying shares or debentures of the Company, nor had any such rights been exercised by any Directors; and the Company, or any of its holding companies, fellow subsidiaries and subsidiaries, was not a party to any arrangement to enable the Directors to acquire any interests in any other body corporate.

### Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at December 31, 2025, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or (b) were required to be recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

| Name                                             | Position                                                                                                       | Nature of Interest                       | Number of Shares and Description <sup>4</sup> | Approximate percentage of shareholding in the relevant class of Shares <sup>1</sup> (%) | Approximate percentage of shareholding in the total share capital of the Company (%) |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <b>Mr. Chen Fangming</b><br>(陳方明) <sup>2,3</sup> | Executive Director, Chairman of the Board and General Manager                                                  | Beneficial owner                         | 15,550,502 Domestic Shares                    | 11.24 (Domestic Share)                                                                  | 3.99                                                                                 |
|                                                  |                                                                                                                |                                          | 15,680,502 H Shares                           | 6.24 (H Share)                                                                          | 4.02                                                                                 |
|                                                  |                                                                                                                | Interest in controlled corporation       | 42,251,198 Domestic Shares                    | 30.53 (Domestic Share)                                                                  | 10.84                                                                                |
|                                                  |                                                                                                                |                                          | 44,621,388 H Shares                           | 17.76 (H Share)                                                                         | 11.45                                                                                |
|                                                  |                                                                                                                | Interest held jointly with other persons | 5,667,844 H Shares                            | 2.26 (H Share)                                                                          | 1.45                                                                                 |
| <b>Mr. Qiu Debo</b><br>(邱德波) <sup>3</sup>        | Executive Director and Co-President                                                                            | Beneficial owner                         | 3,091,551 H Shares                            | 1.23 (H Share)                                                                          | 0.79                                                                                 |
|                                                  |                                                                                                                | Interest held jointly with other persons | 57,801,700 Domestic Shares                    | 41.76 (Domestic Share)                                                                  | 14.83                                                                                |
|                                                  |                                                                                                                |                                          | 62,878,183 H Shares                           | 25.03 (H Share)                                                                         | 16.14                                                                                |
| <b>Ms. Yang Hui</b><br>(楊慧) <sup>3</sup>         | Executive Director, Co-President, Director of Human Resources, Director of Sales and Public Relations Director | Beneficial owner                         | 2,576,293 H Shares                            | 1.03 (H Share)                                                                          | 0.66                                                                                 |
|                                                  |                                                                                                                |                                          | 57,801,700 Domestic Shares                    | 41.76 (Domestic Share)                                                                  | 14.83                                                                                |
|                                                  |                                                                                                                | Interest held jointly with other persons | 63,393,441 H Shares                           | 25.23 (H Share)                                                                         | 16.27                                                                                |

## 8. REPORT OF THE BOARD

Notes:

- (1) The approximate percentages are calculated based on the 251,241,531 H Shares and 138,410,231 Domestic Shares in issue of the Company, totaling 389,651,762 shares, as at December 31, 2025.
- (2) Mr. Chen beneficially holds 15,550,502 Domestic Shares and 15,680,502 H Shares. Mr. Chen is the general partner of Shanghai Fangao. Besides, the general partner of Shanghai Cloud Tribe Yijin Venture Capital Center (Limited Partnership) (上海雲部落易津創業投資中心(有限合伙)) ("Cloud Tribe Yijin") is Cloud Tribe Yijin was Shanghai Cloud Tribe Yijin Venture Capital Management Co., Ltd. (上海雲部落易津創業投資管理有限公司) ("Cloud Tribe Management"), which is held as to 51% by Shanghai Yijin and 49% by Shanghai Yijin Venture Capital Management Co., Ltd. (上海易津創業投資管理有限公司) ("Yijin Venture Capital Management"). Yijin Venture Capital Management is held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin is held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Investment Management Firm (Limited Partnership) ("Shanghai Yijin Management") (上海易津投資管理事務所(有限合伙)), whose general partner is Mr. Chen. Therefore, by virtue of the SFO, Mr. Chen is deemed to be interested in (i) the 42,251,198 Domestic Shares and 42,251,199 H Shares held by Shanghai Fangao and (ii) the 2,370,189 H Shares held by Cloud Tribe Yijin.
- (3) On December 30, 2025, Mr. Chen Fangming, Ms. Yang Hui and Mr. Qiu Debo entered into a concert party agreement, pursuant to which the parties to the agreement agreed to act in concert with respect to the shares in the Company held by them, directly or indirectly, in relation to, but not limited to, proposals and voting matters at general meetings, and such parties are parties acting in concert in respect of the shares of the Company. Therefore, under the Securities and Futures Ordinance, they are deemed to be jointly interested in the total number of shares held by each of them.
- (4) All interests stated above are long positions.

Save as disclosed above, as at December 31, 2025, to the best knowledge and belief of the Company, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance; or (b) were required to be recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

As at December 31, 2025, to the best knowledge of the Directors or the chief executive of the Company, the following persons (other than the Directors, Supervisors and chief executive of the Company) had, or were deemed or taken to have, interests or short positions (including interests or short positions which such persons (other than the Directors, Supervisors and chief executive of the Company) were taken or deemed to have under the provisions of the Securities and Futures Ordinance) in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were required to be recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance:

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Shanghai Fangao <sup>1</sup>                                                                                       | Beneficial owner                   | 42,251,198                                    | 30.53                                                                    | 10.84                                                           |
|                                                                                                                    |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                    |                                    | 42,251,199                                    | 16.82                                                                    | 10.84                                                           |
|                                                                                                                    |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership) ("Zhongding No. 5") <sup>2</sup>   | Beneficial owner                   | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership) ("Shanghai Dingxiao") <sup>2</sup> | Interest in controlled corporation | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Shanghai Dingman Enterprise Management Co., Ltd. ("Shanghai Dingman") <sup>2</sup>                                 | Interest in controlled corporation | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Ningbo Dingji Venture Capital Partnership (Limited Partnership) ("Ningbo Dingji") <sup>2</sup>                     | Interest in controlled corporation | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Ningbo Dingyan Venture Capital Partnership (Limited Partnership) ("Ningbo Dingyan") <sup>2</sup>                   | Interest in controlled corporation | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Yin Junping (尹軍平) <sup>2</sup>                                                                                     | Interest in controlled corporation | 23,420,841<br>H Shares                        | 9.32                                                                     | 6.01                                                            |
| Yan Li (嚴力) <sup>2</sup>                                                                                           | Interest in controlled corporation | 25,762,926<br>H Shares                        | 10.25                                                                    | 6.61                                                            |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                 | Nature of Interest                 | Number of Shares and Description <sup>9</sup>          | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Shanghai Zhongdi Investment Co., Ltd.<br>("Shanghai Zhongdi") <sup>3</sup>                                          | Interest in controlled corporation | 25,167,493<br>H Shares                                 | 10.02                                                                    | 6.46                                                            |
| Li Tongzuan (李統鑽) <sup>3</sup>                                                                                      | Interest in controlled corporation | 25,167,493<br>H Shares                                 | 10.02                                                                    | 6.46                                                            |
| Shanghai Junhuai Investment Management Group Co., Ltd. ("Shanghai Junhuai") <sup>3</sup>                            | Interest in controlled corporation | 25,167,493<br>H Shares                                 | 10.02                                                                    | 6.46                                                            |
| Zhang Huixian (張輝賢) <sup>3</sup>                                                                                    | Interest in controlled corporation | 25,167,493<br>H Shares                                 | 10.02                                                                    | 6.46                                                            |
| Hunan Xiangtan Caixin Chanxing Equity Investment Partnership (Limited Partnership) ("Xiangtan Caixin") <sup>4</sup> | Beneficial owner                   | 13,623,788<br>Domestic Shares<br>7,335,886<br>H Shares | 9.84<br>(Domestic Share)<br>2.92<br>(H Share)                            | 3.50<br>(Domestic Share)<br>1.88<br>(H Share)                   |
| Hunan Caixin Fund Management Co., Ltd. ("Hunan Caixin") <sup>4</sup>                                                | Interest in controlled corporation | 13,623,788<br>Domestic Shares<br>7,335,886<br>H Shares | 9.84<br>(Domestic Share)<br>2.92<br>(H Share)                            | 3.50<br>(Domestic Share)<br>1.88<br>(H Share)                   |
| Xiangtan Chanxing Private Equity Fund Management Co., Ltd. ("Xiangtan Chanxing") <sup>4</sup>                       | Interest in controlled corporation | 13,623,788<br>Domestic Shares<br>7,335,886<br>H Shares | 9.84<br>(Domestic Share)<br>2.92<br>(H Share)                            | 3.50<br>(Domestic Share)<br>1.88<br>(H Share)                   |
| Hunan Caixin Financial Holding Group Co., Ltd. ("Caixin Financial") <sup>4</sup>                                    | Interest in controlled corporation | 13,623,788<br>Domestic Shares<br>7,335,886<br>H Shares | 9.84<br>(Domestic Share)<br>2.92<br>(H Share)                            | 3.50<br>(Domestic Share)<br>1.88<br>(H Share)                   |
| Hunan Provincial People's Government <sup>4</sup>                                                                   | Interest in controlled corporation | 13,623,788<br>Domestic Shares<br>7,335,886<br>H Shares | 9.84<br>(Domestic Share)<br>2.92<br>(H Share)                            | 3.50<br>(Domestic Share)<br>1.88<br>(H Share)                   |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                                         | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Xiangtan Industrial Investment Development Group Co., Ltd. ("Xiangtan Industrial") <sup>4</sup>                                             | Interest in controlled corporation | 13,623,788                                    | 9.84                                                                     | 3.50                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 7,335,886                                     | 2.92                                                                     | 1.88                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (shares)                                                                 | (H Share)                                                       |
| State-owned Assets Supervision and Administration Commission of Xiangtan Municipal People's Government ("Xiangtan SASAC") <sup>4</sup>      | Interest in controlled corporation | 13,623,788                                    | 9.84                                                                     | 3.50                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 7,335,886                                     | 2.92                                                                     | 1.88                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Xiangtan Zhenxiang State Owned Assets Management and Investment Co., Ltd. ("Xiangtan Zhenxiang") <sup>4</sup>                               | Interest in controlled corporation | 13,623,788                                    | 9.84                                                                     | 3.50                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 7,335,886                                     | 2.92                                                                     | 1.88                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Hubei Changjiang Automobile Valley Industry Investment Fund Partnership (Limited Partnership) ("Changjiang Automobile Valley") <sup>5</sup> | Beneficial owner                   | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Hubei Changjiang Automobile Valley Private Equity Fund Management Co., Ltd. ("Valley Private Equity") <sup>5</sup>                          | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Hubei Changjiang Industrial Investment Private Fund Management Co., Ltd. ("Hubei Industrial Investment") <sup>5</sup>                       | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Wuhan Economic Development Synergetic Private Fund Management Co., Ltd. ("Wuhan Economic Development") <sup>5</sup>                         | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                             |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                             |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                                                               | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Changjiang Industry Investment Group Co., Ltd. ("Changjiang Industry Investment") <sup>5</sup>                                                                    | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government ("Hubei SASAC") <sup>5</sup>                                 | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Wuhan Economic Development Financial Development Co., Ltd. ("Wuhan Financial Development") <sup>5</sup>                                                           | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Innovation Collaboration (Wuhan) Capital Management Co., Ltd. ("Innovation Collaboration") <sup>5</sup>                                                           | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Wuhan Economic Development Industry Investment Group Co., Ltd. ("Wuhan Economic Development Industry Investment") <sup>5</sup>                                    | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| State-owned Assets Supervision and Administration Commission of Wuhan Economic and Technological Development Zone (Hannan District) ("Hannan SASAC") <sup>5</sup> | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Xu Qitong (許啟彤) <sup>5</sup>                                                                                                                                      | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                                                                                   |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                                                                                   |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                           | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|---------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Hubei Changjiang Industry Investment Fund Co., Ltd. ("Hubei Industry Investment") <sup>5</sup>                | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                               |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                               |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                               |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Wuhan Economic Development Investment Co., Ltd. <sup>5</sup>                                                  | Interest in controlled corporation | 10,479,837                                    | 7.57                                                                     | 2.69                                                            |
|                                                                                                               |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                               |                                    | 10,479,837                                    | 4.17                                                                     | 2.69                                                            |
|                                                                                                               |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |
| Huzhou Qingyun Xinzhengtu Equity Investment Partnership (Limited Partnership) ("Huzhou Qingyun") <sup>6</sup> | Beneficial owner                   | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Shanghai Puchao Private Fund Management Co., Ltd. ("Shanghai Puchao") <sup>6</sup>                            | Interest in controlled corporation | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Mu Lei (慕磊) <sup>6</sup>                                                                                      | Interest in controlled corporation | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Xiao Zhen (蕭震) <sup>6</sup>                                                                                   | Interest in controlled corporation | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Ningbo Baili Yihe Energy Co., Ltd. ("Ningbo Baili Yihe") <sup>6</sup>                                         | Interest in controlled corporation | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Han Ruichen (韓瑞辰) <sup>6</sup>                                                                                | Interest in controlled corporation | 19,373,720                                    | 7.71                                                                     | 4.97                                                            |
|                                                                                                               |                                    | H Shares                                      |                                                                          |                                                                 |
| Shanghai Jifang <sup>7</sup>                                                                                  | Beneficial owner                   | 7,471,248                                     | 5.40                                                                     | 1.92                                                            |
|                                                                                                               |                                    | Domestic Shares                               | (Domestic Share)                                                         | (Domestic Share)                                                |
|                                                                                                               |                                    | 7,471,249                                     | 2.97                                                                     | 1.92                                                            |
|                                                                                                               |                                    | H Shares                                      | (H Share)                                                                | (H Share)                                                       |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                                | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Liu Xingyu (劉星宇) <sup>7</sup>                                                                                                      | Interest in controlled corporation | 7,471,248 Domestic Shares                     | 5.40 (Domestic Share)                                                    | 1.92 (Domestic Share)                                           |
|                                                                                                                                    |                                    | 7,471,249 H Shares                            | 2.97 (H Share)                                                           | 1.92 (H Share)                                                  |
| Jinhua Boleidun Talent Equity Investment Partnership (Limited Partnership) ("Jinhua Boleidun") <sup>8</sup>                        | Beneficial owner                   | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Jinhua Guokong Asset Management Co., Ltd. ("Jinhua Guokong") <sup>8</sup>                                                          | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Jinhua Innovation Investment Development Co., Ltd. ("Jinhua Innovation") <sup>8</sup>                                              | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Zhejiang Puhuatianqin Equity Investment Management Limited Corporation ("Puhua Tianqin") <sup>8</sup>                              | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Jinhua Jintou Group Co., Ltd. ("Jinhua Jintou") <sup>8</sup>                                                                       | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| State-owned Assets Supervision and Administration Commission of Jinhua Municipal People's Government ("Jinhua SASAC") <sup>8</sup> | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Shen Qinhu (沈琴華) <sup>8</sup>                                                                                                      | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Lanxi Juli Industrial Fund Investment Co., Ltd. ("Lanxi Juli") <sup>8</sup>                                                        | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |

## 8. REPORT OF THE BOARD

| Name of Shareholder                                                                                                          | Nature of Interest                 | Number of Shares and Description <sup>9</sup> | Approximate percentage of shares of the relevant class <sup>10</sup> (%) | Approximate percentage of total issued Shares <sup>10</sup> (%) |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|
| Lanxi State-owned Capital Operation Co., Ltd. ("Lanxi SOCO") <sup>8</sup>                                                    | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| State-owned Assets Supervision and Administration Office of Lanxi Municipal People's Government ("Lanxi SASAO") <sup>8</sup> | Interest in controlled corporation | 13,973,116 Domestic Shares                    | 10.10                                                                    | 3.59                                                            |
| Lin Ziting (林姿廷)                                                                                                             | Beneficial owner                   | 9,274,653 Domestic Shares                     | 6.70 (Domestic Share)                                                    | 2.38 (Domestic Share)                                           |
|                                                                                                                              |                                    | 1,030,517 H Shares                            | 0.41 (H Share)                                                           | 0.26 (H Share)                                                  |

### Notes:

- (1) Among the 86,872,586 Shares, (i) 84,502,397 Shares are directly held by Shanghai Fangao; and (ii) 2,370,189 Shares are directly held by Cloud Tribe Yijin. As of December 31, 2025, Mr. Chen was the general partner of Shanghai Fangao. Besides, as of December 31, 2025, the general partner of Cloud Tribe Yijin was Cloud Tribe Management, which was held as to 51% by Shanghai Yijin and 49% by Yijin Venture Capital Management. Yijin Venture Capital Management was held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin was held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Management, whose general partner was Mr. Chen. Therefore, by virtue of the SFO, Mr. Chen was deemed to be interested in (i) the 84,502,397 Shares held by Shanghai Fangao and (ii) the 2,370,189 Shares held by Cloud Tribe Yijin.
- (2) Among the 25,762,926 Shares, (i) 23,420,841 Shares are directly held by Zhongding No. 5; and (ii) 2,342,085 Shares are directly held by Suzhou Zhongding No. 5 Qinglan Equity Investment Fund Partnership (Limited Partnership) ("Zhongding Qinglan"). As of December 31, 2025, (i) Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership) (上海鼎蕭企業管理諮詢中心(有限合夥)) ("Shanghai Dingxiao") was the general partner of Zhongding No.5; (ii) Shanghai Dingman Enterprise Management Co., Ltd. (上海鼎蔓企業管理有限公司) ("Shanghai Dingman") was the general partner of Shanghai Dingxiao, Ningbo Dingji Venture Capital Partnership (Limited Partnership) (寧波鼎集創業投資合夥企業(有限合夥)) ("Ningbo Dingji") was a limited partner of Shanghai Dingxiao holding approximately 60.83% partnership interests therein, and Ningbo Dingyan Venture Capital Partnership (Limited Partnership) (寧波鼎嚴創業投資合夥企業(有限合夥)) ("Ningbo Dingyan") was a limited partner of Shanghai Dingxiao holding approximately 37.78% partnership interests therein; (iii) Shanghai Dingman was the general partner of Ningbo Dingji, and Yin Junping was a limited partner of Ningbo Dingji holding 66.25% partnership interests therein; (iv) Shanghai Dingman was the general partner of Ningbo Dingyan, and Yan Li was a limited partner of Ningbo Dingyan holding approximately 66.49% partnership interests therein; and (v) Shanghai Dingman was owned as to 52.88% by Yan Li. Besides, as of December 31, 2025, (i) Shanghai Dingying Investment Management (Limited Partnership) (上海鼎迎投資管理中心(有限合夥)) ("Shanghai Dingying") was the general partner of Zhongding Qinglan; and (ii) Yan Li was the general partner of Shanghai Dingying. Therefore, by virtue of the SFO, (i) Yan Li was deemed to be interested in 23,420,841 Shares held by Zhongding No. 5, and 2,342,085 Shares held by Zhongding Qinglan; and (ii) each of Shanghai Dingxiao, Shanghai Dingman, Ningbo Dingji, Ningbo Dingyan, and Yin Junping was deemed to be interested in 23,420,841 Shares held by Zhongding No. 5.

## 8. REPORT OF THE BOARD

- (3) Among the 25,167,493 Shares, (i) 8,519,491 Shares are directly held by Zibo Naying Equity Investment Partnership (Limited Partnership) ("Zibo Naying"); (ii) 7,934,981 Shares are directly held by Fujian Diquan Equity Investment Partnership (Limited Partnership) ("Fujian Diquan"); (iii) 4,590,953 Shares are directly held by Jiaying Tongneng Xingyuan Equity Investment Partnership (Limited Partnership) ("Jiaying Tongneng"); and (iv) 4,122,068 Shares are directly held by Jiaying Dixin Equity Investment Partnership (Limited Partnership) ("Jiaying Dixin"). As of December 31, 2025, the general partner of each of Jiaying Dixin, Fujian Diquan, Jiaying Tongneng and Zibo Naying was Shanghai Zhongdi Investment Co., Ltd. ("Shanghai Zhongdi"), which in turn was owned as to 39% by Li Tongzuan and 38% by Shanghai Junhuai Investment Management Group Co. Ltd. ("Shanghai Junhuai"). Shanghai Junhuai was owned as to 61.8% by Zhang Huixian. Therefore, by virtue of the SFO, each of Shanghai Zhongdi, Li Tongzuan, Shanghai Junhuai and Zhang Huixian was deemed to be interested in a total of 25,167,493 Shares.
- (4) As of December 31, 2025, (i) Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) ("Hunan Caixin") and Xiangtan Chanxing Private Equity Fund Management Co., Ltd. (湘潭產興私募股權基金管理有限責任公司) ("Xiangtan Chanxing") were general partners of Xiangtan Caixin; (ii) Hunan Caixin was wholly-owned by Hunan Caixin Financial Holding Group Co., Ltd. (湖南財信金融控股集團有限公司) ("Caixin Financial"), which was in turn wholly-owned by Hunan Provincial People's Government (湖南省人民政府); and (iii) Xiangtan Chanxing was wholly-owned by Xiangtan Industrial Investment Development Group Co., Ltd. (湘潭產業投資發展集團有限公司) ("Xiangtan Industrial"), which was owned as to 90% by State-owned Assets Supervision and Administration Commission of Xiangtan Municipal People's Government (湘潭市人民政府國有資產監督管理委員會) ("Xiangtan SASAC"). Besides, as of December 31, 2025, (i) Xiangtan Zhenxiang State Owned Assets Management and Investment Co., Ltd. (湘潭振湘國有資產經營投資有限公司) ("Xiangtan Zhenxiang") was a limited partner of Xiangtan Caixin holding approximately 49.98% of the partnership interests therein, which in turn was wholly-owned by Xiangtan Industrial. Therefore, by virtue of the SFO, each of Hunan Caixin, Xiangtan Chanxing, Caixin Financial, Hunan Provincial People's Government, Xiangtan Industrial, Xiangtan SASAC and Xiangtan Zhenxiang was deemed to be interested in the 20,959,674 Shares held by Xiangtan Caixin.
- (5) As of December 31, 2025, (i) Hubei Changjiang Automobile Valley Private Equity Fund Management Co., Ltd. (湖北長江車谷私募基金管理有限公司) ("Valley Private Equity") was the general partner of Changjiang Automobile Valley; (ii) Valley Private Equity was owned as to 51% by Hubei Changjiang Industrial Investment Private Fund Management Co., Ltd. (湖北長江產投私募基金管理有限公司) ("Hubei Industrial Investment"), and 40% by Wuhan Economic Development Synergetic Private Fund Management Co., Ltd. (武漢經開協同私募基金管理有限公司) ("Wuhan Economic Development"); (iii) Hubei Industrial Investment was wholly-owned by Changjiang Industry Investment Group Co., Ltd. (長江產業投資集團有限公司) ("Changjiang Industry Investment"), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government (湖北省人民政府國有資產監督管理委員會) ("Hubei SASAC"); (iv) Wuhan Economic Development was owned as to 49% by Wuhan Economic Development Financial Development Co., Ltd. (武漢經開金融發展有限公司) ("Wuhan Financial Development"), and 41.2% by Innovation Collaboration (Wuhan) Capital Management Co., Ltd. (創新協同(武漢)資本管理有限公司) ("Innovation Collaboration"); (v) Wuhan Financial Development was wholly-owned by Wuhan Economic Development Industry Investment Group Co., Ltd. (武漢經開產業投資集團有限公司) ("Wuhan Economic Development Industry Investment"), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of Wuhan Economic and Technological Development Zone (Hannan District) (武漢經濟技術開發區(漢南區)國有資產監督管理局) ("Hannan SASAC"); and (vi) Innovation Collaboration was owned as to 87.8% by Xu Qitong. Besides, as of December 31, 2025, (i) Hubei Changjiang Industry Investment Fund Co., Ltd. (湖北長江產業投資基金有限公司) ("Hubei Industry Investment") was a limited partner of Changjiang Automobile Valley holding approximately 49.92% of the partnership interests therein, which in turn was wholly-owned by Changjiang Industry Investment. As of December 31, 2025, Wuhan Economic Development Investment Co., Ltd. (武漢經開投資有限公司) was a limited partner of Changjiang Automobile Valley holding approximately 33.33% of the partnership interests therein, which in turn was wholly-owned by Wuhan Economic Development Industry Investment. Therefore, by virtue of the SFO, each of Valley Private Equity, Hubei Industrial Investment, Wuhan Economic Development, Changjiang Industry Investment, Hubei SASAC, Wuhan Financial Development, Innovation Collaboration, Wuhan Economic Development Industry Investment, Hannan SASAC, Xu Qitong, Hubei Industry Investment, and Wuhan Economic Development Investment Co., Ltd. was deemed to be interested in the 20,959,674 Shares held by Changjiang Automobile Valley.

## 8. REPORT OF THE BOARD

- (6) As of December 31, 2025, (i) Shanghai Puchao Private Fund Management Co., Ltd. (上海普超私募基金管理有限公司) ("Shanghai Puchao") was the general partner of Huzhou Qingyun; (ii) Shanghai Puchao was owned as to 51.00% by Mu Lei and 49.00% by Xiao Zhen; and (iii) Ningbo Baili Yihe Energy Co., Ltd. (寧波百利怡和能源有限公司) ("Ningbo Baili Yihe") was a limited partner of Huzhou Qingyun holding approximately 82.02% of the partnership interests therein, which in turn was owned as to 95% by Han Ruichen. Therefore, by virtue of the SFO, each of Shanghai Puchao, Mu Lei, Xiao Zhen, Ningbo Baili Yihe and Han Ruichen was deemed to be interested in the 19,373,720 Shares held by Huzhou Qingyun.
- (7) As of December 31, 2025, Liu Xingyu was the general partner of Shanghai Jifang. Therefore, by virtue of the SFO, Liu Xingyu was deemed to be interested in the 14,942,497 Shares held by Shanghai Jifang.
- (8) As of December 31, 2025, (i) Jinhua Innovation Investment Development Co., Ltd. (金華市創新投資發展有限公司) ("Jinhua Innovation") was the general partner of Jinhua Boleidun; (ii) Jinhua Innovation was owned as to 46.67% by Jinhua Guokong Asset Management Co., Ltd. (金華市國控資產管理有限公司) ("Jinhua Guokong"), and 41.33% by Zhejiang Puhua Tianqin Equity Investment Management Limited Corporation (浙江普華天勤股權投資管理有限公司) ("Puhua Tianqin"); (iii) Jinhua Guokong was wholly-owned by Jinhua Jintou Group Co., Ltd. (金華市金投集團有限公司) ("Jinhua Jintou"), which was in turn owned as to approximately 93.61% by State-owned Assets Supervision and Administration Commission of Jinhua Municipal People's Government (金華市人民政府國有資產監督管理委員會) ("Jinhua SASAC"); (iv) Puhua Tianqin was owned as to 72% by Shen Qinhua. Besides, as of December 31, 2025, (i) Lanxi Juli Industrial Fund Investment Co., Ltd. (蘭溪市聚力產業基金投資有限公司) ("Lanxi Juli") was a limited partner of Jinhua Boleidun holding 35% of the partnership interests therein, which in turn was wholly-owned by Lanxi State-owned Capital Operation Co., Ltd. (蘭溪市國有資本運營有限公司) ("Lanxi SOCO"); and (ii) Lanxi SOCO was owned as to 90% by State-owned Assets Supervision and Administration Office of Lanxi Municipal People's Government (蘭溪市人民政府國有資產監督管理辦公室) ("Lanxi SASAO"). Therefore, by virtue of the SFO, each of Jinhua Innovation, Jinhua Guokong, Puhua Tianqin, Jinhua Jintou, Jinhua SASAC, Shen Qinhua, Lanxi Juli, Lanxi SOCO, and Lanxi SASAO was deemed to be interested in the 13,973,116 Shares held by Jinhua Boleidun.
- (9) All the aforesaid interests are long positions.
- (10) The approximate percentages are calculated based on the 251,241,531 H Shares and 138,410,231 Domestic Shares in issue of the Company, totalling 389,651,762 Shares, as at December 31, 2025.

### Employee Incentive Schemes

In recognition of the contributions of the relevant persons (primarily comprise our employees) and to incentivize them to further promote our development, Shanghai Jifang, Shanghai Fangzhanbo and Shanghai Fangao, were established in the PRC as our incentive platforms (the **"Incentive Platforms"**). For further details of the Incentive Platforms, see "History, Development and Corporate Structure — Incentive Platforms" in the Prospectus. We have adopted our employee incentive schemes in respect of the Incentive Platforms (the **"Employee Incentive Schemes"**). For details of the Employee Incentive Schemes, please refer to "Statutory and General Information – C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 5. Employee Incentive Schemes" in Appendix VI to the Prospectus. The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options or share awards by our Company to subscribe for the Shares after the Listing. As of the Latest Practicable Date, given the underlying Shares under the Employee Incentive Schemes had already been issued to the Incentive Platforms, there will not be any dilution effect to the issued Shares. The selected participants under the Employee Incentive Schemes (the **"Participants"**) are granted awards in the form of economic interests in the Incentive Platforms and become indirectly interested in our Company through their respective interests as limited partners of the relevant Incentive Platforms upon acquisition of partnership interests in the relevant Incentive Platforms.

## 8. REPORT OF THE BOARD

### Pension Scheme/Retirement Benefits Scheme

Pursuant to the relevant PRC rules and regulations, employees of the Group based in the PRC participate in various defined contribution retirement benefit schemes organized by the relevant municipal and provincial governments under which the Group and the employees are required to make monthly contributions to these schemes at a certain percentage of the employees' salaries (subject to certain caps). The municipal and provincial governments have undertaken to assume the responsibility for the retirement benefits obligations payable to all existing and future retired employees under the schemes mentioned above in the PRC. Other than the monthly contributions, the Group has no obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these schemes are held separately from the assets of the Group in independently administered funds administered by the PRC government. The Group's contributions to these schemes are expensed as incurred.

For the year ended 31 December 2025, the Group has no right to utilize the forfeited contributions under the aforesaid social insurance and housing fund schemes to reduce the existing contribution levels, and accordingly, no such contributions have been utilized. During the year ended 31 December 2025, the Group maintained no defined benefit plans.

Details of these retirement schemes are set out in Note 6(b) to the consolidated financial statements.

### Remuneration Policy

The remuneration of the Directors and the Group's senior management is determined by the Board with reference to their respective responsibilities, duties, experience, individual performance and time commitment to the Group, and may be adjusted based on recommendations from the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee was established to consider the Company's remuneration policy and all remuneration structures for the Company's Directors and senior management.

### Remuneration of Directors, Supervisors and the Five Highest-Paid Individuals

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

Details of the remuneration of the Directors and the five highest paid individuals of the Group are set out in Notes 8 and 9 to the consolidated financial statements in this Annual Report.

For the year ended December 31, 2025, no remuneration was paid or payable by the Company to any Director, Supervisor or the five highest paid individuals as an inducement to join or upon joining the Company. For the year ended December 31, 2025, no compensation was paid or payable by the Company to any Director, former Director, Supervisor, former Supervisor or the five highest paid individuals for the loss of office in connection with the management of the affairs of any subsidiary of the Company.

For the year ended December 31, 2025, no Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind. Save as disclosed above, for the year ended December 31, 2025, no other payments were paid or payable by the Company or any of its subsidiaries to the Directors, Supervisors or the five highest paid individuals.

## 8. REPORT OF THE BOARD

### Connected Transactions

From the Listing Date up to December 31, 2025, the Company has strictly complied with the requirements of Chapter 14A of the Listing Rules regarding its connected transactions. Details of the non-exempt connected transactions entered into by the Company from the Listing Date up to December 31, 2025 are set out below.

#### Entering into the Breton Smart Electric Capital Increase Agreement

On June 4, 2025, the Company, Breton Smart Electric (博雷頓智電), formerly known as Baipin (Shanghai) Intelligent Technology Co., Ltd., a subsidiary of the Company, and Shanghai Yijin entered into a capital increase agreement (the **“Breton Smart Electric Capital Increase Agreement”**). Shanghai Yijin is one of the Company’s controlling shareholders and is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to the Breton Smart Electric Capital Increase Agreement, Shanghai Yijin will contribute RMB20 million to increase the capital and expand the shareholding of Breton Smart Electric, and the registered capital of Breton Smart Electric is proposed to be increased from RMB40 million to RMB60 million. Prior to this capital increase, Breton Smart Electric was a wholly-owned subsidiary of the Company. Upon completion of this capital increase, the Company’s shareholding in Breton Smart Electric will decrease to approximately 66.67%, and Breton Smart Electric will remain a subsidiary of the Company and will continue to be consolidated into the Group’s consolidated financial statements.

This capital increase:

- (1) was agreed through negotiation among the parties, with the price for this capital increase being RMB1 per RMB1 of registered capital.
- (2) The parties confirmed that Shanghai Yijin will contribute capital in cash, with this capital increase amount being RMB20 million, to subscribe for the newly issued registered capital of Breton Smart Electric of RMB20 million, of which RMB20 million will be recorded in the registered capital of Breton Smart Electric, and RMB0 will be recorded in the capital reserve of Breton Smart Electric.
- (3) During this capital increase, the Company waived its pre-emptive rights for this capital increase, regardless of whether such rights were obtained based on legal provisions, the articles of association or any other reasons.
- (4) Breton Smart Electric shall submit the industrial and commercial change materials for this capital increase to the industrial and commercial registration authority within ten working days after Shanghai Yijin pays the full capital contribution amount, and shall provide Shanghai Yijin with a copy of the amended business license of the enterprise legal person affixed with Breton Smart Electric’s official seal, the original capital contribution certificate and the register of members as soon as possible. Upon completion of the industrial and commercial change registration, the capital increase will be deemed to have been completed (the **“Completion Date”**). Shanghai Yijin shall become a shareholder of Breton Smart Electric from the Completion Date, enjoying and bearing the shareholder rights and obligations stipulated in Breton Smart Electric’s articles of association and PRC laws.

## 8. REPORT OF THE BOARD

- (5) After the Breton Smart Electric Capital Increase Agreement is signed and becomes effective, the parties shall cooperate with each other to handle relevant procedures. Shanghai Yijin agreed to fully contribute the capital increase amount, totaling RMB20 million, to Breton Smart Electric's designated account by August 3, 2025.

The Breton Smart Electric Capital Increase Agreement became effective upon signing by the parties and approval by the shareholders' meeting of Breton Smart Electric.

Pursuant to the Breton Smart Electric Capital Increase Agreement, the price for Shanghai Yijin's subscription for the newly increased registered capital of Breton Smart Electric is RMB1 per RMB1 of registered capital. This pricing was determined through joint negotiation among the parties to this capital increase based on the principles of voluntariness, fairness and justice, taking into account Breton Smart Electric's financial position as at December 31, 2024 as well as its operational needs, future development and funding arrangements.

This capital increase is in line with the strategic development plans of the Company and Breton Smart Electric, and will help Breton Smart Electric enhance its capital strength and optimise its shareholding structure. This move will further strengthen the synergy and support between the Company and Breton Smart Electric, support its achievement of overseas business and globalisation goals, enhance its independent development capabilities, and ultimately enhance the Company's core competitiveness and promote long-term high-quality development.

The Directors (including the independent non-executive Directors) confirmed that (i) the terms of the Breton Smart Electric Capital Increase Agreement are fair and reasonable; (ii) the transactions contemplated under the Breton Smart Electric Capital Increase Agreement were entered into in the ordinary and usual course of business of the Group, and the terms of the Capital Increase Agreement were on normal commercial terms or better, and in the ordinary and usual course of business; and (iii) this capital increase is in the interests of the Company and its shareholders as a whole.

For details of the Breton Smart Electric Capital Increase Agreement and the transactions thereunder, please refer to the Company's announcement dated June 4, 2025.

### Entering into the Breton Intelligent Capital Increase Agreement

On December 2, 2025, the Company, Breton Intelligent, a wholly-owned subsidiary of the Company, Breton Investment, Mr. Bai Furu, Mr. Cui Hongyang and Mr. Huang Haike entered into a capital increase agreement (the "**Breton Intelligent Capital Increase Agreement**"). Breton Investment is one of the Company's controlling shareholders and is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Breton Intelligent Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to the Breton Intelligent Capital Increase Agreement, the Company will contribute RMB24 million in cash, Breton Investment will contribute RMB3 million in cash, Mr. Cui Hongyang will contribute RMB6 million in cash, Mr. Huang Haike will contribute RMB4 million in cash and Mr. Bai Furu will contribute RMB3 million in cash, for a total cash contribution of RMB40 million to increase the capital and expand the shareholding of Breton Intelligent.

## 8. REPORT OF THE BOARD

Prior to this capital increase, Breton Intelligent was a wholly-owned subsidiary of the Company. Upon completion of this capital increase, the registered capital of Breton Intelligent will increase from RMB10 million to RMB50 million, and Breton Intelligent will be held approximately 68% by the Company, approximately 6% by Breton Investment, approximately 12% by Mr. Cui Hongyang, approximately 8% by Mr. Huang Haiké and approximately 6% by Mr. Bai Furu. Although the Company's shareholding in Breton Intelligent will decrease from 100% to approximately 68%, Breton Intelligent will remain a subsidiary of the Company and will be consolidated into the Group's consolidated financial statements.

This capital increase:

- (1) was agreed through negotiation among the parties, that the registered capital of Breton Intelligent will be increased from RMB10 million to RMB50 million, with the new increase being RMB40 million;
- (2) The price for the capital increase is RMB1 per RMB1 of registered capital;
- (3) Each party will contribute capital in cash, with the Company contributing RMB24 million from its own funds, Breton Investment contributing RMB3 million, Mr. Cui Hongyang contributing RMB6 million, Mr. Huang Haiké contributing RMB4 million and Mr. Bai Furu contributing RMB3 million, for a total contribution of RMB40 million, among which, RMB40 million will be recorded in Breton Intelligent's registered capital, and RMB0 will be recorded in Breton Intelligent's capital reserve;
- (4) The parties agree to pay the capital contribution amount in a lump sum to Breton Intelligent's account within 5 working days after Breton Intelligent Capital Increase Agreement becomes effective;
- (5) Breton Intelligent shall submit the industrial and commercial change materials for this capital increase to the industrial and commercial registration authority within 30 days after each investor pays the full capital contribution amount, and shall provide the new shareholders with a copy of the business license affixed with its official seal, capital contribution certificates and other materials. The date of completion of the industrial and commercial change shall be the Completion Date;

The Breton Intelligent Capital Increase Agreement shall become effective upon signing by the parties and approval by the general meeting of Breton Intelligent.

The capital contribution paid by the Company in this capital increase was funded by the net proceeds from the Company's global offering.

Pursuant to the Breton Intelligent Capital Increase Agreement, all investors will contribute capital at a price of RMB1 per RMB1 of registered capital. This price was determined through negotiation among the parties to this capital increase based on the principles of voluntariness, fairness and justice, taking into account the financial position of each party and Breton Intelligent as at the signing date of the Breton Intelligent Capital Increase Agreement, and Breton Intelligent's funding needs for technology research and development and deployment implementation in the field of unmanned dump trucks in mining sites.

## 8. REPORT OF THE BOARD

This capital increase will help enhance Breton Intelligent's capital strength, lay a solid financial foundation for its promotion of intelligent mining and automation-related businesses, and is also in line with the strategic development plans of Breton Investment and other investors. At the same time, the introduction of external funds can further optimise its shareholding structure, enhance the Company's governance level, promote its long-term stable development, and ultimately enhance the Company's core competitiveness and promote its long-term high-quality development. Although the Company's shareholding in Breton Intelligent will decrease, Breton Intelligent will remain a subsidiary of the Company and will be consolidated into the Group's consolidated financial statements. This capital increase will not have a material adverse effect on the Company's financial position and business.

As disclosed in the "Future Plans and Use of Proceeds" section of the Prospectus, approximately 20% of the net proceeds, or HK\$29.5 million, will be used to develop a complete set of scenario-specific products and solutions equipped with intelligent technologies, as well as advanced systems such as an AI expert service support system, an automatic operating system utilising cloud computing and edge computing, and roadside systems for automatic cluster operations. Under this plan, this capital increase clarifies that the Group will take Breton Intelligent as the core entity focusing on technology research and development and deployment of unmanned dump trucks in mining sites, leveraging and integrating resources to invest in the research and development of a new generation of unmanned vehicles and dispatching systems, and developing a complete set of scenario-specific products and solutions equipped with intelligent technologies and an AI expert service support system. At the same time, Breton Intelligent will continue to strengthen its R&D talent system construction, recruiting R&D experts in fields such as algorithms and machine learning to comprehensively enhance its core technical capabilities.

The Directors (including the independent non-executive Directors) confirm that (i) the terms of the Breton Intelligent Capital Increase Agreement are fair and reasonable; (ii) the terms of the Breton Intelligent Capital Increase Agreement are entered into on normal commercial terms or better; and (iii) the Capital Increase is in the interests of the Company and its shareholders as a whole.

For details of the Breton Intelligent Capital Increase Agreement and the transactions thereunder, please refer to the Company's announcement dated December 2, 2025.

### Related Party Transactions

Details of the significant related party transactions entered into by the Group during the Reporting Period are disclosed in Note 31 to the financial statements. The related party transactions disclosed in Note 31 do not constitute connected transactions under Chapter 14A of the Listing Rules, or are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

### Material Contracts

Save as disclosed in this Annual Report, during the period from the Listing Date up to December 31, 2025, neither the Company nor any of its subsidiaries entered into any material contract with the controlling shareholders or any of their subsidiaries, nor was there any material contract for the provision of services to the Company or any of its subsidiaries by the controlling shareholders or any of their subsidiaries.

## 8. REPORT OF THE BOARD

### Use of Net Proceeds

#### Use of Net Proceeds from Global Offering

The Company was listed on the Main Board of the Stock Exchange on May 7, 2025 and 13,000,000 new H Shares were issued at an offer price of HK\$18.0 per Share. After deducting underwriting commissions, fees and other expenses in relation to the Global Offering, the net proceeds from the Global Offering amounted to HK\$147.8 million. The proceeds from the Global Offering received by the Group have been and will be utilized in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, with details as follows:

| Purpose                                                                               | Approximate<br>percentage<br>of total<br>net assets | Actual<br>amounts<br>of net proceeds<br>(HK\$ million) | Utilized<br>amounts<br>as at<br>December 31,<br>2025<br>(HK\$ million) | Unutilized<br>amounts<br>as at<br>December 31,<br>2025<br>(HK\$ million) | Expected time<br>of unutilized<br>proceeds      |
|---------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------|
| Investment in technology advancement and the development of new products and services | 40%                                                 | 59.1                                                   | 39.2                                                                   | 19.9                                                                     | To be utilized before December 31, 2026         |
| Establishment of manufacturing plants and the procurement of essential machinery      | 40%                                                 | 59.1                                                   | 18.2                                                                   | 40.9                                                                     | To be utilized before the first quarter of 2027 |
| Expansion of sales and services network                                               | 10%                                                 | 14.8                                                   | 12.2                                                                   | 2.6                                                                      | To be utilized before December 31, 2027         |
| Working capital and general corporate purposes                                        | 10%                                                 | 14.8                                                   | 14.8                                                                   | 0                                                                        | –                                               |
| <b>Total</b>                                                                          | <b>100%</b>                                         | <b>147.8</b>                                           | <b>84.4</b>                                                            | <b>63.4</b>                                                              | <b>–</b>                                        |

## 8. REPORT OF THE BOARD

### Use of Net Proceeds from the Placing

On November 24, 2025, the Company completed the placing of an aggregate of 10,000,000 new H Shares (representing approximately 3.98% of the issued H Shares and approximately 2.57% of the total number of issued shares immediately after the allotment and issuance of the Placing Shares upon completion of the placing, respectively) under the terms and subject to the conditions set out in the placing agreement (the “**Placing**”), with an aggregate par value of RMB10,000,000. The placing price for the Placing was HK\$25.08 per H Share (excluding applicable brokerage commission, transaction levy, trading fee and levies). After deducting all applicable costs and expenses, the net price receivable by the Company per share was approximately HK\$24.0. The placees shall not be less than six persons who are individuals, professional or institutional investors. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the placees and their respective ultimate beneficial owners are independent third parties. None of the placees became a substantial shareholder of the Company (as defined in the Listing Rules) immediately upon completion of the Placing. Among them, the closing price on the date of agreeing the terms of issue or sale of the Placing on November 14, 2025 was HK\$29.50 per share.

The gross proceeds from the Placing and the net proceeds from the Placing (after deducting commissions and estimated expenses) amounted to approximately HK\$250.8 million and approximately HK\$240.0 million, respectively. The proceeds received from the Placing by the Group have been and will be applied in accordance with the plan as disclosed in the Company’s announcement dated November 24, 2025 regarding the completion of placing of new H Shares under the general mandate (the “**Announcement on Completion of Placing**”), as set out below:

| Purpose                                                                                                 | Approximate<br>percentage<br>of total<br>net assets | Actual<br>amounts<br>of net proceeds<br>(HK\$ million) | Utilized<br>amounts<br>as at<br>December 31,<br>2025<br>(HK\$ million) | Unutilized<br>amounts<br>as at<br>December 31,<br>2025<br>(HK\$ million) | Expected time<br>of unutilized<br>proceeds |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------|
| Investment and development of overseas<br>PV & energy-storage projects                                  | 70%                                                 | 168.0                                                  | 34.1                                                                   | 133.9                                                                    | To be utilized before<br>the end of 2027   |
| Repayment of the Group’s interest –<br>bearing borrowings                                               | 15%                                                 | 36.0                                                   | 31.0                                                                   | 5.0                                                                      | To be utilized before<br>the end of 2026   |
| R&D, commercialization and demonstration<br>application of dump truck dispatching<br>large model system | 15%                                                 | 36.0                                                   | 0                                                                      | 36.0                                                                     | To be utilized before<br>the end of 2026   |
| <b>Total</b>                                                                                            | <b>100%</b>                                         | <b>240.0</b>                                           | <b>65.1</b>                                                            | <b>174.9</b>                                                             | <b>–</b>                                   |

For details of the reasons for and benefits of the Placing and the intended use of proceeds from the Placing, please refer to the Company’s announcements dated November 14, 2025 and November 24, 2025.

## 8. REPORT OF THE BOARD

### Material Litigation

For the year ended December 31, 2025, the Group was not involved in any material legal litigation.

### Review by the Audit Committee

The Audit Committee has reviewed with the Company's management the annual financial results of the Group for the year ended December 31, 2025. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed with the senior management of the Company matters relating to the accounting policies and practices adopted by the Company, as well as internal controls.

### Auditors

For the year ended December 31, 2025, KPMG acted as the reporting accountant and independent auditor of the Company. The financial statements as set out in this Annual Report, which have been prepared in accordance with International Financial Reporting Standards, have been audited by KPMG.

KPMG will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Since the Listing Date, the auditor of the Company has remained unchanged.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 10, 2026, the Group entered into an energy storage system equipment procurement contract with a third-party supplier in relation to the procurement, supply and related services of equipment for the Ruashi Microgrid Project in the Democratic Republic of the Congo. The total contract price is approximately EUR39 million. For details, please refer to the announcement of the Company dated February 10, 2026.

On March 5, 2026, the Group entered into a general construction contract with a third-party construction company in respect of the Jinchuan Ruashi Digital Energy Project. Pursuant to the contract, the contractor shall be responsible for the civil engineering and installation works of this project, with a total contract price of approximately USD17 million. For details, please refer to the announcement of the Company dated March 5, 2026.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Board Briefing

### Chairman's Statement

#### **Based on ESG Foundations, Build Long-Term Value Through New Quality Productivity and Global Development**

Over the past year, the global industrial landscape has accelerated its restructuring. New quality productivity, centred on technological innovation, continues to drive the upgrading of traditional industries, with green, low-carbon and intelligent approaches becoming key directions for industrial development. Corporate competitiveness increasingly manifests in the integrated levels of innovation capability, resource efficiency, and sustainable development. Environmental, Social and Governance (ESG) principles are becoming deeply embedded in corporate management, emerging as a pivotal force in enhancing the quality of growth.

Breton Technology Co., Ltd. ("the Company") continues to integrate ESG principles into its development strategy, focusing on mining electrification, energy cleanliness, and intelligent technologies to lead the industry towards upgrades characterised by higher efficiency, lower energy consumption, and enhanced safety. Through technological innovation and scenario-based applications, the Company continuously enhances product competitiveness and solution value, creating sustainable economic benefits for customers while driving the industry's transition towards green development.

New-type productive forces inject core momentum into the Company's development. Leveraging new energy technologies, intelligent equipment, automated systems, and digital capabilities, the Company is propelling the mining sector towards a phase of high-tech, high-efficiency, and high-quality development. The continuous enhancement of innovation capacity not only yields novel product forms and service models but also continually expands the boundaries of corporate growth.

Within the globalisation process, the Company persistently advances its "going global" strategy, extending innovative technologies and systematic solutions to broader international markets. The global mining sector's growing demand for clean energy and intelligent upgrades has opened new development opportunities for the enterprise. By participating in global industrial collaboration, the Company not only drives business growth but also introduces green technologies and efficient operational models to more regions, injecting fresh momentum into the global mining industry's upgrading and sustainable development.

The value generated by ESG is reflected in revenue growth, cost optimisation, and efficiency improvements, as well as in enhanced corporate governance capabilities and long-term developmental resilience. By continuously refining management systems, strengthening risk control, and enhancing cross-regional coordination, the Company continually elevates its global operational capabilities, laying the foundation for sustained, robust development.

Looking ahead, the Company will persistently advance its ESG development philosophy, with new-quality productive forces as the core driver. It will resolutely pursue global expansion, continuously propel innovation and integration within the energy and resources sectors, and contribute enduring strength to global green development while creating commercial value.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG Strategy Overview and Corporate Culture

Since establishing the development of “zero-carbon mining robots” as a key strategic objective and elevating its status, the Company has clearly defined its future direction and consolidated the foundations for sustainable development. We actively maintain a balance between commercial value, social value, and shareholder value, achieving sustainable corporate development through steady progress while fully considering the interests of shareholders and all stakeholders.

In realising commercial value, the Company prioritises user value, investing substantially in advancing cutting-edge technology and product R&D capabilities. We reinforce safeguards for user privacy and data security, delivering premium and innovative product experiences. We facilitate industrial digital transformation, co-create social value, and share commercial outcomes arising from the convergence of digital and physical economies.

In pioneering social value, the Company focuses on developing innovative technological and product solutions to alleviate societal challenges. We guide business units in identifying and enhancing the social value of products and operations, collaborating with specialised non-profit organisations across key sectors to incubate projects delivering scalable societal benefits.

Regarding shareholder value, the Company remains steadfast in creating user value while organically integrating social and commercial value. This approach solidifies the foundation for sustainable development and enhances the enterprise's long-term worth. During the reporting period, the Company was honoured with the titles of “Minhang District Enterprise Technology Centre” and “Shanghai Manufacturing Single Champion” for its outstanding technological innovation capabilities and industrial contributions. Concurrently, it successfully passed the re-evaluation for its “Specialized, Sophisticated, Differential, and Innovative SMEs” Little Giants Enterprise status and Shanghai High-Tech Enterprise certification. Moreover, its subsidiary, Breton (Hunan) Technology Co., Ltd., was successfully recognised as both a High-Tech Enterprise and an Innovative Enterprise. These achievements fully demonstrate the company's sustained accumulation in core technological domains and its market-leading position, further fortifying its competitive resilience and growth potential.

Breton has established the development of “zero-carbon mining robots” as a key strategic objective, steadfastly implementing a development philosophy centred on “green, intelligent, efficiency-enhancing practices and the harmonious coexistence of humanity and nature”. The company consistently leads the mining industry's green transformation through technological innovation, focusing on three core domains: clean energy, electric equipment, and unmanned operations. This drives high-energy consumption and high-emission scenarios towards zero-carbon operations. The company implements systematic deployment across environmental, social, and governance dimensions, encompassing carbon reduction target setting, green manufacturing and energy conservation management, employee rights protection, supply chain compliance management, and governance structure optimisation. This holistic approach strives to unify economic, environmental, and social value. The company positions ESG as the strategic engine driving its long-term, high-quality development. It continuously strengthens transparent governance, innovation capabilities, and sustainable resilience, striving to become the global leader in zero-carbon mining robotics. This commitment contributes to both China's dual carbon goals and global sustainable development.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Board Statement

The Board of Directors of the Company places high importance on ESG management principles, recognising ESG as a critical safeguard for the Company's long-term stable development. ESG is deeply integrated into the Company's development strategy, with close attention paid to the overall performance of the Company's ESG governance and continuous refinement of ESG management mechanisms. While ensuring the achievement of the Company's operational objectives, the Company actively responds to the expectations of shareholders and stakeholders, earnestly fulfils its corporate social responsibilities, and continuously creates long-term value for society, thereby safeguarding the Company's sustainable and high-quality development.

The Board and all directors warrant that this report contains no false records, misleading statements or material omissions, and assume responsibility for its truthfulness, accuracy and completeness. This report comprehensively discloses the progress and outcomes of the Company's ESG initiatives during the reporting period and was approved by the Board at its Board meeting on 30 March 2026.

### 2025 ESG Highlights and Progress

#### Environment:

- Successfully obtained ISO 14001:2015 Environmental Management System certification
- By 2028, 30% of annual electricity consumption across our manufacturing facilities will be sourced from photovoltaic power generation systems
- By 2028, our water intensity will decrease by 5% relative to the 2023 baseline

#### Social:

- During the reporting period, the Group secured 12 new authorized patents in China, totalling 163 cumulative authorized patents domestically; 3 new patents were granted overseas, reaching a cumulative total of 3 authorized patents internationally
- During the reporting period, employees across all locations completed a cumulative 2,100 training hours, averaging approximately 6.5 training hours per employee

#### Governance:

- Female-to-male director ratio: 10%
- Comprehensive advancement of integrity culture development, with compliance training coverage reaching 100% and average training duration of 16 hours
- Established a three-tier ESG management structure comprising the Board of Directors, ESG Committee, and ESG Working Group

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG Materiality Assessment

The company identified 21 key ESG issues by referencing the Global Sustainable Development Goals, exchange requirements, investor concerns, domestic and international policies, and integrating stakeholder feedback with the company's overall strategy. Through systematic research and analysis, we assessed the level of concern among internal and external stakeholders regarding each ESG issue and prioritised the importance of key ESG issues. This year, we evaluated 21 material issues.

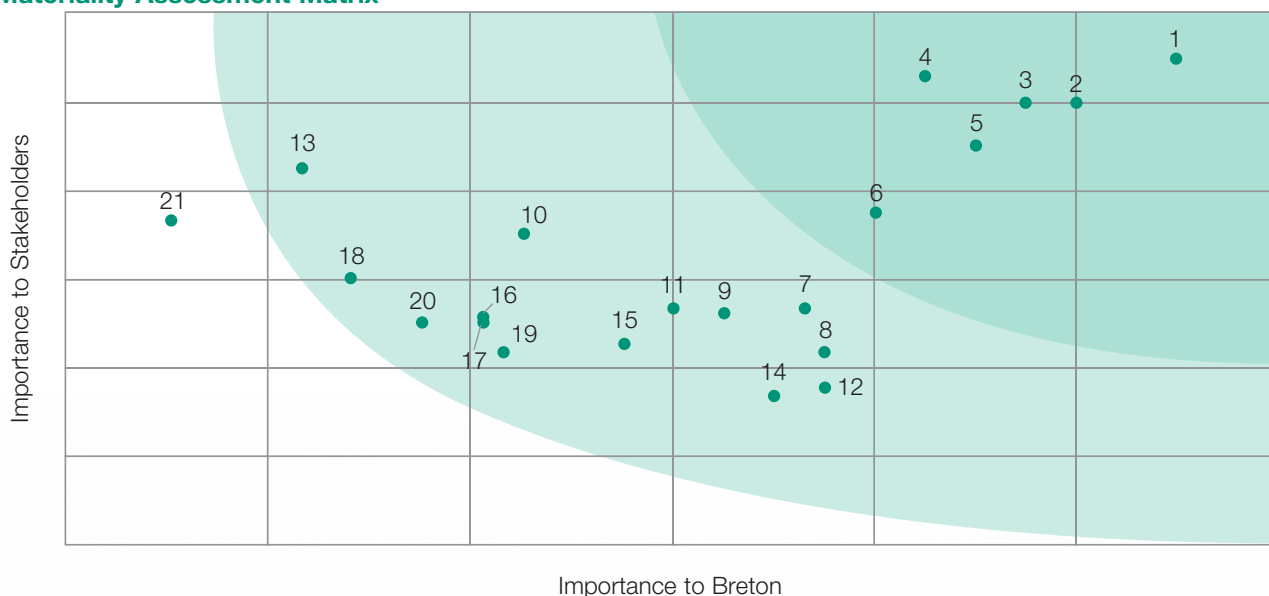
Our materiality assessment process comprises the following steps:

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Identify issues and establish a materiality issue database | Collect ESG-related issues based on our industry context and core business activities, incorporating input from the Board and relevant departments to preliminarily identify and screen ESG issues closely linked to our operations.                                                                                                                                                       |
| Materiality assessment and prioritisation                  | Engage with stakeholders and experts to evaluate the material impact of ESG issues. Through internal and external stakeholder surveys, we assess the importance of ESG issues across two dimensions: "significance to the Company's development" and "significance to stakeholders". This determines priority levels, with a materiality matrix plotted based on actual research findings. |
| Certification of Materiality Assessment Results            | We synthesise internal and external assessments of issue materiality, integrating these with our strategic considerations to obtain final approval for material ESG issues from the Board of Directors and the ESG Working Group.                                                                                                                                                          |

| Environmental                         | Social                                                                                                                                                                         | Governance                                |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Climate Change                        | Product Quality and Safety                                                                                                                                                     | Business Ethics and Anti-Corruption       |
| Clean Energy Technology Opportunities | R&D and Technological Innovation                                                                                                                                               | Risk Management and Regulatory Compliance |
| Waste Management                      | Customer Satisfaction                                                                                                                                                          | Information Security and Management       |
| Natural Resource Use and Management   | Supply Chain Management                                                                                                                                                        | Intellectual Property Management          |
| Resource Consumption                  | Talent Attraction and Retention                                                                                                                                                | ESG Governance System                     |
| Emission Control                      | Employee Health and Safety<br>Employment and Labor Rights<br>Industry Cooperation and Ecosystem Building<br>Employee Management and Career Development<br>Community Investment |                                           |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Materiality Assessment Matrix**



- 1 Product Quality and Safety
- 2 Business Ethics and Anti-Corruption
- 3 R&D and Technological Innovation
- 4 Customer Satisfaction
- 5 Supply Chain Management
- 6 Risk Management and Regulatory Compliance
- 7 Talent Attraction and Retention
- 8 Employee Health and Safety
- 9 Climate Change
- 10 Information Security and Management
- 11 Clean Energy Technology Opportunities
- 12 Employee Employment and Rights
- 13 Industry Cooperation and Ecosystem Building
- 14 Employee Management and Career Development
- 15 Intellectual Property Management
- 16 Waste Management
- 17 Natural Resource Use and Management
- 18 Resource Consumption
- 19 ESG Governance System
- 20 Emission Control
- 21 Community Investment

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Stakeholder Engagement

The views and suggestions of various stakeholders are particularly important for the Company to effectively identify ESG risks and enhance ESG management. We regularly engage with stakeholders through diverse channels to understand their expectations and opinions regarding the Company's ESG performance. The Company's stakeholders include customers, government and regulatory bodies, employees, investors, business partners, non-governmental organisations, media, and the general public. Our communication channels encompass, but are not limited to, the corporate website, official social media accounts, online and offline meetings, investor and press conferences, and employee satisfaction surveys.

| Stakeholder Categories     | Key Focus Areas                                                                                                                                                             | General Communication Channels                                                                                                                                                                                                                                                                                                                                                                                                                | Response and Feedback                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders/<br>Investors | <ul style="list-style-type: none"> <li>Sustained and stable investment returns</li> <li>Timely disclosure of information</li> <li>Compliant corporate operations</li> </ul> | <ul style="list-style-type: none"> <li>Annual reports, interim reports and announcements</li> <li>Shareholders' meetings</li> <li>Roadshows/teleconferences/meetings</li> <li>Media communication mechanisms</li> <li>Press conferences</li> <li>External market benchmarks</li> <li>Telephone/Email/Website Enquiries</li> <li>Investor visits</li> <li>HKExnews and Investor Relations section on the company's official website</li> </ul> | <ul style="list-style-type: none"> <li>Issuance of Annual General Meeting notices and resolutions in accordance with regulations</li> <li>Timely disclosure of group information</li> <li>Publication of announcements and periodic reports as required by regulatory authorities</li> <li>Response to investor enquiries via email/telephone and facilitating on-site visits</li> </ul> |
| Staff                      | <ul style="list-style-type: none"> <li>Training and career development</li> <li>Remuneration and benefits</li> <li>Health and safety</li> </ul>                             | <ul style="list-style-type: none"> <li>Direct communication</li> <li>Performance Appraisal</li> <li>Medical Check-ups</li> <li>Training Courses</li> <li>Employee Consultation</li> <li>Safety management</li> </ul>                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Provision of a healthy and safe working environment</li> <li>Establishment of fair and transparent promotion and performance appraisal mechanisms</li> <li>Organisation of staff activities</li> </ul>                                                                                                                                            |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Stakeholder Categories                | Key Focus Areas                                                                                                                                                                                                                               | General Communication Channels                                                                                                                                                                                      | Response and Feedback                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Suppliers                             | <ul style="list-style-type: none"> <li>Standardised supplier management and procurement processes</li> <li>Execute contracts punctually</li> <li>Corporate reputation</li> </ul>                                                              | <ul style="list-style-type: none"> <li>Order/contract execution</li> <li>Direct communication</li> <li>Supplier management system</li> <li>Supplier questionnaires</li> </ul>                                       | <ul style="list-style-type: none"> <li>Fulfilment of Contractual Obligations</li> <li>Maintain of Long-Term Partnerships with Preferred Suppliers</li> <li>Supplier engagement events</li> <li>Timely Payment</li> <li>Ensuring services and products comply with quality and safety standards</li> <li>Comprehensive supplier management records</li> </ul> |
| Distributors                          | <ul style="list-style-type: none"> <li>Robust customer service management and processes</li> <li>Effective information exchange mechanisms</li> <li>Stable and secure supply system</li> <li>Prompt response to customer enquiries</li> </ul> | <ul style="list-style-type: none"> <li>Daily communication</li> <li>After-sales service</li> <li>Customer satisfaction surveys</li> <li>Customer profiles</li> <li>Company visits/inspections</li> </ul>            | <ul style="list-style-type: none"> <li>Strengthen Quality Management</li> <li>Fulfilment of Contractual Obligations</li> <li>Providing knowledge training and marketing support to distributors</li> <li>Distributor Training</li> <li>Thorough and effective communication</li> </ul>                                                                       |
| Government/<br>Regulatory Authorities | <ul style="list-style-type: none"> <li>Conduct business operations in compliance with regulations</li> <li>Tax compliance in accordance with the law</li> </ul>                                                                               | <ul style="list-style-type: none"> <li>Government site visits and guidance</li> <li>Participation in government meetings and regular visits</li> <li>Government projects</li> <li>Information disclosure</li> </ul> | <ul style="list-style-type: none"> <li>Strict compliance with laws and regulations</li> <li>Monitor regulatory requirement changes</li> <li>Strengthen security management</li> </ul>                                                                                                                                                                        |
| Financial Institutions                | <ul style="list-style-type: none"> <li>Sound corporate credit standing, with a track record of loan repayment and financial stability</li> <li>Steady corporate growth</li> </ul>                                                             | <ul style="list-style-type: none"> <li>Financial reporting and disclosures</li> <li>On-site inspections</li> <li>Direct communication</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>Timely loan repayments</li> <li>Maintain sound business relationships</li> </ul>                                                                                                                                                                                                                                      |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Stakeholder Categories | Key Focus Areas                                                                                                       | General Communication Channels                                                                                                                                     | Response and Feedback                                                                                                                                                                                                                                                             |
|------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community/Public       | <ul style="list-style-type: none"> <li>Contribute to society and the community</li> <li>Promote employment</li> </ul> | <ul style="list-style-type: none"> <li>Community service</li> <li>Charitable activities</li> <li>News and Announcements</li> <li>Information Disclosure</li> </ul> | <ul style="list-style-type: none"> <li>Proactive Corporate Social Responsibility</li> <li>Sustain Operations to Provide Employment Opportunities</li> <li>Industry-academia-research collaboration and professional activities</li> <li>Advance Healthcare Development</li> </ul> |

### 1. About This Report

#### 1.1 About This Report

Breton and its subsidiaries (“Breton”, “the Group” or “we”) are pleased to present the inaugural ESG Report (“this Report”). This Report aims to transparently disclose the Group’s progress and achievements within the ESG domain across its actual business operations. It demonstrates the Group’s sustainability vision to stakeholders, thereby deepening their understanding of the company and strengthening their confidence.

#### Basis and Scope of Preparation

This Report has been prepared in accordance with Appendix C2, the ESG Reporting Code (“ESG Code”) of the Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”) and the United Nations Sustainable Development Goals (UN SDGs). It follows the “comply or explain” principle in addressing relevant matters and presents environmental and social key performance indicators as required by the ESG Code for performance review.

The reporting period covers the timeframe from 1 January 2025 to 31 December 2025 (the “Reporting Period”), aligning with the financial year covered in the Group’s 2025 Annual Report. All information covered in this report is consistent with the reporting scope of the Group’s 2025 Annual Report.

#### Reporting Principles

| Requirement                                                                                                                                                                                              | Our Response                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Materiality</p> <p>Where the Board determines that environmental, social and governance matters have a material impact on investors and other stakeholders, the Company shall report accordingly.</p> | <p>In accordance with the Hong Kong Stock Exchange’s ESG Code and relevant principles, and taking into account key ESG concerns of the capital markets regarding the Company, we identify sustainability issues relevant to our development through ongoing stakeholder engagement and by considering the Company’s development, industry and business context.</p> |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Requirement  |                                                                                                                                                                                                                                              | Our Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Quantitative | Key performance indicators relating to historical data must be quantifiable to assess and verify the performance of environmental, social and governance policies and management systems.                                                    | The Company has established standardised ESG indicator management tools to conduct regular statistical analysis of all quantifiable key disclosure indicators covered by this reporting guidance within the “environmental” category, as well as selected “social” and “governance” management categories. These are aggregated annually to form the external disclosures in this report. Detailed ESG quantitative data can be found in the Appendix section of this report. |
| Balance      | Environmental, Social and Governance reporting should impartially reflect a company's performance, avoiding any selective reporting, omissions or reporting formats that may unduly influence the decisions or judgements of report readers. | The Company has presented its achievements and challenges in material sustainability matters in an unbiased manner.                                                                                                                                                                                                                                                                                                                                                           |
| Consistency  | The company should adopt consistent statistical disclosure methods to ensure the comparability and meaningfulness of environmental, social and governance data in the future.                                                                | Unless otherwise stated, the Company will ensure that the scope of disclosure and reporting methodology remain consistent with previous years.                                                                                                                                                                                                                                                                                                                                |

### Definition

|                 |           |            |                                                |
|-----------------|-----------|------------|------------------------------------------------|
| Hunan Breton    | Refers to | Subsidiary | Breton (Hunan) Technology Co., Ltd.            |
| Shandong Breton | Refers to | Subsidiary | Breton (Shandong) New Energy Vehicle Co., Ltd. |
| Wuhan Breton    | Refers to | Subsidiary | Breton (Wuhan) New Energy Equipment Co., Ltd.  |

### Contact Information

Should you have any queries or suggestions regarding this report, please feel free to contact us via the following details.

|                                              |                                                                               |
|----------------------------------------------|-------------------------------------------------------------------------------|
| Email                                        | breton@breton.top                                                             |
| Headquarters and Principal Place of Business | Room 208, 2nd Floor, Building 3, Shennan Road 168, Minhang District, Shanghai |
| Company Website                              | <a href="https://www.breton.top/">https://www.breton.top/</a>                 |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2. Enhancing Responsible Governance to Safeguard Sustainable Development

#### United Nations Sustainable Development Goals (UNSDGs) Corresponding to This Chapter



The Company has established a robust top-level oversight framework for governance, deeply embedding sustainable development principles within its governance system. This effectively guides the practical implementation across all business units, providing a solid foundation for the enterprise's sustainable development.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2.1 Sustainable Governance

Sound and effective governance is the cornerstone of a company's stable development. The Company implements corporate governance in compliance with laws, regulations, and institutional requirements including the Company Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Detailed information regarding the Company's corporate governance is available in the "Corporate Governance Report" section of the Company's Annual Report. In April 2025, the Board of Directors reviewed and approved the Breton Technology Co., Ltd. ESG Management System, establishing a structured ESG management framework.

The Board plays a pivotal role in guiding the Company's strategic direction, overseeing corporate governance, and ensuring long-term sustainable development. As of 31 December 2025, the Board comprised ten directors, including four executive directors, two non-executive directors, and four independent non-executive directors. The gender ratio (male: female) on the Board was nine to one.

Nine board meetings were convened in 2025, with an overall attendance rate of 98% (95% in 2024).

The Company has established a three-tier ESG management structure comprising an ESG Committee (an internal organisational body authorised by the Board), an ESG Office, and an ESG Working Group. The Board has also implemented measures to enhance the transparency of business reporting, enabling stakeholders to gain a deeper understanding of the Group's strategies and objectives.

The ESG Committee, serving as the oversight and management body for the company's ESG initiatives, is responsible for supervising and managing the company's ESG management strategies, policies, and performance, reporting regularly to the Board of Directors. The ESG Committee is accountable to the Board, with its proposals subject to Board deliberation and decision. The Committee formulates the company's medium-to-long-term and annual ESG strategies, visionary objectives, planning, policy frameworks, assessment and improvement mechanisms, organisational structures, and disclosure requirements. Upon approval by the Board of Directors, these become guiding documents for the Company's ESG management. The Group places high importance on the suggestions and opinions of all stakeholders, establishing robust communication channels to engage in ongoing dialogue with key stakeholders. Based on these discussions, the Group identifies material ESG issues and potential ESG risks, continuously refining its ESG strategies and policy frameworks. During the reporting year, the Board reviewed material ESG issues and approved proposals to adjust the materiality levels of various ESG topics, ensuring the timeliness and reasonableness of the materiality matrix.

The Board convenes regular meetings to deliberate and approve the company's sustainability objectives, assess and review ESG-related targets, and ensure alignment with the company's overall business strategy and development direction. We guide and oversee the formulation and implementation of the company's ESG vision, strategy and framework, review the company's material ESG issues, key ESG risks and opportunities, monitor communication channels and methods with shareholders, and review the company's ESG-related disclosures.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Office is responsible for implementing and executing the ESG Committee's action plans in the area of environmental, social and governance (ESG) matters. It coordinates the ESG Working Group, formed by relevant departments, to jointly execute specific ESG-related measures. Under the guidance of the ESG Committee, the ESG Office develops detailed work plans in accordance with ESG requirements, oversees the ESG Working Group in deploying specific tasks, and regularly organises assessments of ESG performance and management, culminating in the preparation of reports. The ESG Working Group is responsible for implementing specific ESG measures. Comprising heads of functional departments including Production, Human Resources, Central Research Department, Public Relations, Sales, and the Board Secretariat Office, the Working Group facilitates collaboration among company departments, subsidiaries, and third-party consultancy firms. It provides specific guidance for ESG measures within annual targets and compiles the annual ESG report. We require each subsidiary to designate a dedicated individual responsible for ESG data management, ensuring timely updates, collation, and archiving of data, alongside providing data verification or source documentation. At year-end, our subsidiaries compile all annually submitted data, which is then reviewed, signed off by responsible personnel from each subsidiary, and submitted to the ESG Working Group.

Additionally, we engage a reputable consultancy firm as our third-party ESG advisor to assist in monitoring and adhering to ESG policy requirements, and to assess our performance in environmental protection and climate change mitigation.

### 2.2 Business Ethics and Anti-Corruption

The Company strictly adheres to laws and regulations, continuously refines corporate governance mechanisms and internal management systems, conducts ideological and ethical awareness training, implements oversight and inspections for integrity and compliance, and consistently holds itself and its employees to the highest standards of business ethics. We are committed to fostering a team environment characterised by integrity, probity, and proactive initiative.

The Company is currently developing its internal management systems and has drafted the "Breton Technology Co., Ltd. Anti-Sanctions and Financial Crime Prevention Management System (Revised Draft)", aimed at regulating anti-sanctions and financial crime activities.

The Company has established the "Implementation Rules for Integrity Management", applicable to all employees and subsidiaries. An Integrity Management Task Force has been formed, chaired by the Chairman, with members appointed by the Chairperson. This Task Force is responsible for formulating, revising, issuing, and interpreting integrity policies and related systems, as well as organising integrity and self-discipline training. The Integrity Management Task Force Team shall conduct thorough investigations and gather evidence regarding violations confirmed through investigation. Where relevant issues arise, assistance shall be provided by the respective functional departments. Should significant violations, disciplinary offences, or illegal acts be discovered, these must be reported to the Legal Department for joint investigation and handling. The Company's disciplinary measures encompass verbal warnings, written warnings, compensation, demotion with salary reduction, dismissal, voluntary resignation, termination of employment contracts, and referral to judicial authorities.

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The Group has conducted integrity training and examinations for directors and all employees.

| <b>Integrity Training and Examination Statistics</b> | <b>Completed<br/>(Number of<br/>Participants)</b> | <b>Not Completed<br/>(Number of<br/>Participants)</b> | <b>Total (Number<br/>of Participants)</b> | <b>Completion<br/>Rate (%)</b> |
|------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|-------------------------------------------|--------------------------------|
| Breton                                               | 175                                               | 24                                                    | 199                                       | 88%                            |
| Hunan Breton                                         | 12                                                | 0                                                     | 12                                        | 100%                           |
| Shandong Breton                                      | 18                                                | 2                                                     | 20                                        | 90%                            |
| Wuhan Breton                                         | 14                                                | 2                                                     | 16                                        | 88%                            |
| <b>Total</b>                                         | <b>219</b>                                        | <b>28</b>                                             | <b>247</b>                                | <b>89%</b>                     |

During the reporting period, the Group was not involved in any significant corruption-related violations, nor were there any corruption cases initiated against the company or its employees that were subsequently resolved.

We continue to strengthen integrity and ethical standards within our supply chain, maintaining a zero-tolerance policy towards corrupt practices. We require our suppliers and partners to adhere to compliance standards and sign integrity agreements. We have clearly defined codes of conduct and requirements for all employees and suppliers, strictly prohibiting the provision of any loans, gifts, services, or other monetary benefits or advantages, either directly or indirectly, through supplier personnel or any third party, to any company or individual, including employees, their associates, or third parties.

The Company encourages employees and the wider community to participate in oversight activities, actively reporting any violations to the Integrity Management Task Force. The Finance Department and Human Resources Department shall enhance inspection efforts, provide reporting channels, and rigorously investigate and address non-compliant conduct. Employees may report and expose corporate violations via letter, telephone, text message, WeChat, or email. Where a report is substantiated by the Integrity Management Task Force Team, the Company shall award the whistleblower five percent (5%) of the total economic losses recovered (calculated on a base of RMB10,000) as a reward, while strictly maintaining confidentiality regarding their identity and the reported content.

Reporting email (Sunshine email): [honest@breton.top](mailto:honest@breton.top)

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### 3. Committing to Green Development

The United Nations Sustainable Development Goals (UN SDGs) relevant to this chapter:



Guided by the principle that 'clear waters and lush mountains are invaluable assets', and amidst the global trend of energy transformation, the Company is committed to a mission of green development. We are dedicated to advancing the research and application of integrated solar power, energy storage, and charging solutions, as well as electrified equipment. Pivoting on photovoltaic power generation, energy storage equipment, and charging infrastructure, we will promote the widespread application of clean energy, supporting our clients in their low-carbon transition. We are committed to collaborating with our global partners to protect the natural environment and establish green principles as the cornerstone of high-quality development.

During the Reporting Period, the Company strictly complied with all applicable laws and regulations detailed in Appendix 4 – 'Principal Laws and Regulations for Compliance'. No instances of material non-compliance were identified in relation to legislation governing air and greenhouse gas emissions, discharges to water and land, or the generation of hazardous and non-hazardous waste that would have a significant impact on the Company. Furthermore, during the Reporting Period, no significant fines or other non-monetary penalties were imposed on the Company for non-compliance with relevant laws and regulations.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3.1 Environmental Management System

The Company recognises that a systematic approach to environmental management is the cornerstone of achieving sustainable development. During the Reporting Period, we successfully obtained ISO 14001:2015 certification for our Environmental Management System, marking a significant milestone in our systematic approach to environmental management. This system is led by the Environment, Health and Safety (EHS) Department, which holds comprehensive responsibility for identifying, assessing and managing potential environmental hazards. It aims to establish and operate an environmental management model that adheres to international standards, thereby enhancing the Company's overall environmental performance.



Our ISO 14001:2015 Environmental Management System Certification

### 3.2 Emissions and Waste Management

#### Non-hazardous Waste Management

The Company's principal non-hazardous waste comprises general domestic refuse, as well as cardboard packaging and wooden pallets from materials. To ensure such waste is handled appropriately, we have adopted measures for segregated recycling and centralised management. The Company has standardised the provision of waste segregation facilities, placing separate bins for dry, wet, recyclable, and hazardous waste in areas such as lift lobbies and refuse rooms. All waste is handled by a government-accredited third party, with disposal methods that comply with all applicable laws and regulations.

Furthermore, the Company actively promotes green office practices, advocating for a paperless office, encouraging the use of digital applications, issuing internal notices and plans electronically, and utilising double-sided printing to reduce waste generation at source.

During the Reporting Period, over 99% of the Group's non-hazardous waste was recycled or disposed of by qualified third-party contractors.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Hazardous Waste Management

The hazardous waste generated by the Company primarily arises from the manufacturing process and mainly includes waste oils, packaging drums, and paint residue.

- **Regulated Storage Management:** The Company maintains a dedicated storage facility for hazardous chemical waste, ensuring centralised and compliant storage. The storage facility's location adheres to national environmental standards and is equipped with safety measures including impermeable linings, leak prevention systems, weatherproofing, and ventilation. All hazardous waste is stored in specialised containers. Both the containers and storage areas are clearly labelled with details of the substance, its associated hazards, emergency procedures, and weight, thereby effectively mitigating environmental risks.
- **Full-Process Traceability:** The Company has implemented a comprehensive hazardous waste ledger system. This system meticulously records every stage, from generation and warehousing to storage, removal, and transfer, enabling full life-cycle traceability.
- **Compliant disposal:** Once a specified quantity is accumulated, the waste is transferred in its entirety to a government-authorised professional agency, holding the relevant qualifications, for transportation and processing. This process is subject to periodic inspections by regulatory bodies.

During the Reporting Period, 100% of the Group's hazardous waste was compliantly disposed of by a qualified third party.

Given our low waste generation, we have not set specific quantitative waste reduction targets. Our hazardous waste is effectively managed through centralised storage, spill prevention and professional third-party disposal; Our non-hazardous waste volume was zero during the Reporting Period. Going forward, we will continue to refine waste data statistical scope and accounting methodologies to improve accuracy, and will consider setting more specific reduction targets where appropriate.

### Emissions Management

The Company's primary sources of waste gas emissions include processes such as paint coating and spraying, flue gas from drying tunnels, and welding fumes. The Company has engaged a qualified, professional environmental equipment provider responsible for the design, manufacture, installation, and commissioning of the treatment facilities for paint emissions, drying emissions, and polishing dust. The Company strictly adheres to operational standards for the treatment of gaseous emissions during its production processes, ensuring that all such emissions comply with national and local environmental protection requirements.

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System-Specific Precision Treatment:

- Paint Fume Treatment System: This system utilises a 'pre-treatment, adsorption and concentration, and catalytic combustion' process.
- Drying Exhaust Treatment System: This system utilises a 'direct combustion and waste heat recovery' process.
- Polishing Dust Treatment System: This system utilises a 'bag filter dust collector and ventilation fan' process.

During the Reporting Period, the treatment rate of the Company's exhaust gas facilities exceeded 95%.

### Wastewater and Noise Management

Domestic sewage generated by the Company is discharged into the municipal sewage network for centralised treatment by the local water authority. In respect of noise management, noise control is incorporated as a technical evaluation criterion in our equipment procurement process. Furthermore, we implement measures such as sound insulation and vibration damping for principal noise sources to mitigate their impact on the surrounding environment.

### 3.3 Energy and Resource Management

Improving the efficiency of energy and resource utilisation is a key strategy for the business to address climate change and reduce operational costs. The Group continuously enhances its energy management system. We have formulated an energy conservation and emissions reduction plan and a preparatory plan for ISO 50001 certification. These plans clarify energy management responsibilities, standardise procedures for energy metering and energy-saving renovations, and implement a reward and penalty mechanism for energy conservation.

The Company assigns dedicated personnel to be responsible for the statistical analysis of water and electricity consumption. They regularly monitor changes in energy consumption, formulate safety measures for electricity usage, and enhance the detailed management of energy utilisation. We periodically conduct campaigns to promote water conservation. Water-saving reminders are displayed at water points in office areas, such as washrooms and pantries, and we have comprehensively installed automatic sensor taps to reduce water wastage at the source. Concurrently, we conduct regular leakage detection for water supply facilities and concealed pipework, and enhance routine inspections and maintenance to eliminate water resource losses caused by ageing infrastructure or operational oversights. Furthermore, we require employees to turn off electronic equipment, air conditioning, and lighting systems when not in use. Air conditioning filters are cleaned and maintained on a regular basis to substantially improve operational energy efficiency, thereby driving the effective implementation of our green office initiatives through refined management practices.

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We prioritize resource management within our manufacturing and office activities, aiming to optimize our resource consumption structure and integrate sustainable development into our daily operations. We have established development targets for our principal resource types:

| Environmental Sustainability Indicators | Our ESG Development Targets                                                                                                                |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Electricity Consumption                 | By 2028, 30% of the annual electricity consumption at our manufacturing plants will be sourced from photovoltaic power generation systems. |
| Water Consumption                       | By 2028, our water intensity will be reduced by 5% compared with the 2023 baseline.                                                        |

During the Reporting Period, we encountered no issues in sourcing adequate water and had no operations in areas exposed to water risk or high water stress.

### 3.4 Green Operations

We embed green principles throughout the construction and daily operations of our plants, demonstrating our commitment to establishing environmentally friendly production facilities. Measures we have adopted include:

- **Rooftop Solar Panel Installation:** We have entered into an agreement with a third party for the construction and operation of 1600KW rooftop photovoltaic equipment, which will supply clean electricity to the factory.
- **Green Office Practices:**
  - o To progressively increase the proportion of electric vehicles in our company fleet and conduct regular maintenance on all company vehicles to reduce their energy consumption per kilometre.
  - o To clarify the principles governing the use of company vehicles in order to reduce their frequency of use.
  - o To encourage employees to adopt green office habits, such as double-sided printing and promptly switching off equipment and systems in unoccupied areas.
  - o We encourage the use of public transport and new energy vehicles, and control the use of vehicles for administrative purposes.
  - o We promote the concept of low-carbon operations among our employees to collectively achieve our low-carbon office objectives.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3.5 Green and Low-Carbon Products and Services

In the era of carbon neutrality and intelligentisation, the Company addresses user needs by leveraging our leading electric products and comprehensive technological development capabilities. We are building an ecosystem structured around 'photovoltaic storage microgrid power supply', 'new energy excavation, loading, and transportation equipment for mining engineering', and 'automated collaborative operations'. This enables us to provide clients with integrated solutions encompassing new energy power services, the sale and leasing of electric excavation and transport equipment, and intelligent excavation and transport services, with the aim of becoming a leading global power producer and mining services provider.

Our construction machinery is powered entirely by non-fossil fuel sources, achieving zero exhaust emissions. Our electric loader and wide-body dump trucks offer a significant reduction in carbon emissions compared to their fuel-powered counterparts, presenting a more environmentally friendly alternative to traditional machinery. For example, over a five-year service life, a five-tonne class electric loader is projected to reduce carbon emissions by approximately 342.0 tonnes per unit. Similarly, over the same period, a 105-tonne class electric wide-body dump truck is projected to reduce carbon emissions by approximately 490.4 tonnes per unit during heavy-load uphill operations and by approximately 624.6 tonnes per unit during heavy-load downhill operations. Compared to diesel equipment in the same class, each Breton Electric Loader can save clients approximately RMB350,000 in operating costs and reduce carbon dioxide emissions by approximately 180 tonnes annually; Each Breton pure electric mining truck can save clients approximately RMB700,000 in operating costs and reduce carbon dioxide emissions by approximately 400 tonnes annually.

Regarding the circular economy, we incorporate its principles into our corporate operations, in accordance with the 'Interim Measures for the Management of Recycling and Comprehensive Utilisation of Waste Power Batteries from New Energy Vehicles'. The Company has entered into a strategic partnership with a specialist recycling agency to establish a foundational power battery recycling system. We are committed to creating a complete, closed-loop industrial chain encompassing battery production, vehicle manufacturing, battery recycling, cascade utilisation, and regeneration and reuse. By leveraging our partners' network of sites, we are establishing centralised storage points to build an extensive battery recycling network. This ensures that end-of-life power batteries are processed and recycled in a timely and compliant manner, and we are actively developing recycling channels for decommissioned batteries overseas.

With regard to core technology research and development, we have made sustained investments in the independent development of key technologies, including pure electric drive powertrains, high energy-density power batteries, coaxial dual motors, and highly integrated multi-in-one controllers. Furthermore, through lightweight vehicle design and system optimisation, we continuously reduce resource consumption and carbon emissions throughout the entire product life cycle. Breton's innovative applications, such as the automatic start-stop technology for power steering pumps and the intelligent strategy for the battery thermal management system, are tangible examples of our commitment to green and low-carbon principles in every detail of our operations.

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### Case Study:

### The practical implementation of a systematic solution

In our project in Abag Banner, Inner Mongolia, we successfully implemented an integrated, zero-carbon mining solution combining 'photovoltaic power + electric mining trucks + autonomous driving', setting a paradigm for green transformation within the industry. This project fully embodies the core values of our green and low-carbon products and services:

- In terms of clean energy supply, the mining area utilises idle land to construct a photovoltaic power generation system. This provides a low-cost, zero-emission source of clean electricity for our pure electric mining trucks, thereby creating a green, closed-loop system for energy production and consumption. This integrated model, which combines solar power generation, energy storage, charging, and application, fundamentally reduces reliance on fossil fuels.
- In the application of electrified products, the Group's BRT105E all-electric mining truck has demonstrated outstanding energy efficiency during operation. According to operational data from the mining site, the vehicle's average electricity consumption under heavy-load, uphill conditions is approximately 10 kWh per kilometre. Factoring in an electricity tariff of RMB0.47 per kWh, the operational cost is just RMB5 per kilometre. By contrast, a conventional diesel-powered mining truck under identical operating conditions consumes over 3 litres of fuel per kilometre, resulting in fuel costs exceeding RMB20. Based on an annual operation of 50,000 kilometres per vehicle at the mine site, each battery-electric mining truck can reduce annual operating costs by over RMB750,000, whilst also achieving a substantial reduction in carbon emissions.
- In terms of intelligent technology enablement, the Group has deployed 10 of its autonomous electric mining trucks into routine operation at the mine site, achieving an overall operational efficiency of approximately 80% compared to manned vehicles. Crucially, the application of autonomous driving technology has markedly improved operational safety. Whereas the conventional model requires 20 drivers for 10 mining trucks, the same workload can now be managed by just 5 operations personnel. This not only lowers labour costs but also minimises the time staff are exposed to complex, high-risk environments, thereby delivering a dual improvement in both safety and efficiency.

The Group provides not merely isolated pieces of electric equipment, but rather a comprehensive, full-scope solution encompassing green energy supply, electrified transportation, and intelligent dispatching. This solution creates threefold value for customers: at the economic level, the combination of 'Photovoltaic power generation + electric mining trucks' substantially reduces long-term operating costs; at the environmental level, it achieves the deep decarbonisation of mining operations, robustly supporting global emissions reduction targets.



A Breton mining truck in operation



The Photovoltaic power generation system constructed by Breton

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### 3.6 Response to Climate Change

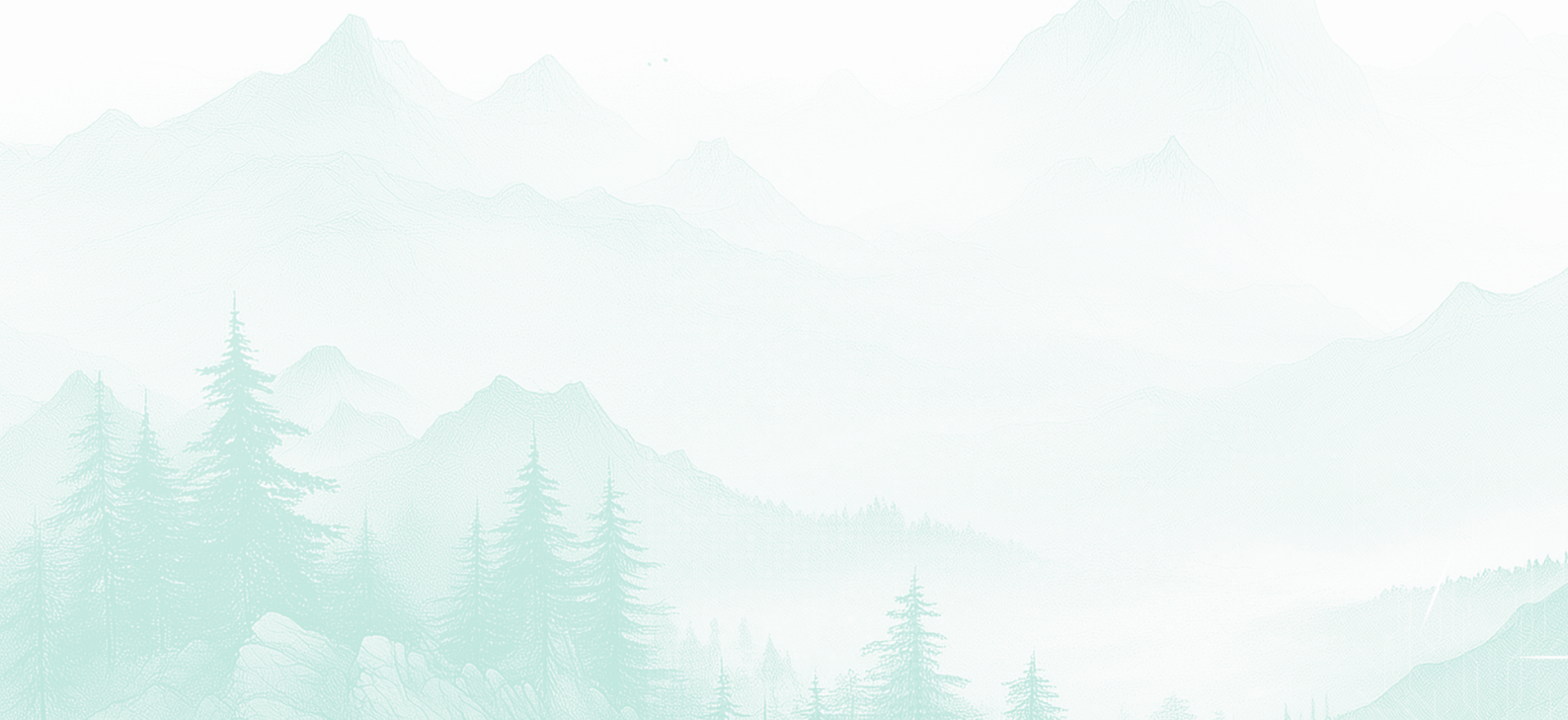
The Group is acutely aware of the far-reaching impact of climate change on our business and societal development, and has taken numerous actions to address this global challenge. In active support of the national 'Dual Carbon' strategy, we reduce greenhouse gas emissions throughout the operations of the Company and its value chain by managing climate-related risks and opportunities and implementing energy-saving and carbon-reduction measures, thereby enhancing our resilience to climate risk.

We manage climate change risks in accordance with the disclosure recommendations in Part D: Climate-related Disclosures of the ESG Code. Our management and disclosures cover four key areas: governance, strategy, risk management, and metrics and targets, with the aim of mitigating the adverse effects of climate change on the Company.

#### Governance

The Board is the Company's highest governing body for ESG matters and has overall responsibility for the management of ESG-related risks and opportunities, including those related to climate change. The Company has established a three-tiered ESG management structure authorised by the Board, comprising an ESG Committee, an ESG Office, and an ESG Working Group. For further details, please refer to Section 2.1, 'Sustainable Governance'.

The Board is formally briefed on ESG matters at least annually to maintain oversight of the Company's overall ESG performance and risk profile, including climate-related issues. As the standing supervisory body, the ESG Committee convenes at least quarterly to systematically review the progress in the identification, assessment, and management of climate-related risks and opportunities. Furthermore, the ESG Committee will continue to monitor progress towards achieving these targets, and will regularly review the relevant performance data and analytical reports compiled by the ESG Office. In respect of material climate-related matters, such as the actual impact of extreme weather events on production and operations or the need for strategic adjustments necessitated by significant changes in climate policy, the ESG Working Group will report promptly to the ESG Committee and the Board through a dedicated reporting mechanism. This ensures that the governance level is kept abreast of the latest developments and can make timely decisions.



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The Board and the ESG Committee consider climate-related risks and opportunities as a key factor when overseeing the formulation and execution of the company's strategy, major transaction decisions, risk management procedures, and related policies. The conclusions of the assessment of climate-related risks and opportunities serve as an important basis for decision-making, ensuring that the strategic direction is aligned with global sustainable development trends.

The Company plans to organise specialised climate risk training for members of the Board and senior management, covering the latest policy developments, scenario analysis, transition risks, and physical risks, to ensure that oversight capabilities remain in step with global regulatory trends. Currently, the Company has not directly incorporated climate-related performance indicators into the remuneration assessments for its senior executives. However, an evaluation has commenced to assess the feasibility of their gradual inclusion in the future, thereby strengthening the alignment of incentives to drive the achievement of our climate objectives.

### Strategy

The Company has identified climate-related physical and transitional risks, and is exploring the corresponding potential opportunities. We recognise that these climate risks may have a material impact on the Company in the short term (within 3 years), medium term (3-5 years), and long term (over 5 years), encompassing both physical environmental changes and the challenges presented by the transition to a low-carbon economy. Based on the nature of the Company's business and its operational characteristics, we analyse the associated risks and opportunities and formulate targeted mitigation measures.



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Climate-Related Risks:

| Type of Risk   |            | Description of Climate-Related Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Time Horizon | Potential Financial Impact                                                                               | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Risks | Acute Risk | <ul style="list-style-type: none"> <li>An increased frequency of extreme weather events (such as extreme heat, torrential rain, and typhoons) could potentially impact the safety of the Company's premises and production equipment. This may result in extended employee commute times, damage to assets including factory premises, materials, and equipment, and could adversely affect order fulfilment and capacity utilisation. Furthermore, such events could lead to interruptions in power generation, equipment damage, and the suspension of mining operations.</li> </ul> | Short-term   | <ul style="list-style-type: none"> <li>Increased operational costs</li> <li>Decreased revenue</li> </ul> | <ul style="list-style-type: none"> <li>Securing adequate insurance coverage for plant and equipment to effectively mitigate the financial impact resulting from asset damage.</li> <li>Formulating and rehearsing an Extreme Weather Contingency Plan, closely monitoring meteorological warnings, and flexibly arranging for remote working and online meetings during extreme weather events to ensure employee safety and the continuity of core business operations.</li> <li>Incorporating high-specification, resilient equipment from the design stage for overseas projects, complete with meteorological monitoring and automated shutdown systems.</li> <li>To formulate health and safety provisions for adverse weather conditions, such as extreme heat and torrential rain; to adjust operational hours; and to provide heat-prevention and cooling resources.</li> </ul> |

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| Type of Risk   |              | Description of Climate-Related Risk                                                                                                                                                                                                                                                                                                                | Time Horizon | Potential Financial Impact                                                                               | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Risks | Chronic Risk | <ul style="list-style-type: none"> <li>Global warming leading to sustained high temperatures, which may increase the energy consumption of the Company's cooling equipment (e.g., air conditioning). Extreme weather events may lead to supply chain disruption, preventing suppliers from providing products and services on schedule.</li> </ul> | Long-term    | <ul style="list-style-type: none"> <li>Increased operational costs</li> <li>Decreased revenue</li> </ul> | <ul style="list-style-type: none"> <li>To conduct detailed climate resilience assessments during the project design phase, selecting cleaning solutions that are resistant to high temperatures and have low water consumption. Establish predictive maintenance models for equipment health, utilising Internet of Things (IoT) data to provide early warnings for the replacement of ageing components.</li> <li>Periodically review the geographical distribution of suppliers to avoid excessive concentration in a single disaster-prone region, thereby mitigating the risk of supply chain disruption.</li> </ul> |



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| Type of Risk    |             | Description of Climate-Related Risk                                                                                                                                                                                                                                                                                                                                                                                         | Time Horizon | Potential Financial Impact                                                                                        | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition Risk | Policy Risk | <ul style="list-style-type: none"> <li>Changes in international and domestic policies related to climate change may require the Company to invest additional resources to ensure compliance.</li> <li>The gradual phasing out of subsidies for new energy vehicle and photovoltaic equipment purchases may impact sales volumes if the Company cannot maintain its price competitiveness through cost reduction.</li> </ul> | Medium-term  | <ul style="list-style-type: none"> <li>Increased compliance costs</li> <li>Increased operational costs</li> </ul> | <ul style="list-style-type: none"> <li>Proactively monitor developments in domestic and international climate policies and regulations, regularly assess their potential impact on the business, and formulate corresponding risk mitigation strategies.</li> <li>Conduct comprehensive country-specific political and policy risk assessments prior to investing in projects, and procure appropriate political risk insurance. Engage in joint ventures or collaborations with well-established local partners to jointly manage policy-related risks.</li> <li>Continuously reduce costs through economies of scale, supply chain synergy, and technological innovation. Exploring new models, such as battery and equipment leasing, to reduce customers' initial capital outlay.</li> </ul> |

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| Type of Risk    |                 | Description of Climate-Related Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Time Horizon | Potential Financial Impact                                                                                      | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition Risk | Market Risk     | <ul style="list-style-type: none"> <li>As public awareness of sustainable development grows, demand for environmentally friendly products from investors and consumers is continually increasing. Low-carbon products are expected to replace traditional ones; a failure to adapt to this shift in market preference could adversely affect our market competitiveness.</li> <li>The prices of battery raw materials, such as lithium and cobalt, are subject to increased volatility due to climate policies and ESG supply chain requirements, presenting greater challenges for cost control.</li> </ul> | Long-term    | <ul style="list-style-type: none"> <li>Decreased revenue</li> <li>Increased operational costs</li> </ul>        | <ul style="list-style-type: none"> <li>Establishment of a regular market analysis mechanism to strengthen trend monitoring and promptly identify changes in customer demand for low-carbon products.</li> <li>Adhere to a research and development strategy centred on pure electric construction machinery, maintaining the technological leadership of our products in terms of energy efficiency and environmental performance.</li> </ul>                                                     |
| Transition Risk | Reputation Risk | <ul style="list-style-type: none"> <li>Failure to fulfil our social responsibilities or to implement appropriate measures to manage the potential impacts of climate change could adversely affect the perception of the Company amongst stakeholders, including investors.</li> <li>Potential for scrutiny if the full life-cycle carbon emissions of electrical equipment (e.g., battery production and recycling) are not managed appropriately.</li> </ul>                                                                                                                                               | Long-term    | <ul style="list-style-type: none"> <li>Decline in operating revenue</li> <li>Reduction in investment</li> </ul> | <ul style="list-style-type: none"> <li>Set clear carbon reduction targets and regularly disclose the progress and outcomes of climate-related actions to maintain transparency.</li> <li>Maintain continuous communication with stakeholders to understand their key areas of focus and respond to their climate-related concerns in a timely manner.</li> <li>Establish a battery recycling and traceability management system to ensure compliant disposal of end-of-life batteries.</li> </ul> |

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| Type of Risk    |                    | Description of Climate-Related Risk                                                                                                                                                     | Time Horizon         | Potential Financial Impact                                                                                          | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                |
|-----------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition Risk | Technological Risk | Failed investments in new technologies and the increased costs of transitioning to low-carbon technologies could both lead to a rise in R&D expenditure, thereby eroding profitability. | Medium- to Long-Term | <ul style="list-style-type: none"> <li>Increased operational costs</li> <li>Decline in operating revenue</li> </ul> | <ul style="list-style-type: none"> <li>Actively pursue diversified low-carbon technology solutions, steadily advance the in-house development of core technologies, and judiciously manage R&amp;D investment.</li> <li>Establish an effective customer feedback mechanism to ensure that the direction of technological R&amp;D is closely aligned with market demand.</li> </ul> |

Climate-related Opportunities:

| Type of Risk        | Description of Climate-Related Risk                                                                                                               | Time Horizon | Potential Financial Impact                                                | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resource Efficiency | Utilise digital and intelligent technologies to enhance equipment energy efficiency, yielding direct savings in production and operational costs. | Medium-term  | <ul style="list-style-type: none"> <li>Reduced operating costs</li> </ul> | <ul style="list-style-type: none"> <li>Optimising production processes through digitalisation, monitoring energy consumption data, and identifying potential energy savings.</li> <li>Incorporating energy-saving technologies into product design, such as automatic start-stop functions for power steering oil pumps and intelligent battery thermal management strategies, to continually reduce energy consumption throughout the product life cycle.</li> <li>Establishing a recycling system for core components, such as batteries and electric motors, to achieve the circular use of materials, thereby reducing raw material procurement costs and carbon emissions. Exploring a trade-in business model to encourage the recycling of used equipment.</li> </ul> |

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| Type of Risk          | Description of Climate-Related Risk                                                                                                                                                                                   | Time Horizon | Potential Financial Impact                                                | Mitigation Measures                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clean Energy          | As the cost of clean energy rapidly decreases and energy storage capacity improves, the transition to low-emission energy can generate annual cost savings.                                                           | Medium-term  | <ul style="list-style-type: none"> <li>Reduced operating costs</li> </ul> | <ul style="list-style-type: none"> <li>Promoting the construction and operation of rooftop photovoltaic power generation systems to increase the proportion of clean energy utilisation, directly reducing electricity procurement costs.</li> <li>Promoting combined 'photovoltaic + electric equipment' solutions to clients to assist them in reducing their energy consumption costs.</li> </ul> |
| Products and Services | Increasing consumer preference for green products drives greater demand for green and low-carbon products.                                                                                                            | Medium-term  | <ul style="list-style-type: none"> <li>Revenue growth</li> </ul>          | <ul style="list-style-type: none"> <li>To shape the company's low-carbon, smart brand image and enhance market competitiveness through continuous product innovation and the application of green technologies.</li> <li>To systematically collate and disseminate customer case studies, thereby attracting more clients with tangible energy-saving and emission-reduction benefits.</li> </ul>    |
| Market                | Given the growing prominence of green and sustainable finance, companies that demonstrate strong climate-related performance and meet relevant green finance standards can secure investment capital at a lower cost. | Medium-term  | <ul style="list-style-type: none"> <li>Reduced financing costs</li> </ul> | <ul style="list-style-type: none"> <li>Continuously improve disclosures on climate-related information to enhance ESG rating performance, thereby creating the conditions to access green financial instruments in the future.</li> </ul>                                                                                                                                                            |

To address the aforementioned Climate-related risks and opportunities, the Group has strategically established 'new energy + intelligent technology' as its long-term development direction and has set phased targets for the promotion of its electric products and solutions. In terms of our business model, we lower the initial investment threshold for customers and accelerate market penetration through innovative approaches such as equipment leasing and energy management services. At an operational level, we integrate climate adaptation considerations, such as flood prevention and heat dissipation, into our project designs and establish contingency plans to enhance our business resilience.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Adjustment of Product Structure:** We will continue to increase investment in research and development and production resources for pure electric construction machinery, progressively raising the proportion of electric products within our overall business portfolio. We plan to launch a new generation of mining trucks, Electric Loaders, electric excavators, and mobile charging vehicles in succession.
- **Clean Energy Strategy:** Transitioning from a dedicated equipment manufacturer to a system solutions provider of 'Green Energy + Electric Equipment'. We have partnered with Boyue New Energy to construct rooftop photovoltaic systems at our own factories and are promoting a 'Photovoltaics + Electric Mining Trucks' model to clients, enabling direct participation in the generation and application of clean energy.
- **Intelligent Upgrades:** Integrating autonomous driving technology with electrified products to enhance product value-add and customer value, whilst reducing the need for manual labour in high-risk positions.

The Company recognises the importance of scenario analysis in assessing strategy resilience but has not yet completed formal climate-related scenario analysis. The Company is developing internal capabilities and gathering the required data to conduct reliable scenario modelling. Accordingly, the Company has applied the Capabilities Relief and Reasonable Information Relief.

Given the Company's scale and business nature, both current and anticipated financial effects are not material, no significant financial impacts have been quantified, and none are currently difficult to quantify reliably in a manner that would alter strategic decisions. The Company has therefore applied the Financial Effects Relief and the Capabilities Relief. The Company's existing sustainability initiatives do not constitute a specific climate-related transition plan at this stage. The Company will continue to assess the need for a formal transition plan in future reporting periods as climate-related requirements and internal capabilities evolve.

### Risk Management

In terms of risk management, the Company is in the process of integrating climate-related risks into its overall risk management framework, to be identified, assessed, and monitored through standardised processes.

- **Risk Identification**

Input data includes: developments in national and international climate policies and regulations, internal operational data, supplier information, customer feedback, and the results of stakeholder engagement. The scope of the risk assessment covers the Group's headquarters, all manufacturing plants and principal functional departments.

- **Risk Assessment**

The Company assesses climate-related risk based on two dimensions: the likelihood of its occurrence and the severity of its impact. The factors considered for the severity of impact include the potential increase in operating costs, the potential effect on revenue, the impact on asset values, the risk to employee safety, and the effect on the Company's reputation. The assessment process spans the entire business chain, from product research and development and the construction of energy systems to the delivery of complete solutions.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### • Risk Prioritisation

Following an assessment of the nature, likelihood, and magnitude of climate-related risks, the Company incorporates these into its risk map alongside other business risks (such as market, credit, and operational risks) for prioritisation. Material risks are given priority for inclusion in the risk register, and management responsibilities are duly assigned.

### • Risk Monitoring

The Company, through its ESG Working Group, regularly tracks climate policy and market dynamics; the Production and Operations Department monitors for any abnormal fluctuations in energy consumption and emissions data on a monthly basis; and the EHS department supervises the implementation and drilling of emergency response plans for climate-related risks.

### Metrics and Targets

With respect to the cross-industry indicators, the Company has applied a Reasonable Information Relief. The Company does not currently maintain or employ an internal carbon pricing mechanism in its decision-making processes. In view of the low materiality of climate-related risks and the limited carbon footprint of its operations, the Company does not consider it necessary to adopt an internal carbon pricing mechanism at this stage. The Company will progressively explore the disclosure of other relevant industry-specific metrics in future Reporting Periods, in line with its business operations.

During the Reporting Period, the Company's capital expenditure, financing, or investment concerning climate-related risks and opportunities were primarily concentrated in the following areas:

| Category of Project                                                 | Description                                                                                                                                                                                                        |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Low-carbon product R&D investment                                   | Focused investment in battery technology, intelligent scheduling, and system integration to develop high-tonnage, long-range electric mining trucks and loaders.                                                   |
| Clean energy facility construction                                  | Planning or constructing distributed photovoltaic systems at various production bases; prioritising capital expenditure for the construction of a photovoltaic and energy storage demonstration project in Africa. |
| Procurement of energy-saving and environmental protection equipment | Promoting the digitalisation of production processes to optimise energy consumption; undertaking high-temperature adaptation retrofitting of existing facilities.                                                  |
| Supply chain collaboration                                          | Controlling investment in high-carbon assets through supply chain collaboration rather than direct development.                                                                                                    |

During the Reporting Period, direct greenhouse gas (GHG) emissions (Scope 1) were principally derived from road transport activities related to our operations, whereas indirect GHG emissions (Scope 2) were primarily attributable to the electricity consumption at our facilities. In respect of the cross-industry indicators, the Company has applied the reasonable data exemption and does not currently maintain or adopt an internal carbon pricing mechanism in its decision-making processes.

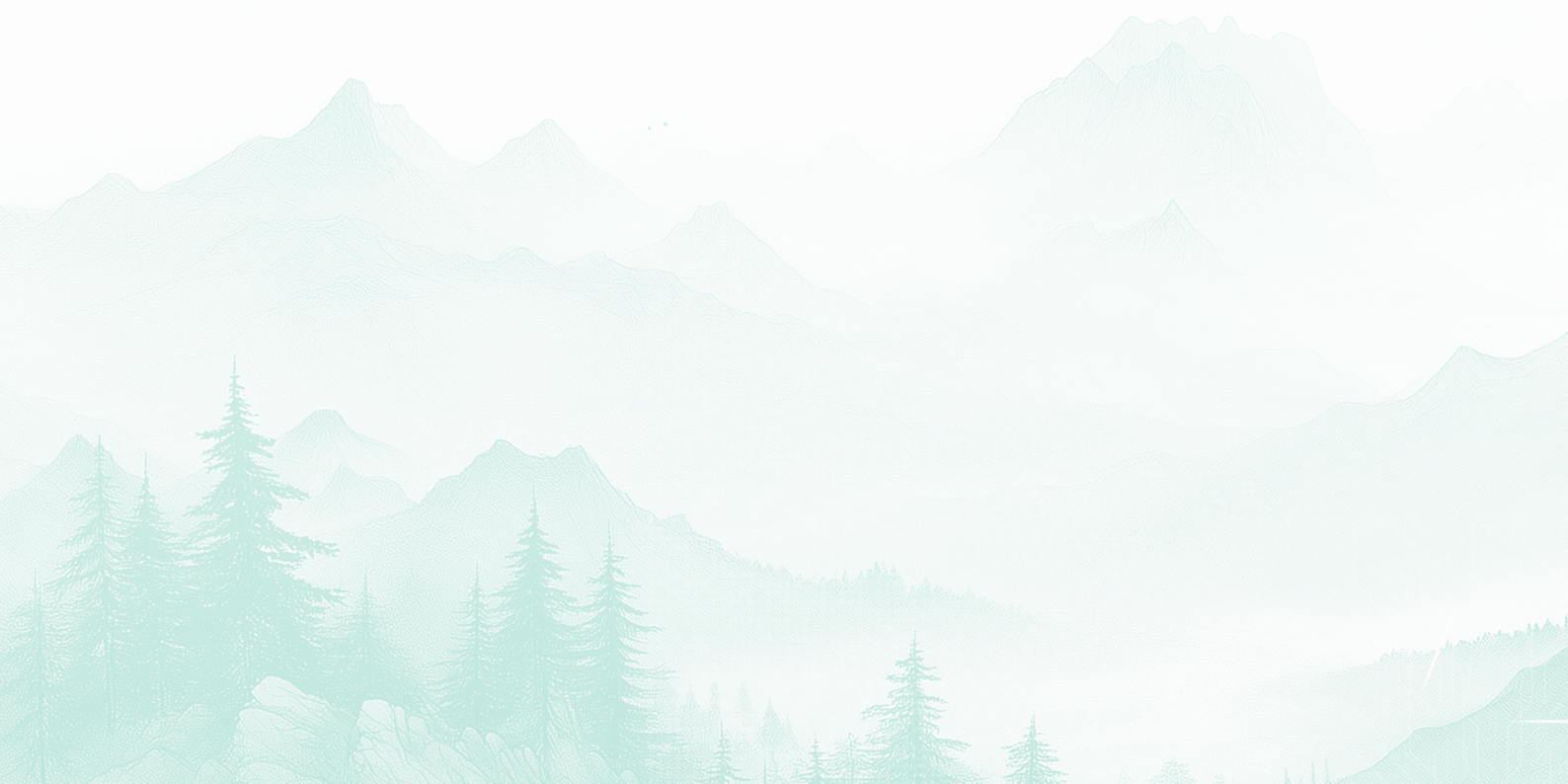
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To systemically advance our decarbonisation work and align with the national 'Dual Carbon' strategy, the Company has established short-, medium-, and long-term climate-related targets to manage greenhouse gas emissions and promote sustainable development in a structured manner. Our short-term targets (by 2030) focus on strengthening our data infrastructure, with a commitment to enhancing internal data collection systems and undertaking a systematic accounting of Scope 3 emissions.

Our medium-term targets (by 2035) centre on transforming our energy mix, with the objective of ensuring that 50% of the annual electricity consumption at our manufacturing plants is sourced from photovoltaic power generation systems or other renewable energy. This target applies to all manufacturing plants within the Group, with the proportion of renewable energy used (defined as the percentage of electricity from renewable sources out of total electricity consumption) serving as the core metric. Furthermore, with 2024 as our baseline year, we aim to reduce our Scope 1 and Scope 2 emissions by 20% from the baseline level by 2035.

Our long-term goal is to achieve carbon neutrality by 2055, thereby aligning with the national 'dual carbon' objectives and fully honouring our corporate social responsibility in response to climate change.

In relation to the setting, review, and monitoring of our objectives, the methodology for the Company's short-term targets follows the Greenhouse Gas Protocol to ensure a scientific basis for our Scope 3 inventory method; our long-term targets are aligned with national strategies. The ESG Committee will review progress against these targets annually and assess their appropriateness. The metrics used to monitor progress include total GHG emissions and emission intensity. Should the targets require revision due to material business adjustments or changes in the external regulatory environment, such revisions and the corresponding reasons will be disclosed in the ESG report following review and approval by the Board. At present, our greenhouse gas emissions targets have not been independently verified by a third party.



## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4. Leading Technological Innovation, Driving Digital and Intelligent Transformation

United Nations Sustainable Development Goals (UNSDGs) corresponding to this chapter



“The sea accommodates a hundred rivers, for its vastness lies in its capacity.” During the reporting period, the Company will accelerate its global expansion, prioritising markets in the Americas, Africa, and Southeast Asia to propel the brand onto the world stage. We shall leverage economies of scale to reduce costs and enhance services through localised operations, enabling “Chinese smart manufacturing” to shine on the global stage. However challenging the path ahead may be, we shall advance with an open mindset and resolute strides, expanding our horizons and competing on the world stage.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4.1 Technology Ethics and Digital and Intelligent Transformation

We place paramount importance on technology ethics, actively fulfilling our social responsibilities by integrating ethical principles into every facet of R&D, production, and operations. We relentlessly advance technology for the greater good of humanity. Prior to product development and technological deployment, the Group conducts comprehensive ethical risk assessments to identify potential hazards and formulate countermeasures, ensuring all applications align with ethical standards. Throughout 2025, the Group recorded no incidents of technology ethics violations.

The Group actively advances the establishment of digital platforms and systems. This year saw the completion of upgrades to the Product Lifecycle Management (PLM) system and Enterprise Resource Planning (ERP) system, alongside the development of systems tailored to company processes based on core business logic. This enables digital empowerment across human resources, finance, dual carbon management, and smart manufacturing management.

#### Case Study: Breton's Autonomous Mining Trucks and Loaders

The Company is leveraging technological innovations in embodied intelligence to transform autonomous vehicles into powerful robots, fundamentally reshaping mining production logic. This technological breakthrough challenges the paradox that “mining equals destruction,” forging a new equilibrium between industrial civilisation and ecological civilisation through the interplay of code and machinery.

The massive steel chassis transcends mere transport, deeply integrating with digital sensors like LiDAR and cameras within an embodied intelligence framework to form a distributed perception network. Through direct mechanical interaction with ore, slopes, and depressions, it generates real-time action strategies. This paradigm of ‘body as intelligence’ evolves machines from passive puppets executing commands into autonomous entities capable of adapting to unstructured environments.

By deeply integrating the innate physical responses of mechanical systems with AI models, Breton's unmanned equipment achieves a multidimensional deconstruction of the mining environment: they not only “see” the geometric contours of the terrain but also “sense” the mechanical properties of the ground; they not only “recognise” the visual characteristics of ore but also “understand” the physical essence of the ore layer. This perceptual capability, transcending traditional sensor logic, represents the unique evolutionary trajectory embodied intelligence bestows upon engineering machinery.

Confronted with the complexity of unstructured mining environments, Breton's autonomous equipment develops a distinctive “physical intuition” through mechanical interactions between its chassis and surroundings: when tyres traverse loose rock strata, the drive system's torque distribution automatically optimises based on ground feedback, much like a mountaineer adjusting stride for shifting scree; When the loader bucket contacts ore, hydraulic pressure feedback dynamically corrects the digging angle, preventing equipment wear caused by rigid operations in conventional machinery. This capability stems not from complex navigation algorithms, but from deep coupling between mechanical structures and physical laws, transforming every action into an instantaneous experiment in environmental adaptation.

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### Case Study: Breton Enhances Mining Equipment Reliability Through Full-Chain Intelligence

The electrical system serves as the 'nervous system' of mining equipment; any malfunction will bring the entire vehicle to a standstill. Our company has introduced intelligent low-voltage distribution units to replace traditional fuse modules. These units monitor load operating conditions in real time, meet over-temperature and over-current protection requirements, and can self-reset after fault clearance without manual intervention, thereby reducing maintenance workload.

Regarding battery management, the intelligent thermal management system adjusts cooling power based on real-time temperatures, maintaining batteries within their optimal operating range. Intelligent charge balancing automatically regulates current according to voltage differentials across multiple battery cells, enabling low-current equalisation maintenance to reduce battery degradation. These features ensure stable battery system operation under high-intensity conditions, as evidenced by Breton's pure-electric mining trucks retaining 88% capacity after five years of service.

The company's competitive edge lies in its integrated vehicle intelligence design capabilities. The proprietary Vehicle Control Unit (VCU), acting as the central brain, integrates real-time vehicle status, load, driver commands and environmental data, dynamically coordinating core components such as the battery management system and motor controller. It intelligently adjusts battery output during heavy uphill climbs and optimises energy recovery rhythms on descents, ensuring responsive power delivery while preventing current surges to extend battery lifespan. The VCU transmits operational data in real-time to the customer management platform, where algorithms generate precise maintenance recommendations. This empowers maintenance teams to make data-driven decisions and schedule servicing proactively, thereby reducing unexpected failure rates.

Taking the BRT968K loader as an example, its transmission oil pump employs a dual-function intelligent control unit that proactively increases lubricant supply based on operational demands. This reduces metal wear and extends transmission service life. The introduction of ADAS (Advanced Driver Assistance Systems) significantly enhances the safety performance of our intelligent loaders. These features encompass forward collision warning, rear-view camera or 360° surround-view systems, and cab occupant monitoring capabilities. This enables real-time assessment of the driver's condition, preventing fatigue driving or distracted operation. Concurrently, the vehicle positioning system and communication/dispatch system enable precise equipment management. Tyre Pressure Monitoring System (TPMS) and Blind Spot Detection (BSD) further enhance driving safety, thereby reducing the occurrence of accidents.

The company maintains dedicated autonomous driving and vehicle development teams, incorporating automated operations into design considerations from the product initiation stage to achieve synchronised hardware and software iteration. Consequently, our vehicles have become the preferred partner for an increasing number of autonomous driving enterprises, research institutions, and mining technology departments.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4.2 Product Quality and Safety

The Group employs advanced innovative technologies alongside traditional craftsmanship to deliver aesthetically refined products with outstanding performance. We recognise that product quality responsibility extends throughout the entire value chain – from design and manufacturing to delivery and usage – and remain steadfast in our commitment to product quality and customer service.

#### Product Quality Management

The Group has established a quality management system covering the entire product lifecycle, implementing stringent controls at every stage from conceptual design to market launch. Through the synergistic application of quality planning, quality control, quality improvement, and quality assurance, we achieve rigorous oversight across all phases of the product lifecycle. A dynamic management mechanism based on product quality and safety risk prevention and monitoring has been established, overseeing the entire process from R&D, material procurement, production processes, to shipment. Quality control throughout the production process encompasses material inspection, in-process inspection, final vehicle inspection upon completion, and final vehicle inspection prior to dispatch. Annual internal and external quality system audits are conducted.

1. Establish component incoming inspection standards and conduct incoming inspections on parts;
2. Verify production processes based on critical control points during assembly;
3. Final vehicle inspections upon assembly completion and prior to factory dispatch must be conducted in accordance with inspection standards. Inspection items include: static testing, road testing, figure-eight circuit testing, ramp testing, jacking hydraulic pressure testing, braking distance testing, three-phase comprehensive testing, and charging testing;
4. Battery cells shall undergo mandatory inspection by a third-party organisation in accordance with national standards.
5. The complete vehicle shall undergo type approval testing by a third-party organisation.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Product After-Sales Service Management

Product after-sales service management is strictly implemented in accordance with the Finished Product Inspection Specifications, encompassing post-production line inspection and factory exit inspection. Inspections include static testing, road testing, figure-eight circuit testing, slope testing, hydraulic lift testing, braking distance testing, three-item comprehensive testing, and charging testing.

Safety remains our paramount concern, ensuring users are not exposed to safety risks due to immature technology. We have established a Safety Committee, adhering to the safety principle of “Safety First, Prevention Primarily”. We have established a robust product quality and safety accountability system, committed to driving continuous innovation in product safety technology, enhancing monitoring platform efficiency, optimising after-sales service capabilities, strengthening incident response and handling, and comprehensively safeguarding product and user safety.

The Group has established policies and standard procedures for handling complaints submitted through various channels (such as telephone, email, and WeChat) from retail outlets across different countries. During the reporting period, the Group received 27 complaints from clients, 100% of complaints were related to equipment and parts malfunctions, and all of them have been resolved by replacing the equipment or sending personnel to repair them. Our customer service teams meticulously document and address all customer complaints, investigating underlying causes, following up on issues, and providing resolutions. Dedicated customer service teams operate in each region, supported by a 400 service hotline. Our customer service department operates 24 hours online to address product quality and repair issues, safeguarding our ESG reputation and upholding sustainable development. We meticulously document the key points of customer complaints, investigate underlying causes, and propose resolutions.



## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ISO Certification

The company holds the GB/T 19001-2016/ISO 9001:2015 Quality Management System certification, with the scope of certification extending to subsidiaries including Breton Shandong and Breton Wuhan.



## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4.3 Research, Development and Innovation

Upholding the core value of “pioneering innovation”, the Group adheres to the transformation and upgrading strategy of “high-end, digital-intelligent, and green development”. It has established a technological innovation system and a comprehensive institutional management framework, formulating the Group’s innovation strategy and technological roadmap to steer innovative advancement. The Group’s Chief Technology Officer is responsible for determining the strategic direction of the Group’s technological development, providing advisory opinions and basis for decisions on major technological activities. The Group’s Technology Committee fully leverages and enhances the technical influence of experts to improve the Group’s technological decision-making system.

During the reporting period, we have continuously researched and developed 21 projects, resulting in the launch of 10 new products.

The Company has established a systematic and institutionalised R&D and innovation management system to ensure the effective implementation of technological innovation activities and maximise resource efficiency. The company operates a Central Research Institute as the centralised R&D management department, responsible for coordinating all corporate R&D activities and implementing end-to-end process control covering project initiation, design development, verification and validation, through to commercialisation. R&D projects are managed through a tiered system (A-D grades) and a project manager accountability framework to ensure clear objectives and defined responsibilities.

Regarding innovation mechanisms, the company encourages comprehensive R&D spanning fundamental technological breakthroughs to product optimisation and refinement. Through cross-departmental reviews, phased acceptance assessments, and regular evaluations, the quality and efficiency of R&D are continuously enhanced. Regarding R&D expenditure, the company implements dedicated budget management. The Finance Department conducts independent accounting for each project, standardising fund usage and allocation. Development expenditures meeting capitalisation criteria are capitalised to ensure sustained investment in R&D resources.

### 4.4 Intellectual Property Protection

The Group places high importance on intellectual property protection, having established a comprehensive system covering the entire process from patent applications and technical secrecy to unified management of outcomes. This ensures effective protection and conversion of innovative achievements. Concurrently, through performance assessments of R&D personnel and project-specific incentive measures, the Group stimulates the innovative enthusiasm of technical staff, fostering an organisational environment conducive to long-term innovation.

The Group actively safeguards intellectual property rights, including product patents, trademarks, core technologies, modes of use, and packaging designs. During the reporting period, the Group secured 12 newly authorised patents in China, bringing its cumulative total of authorised patents in China to 163. Overseas, three new patents were authorised, maintaining a cumulative total of three authorised patents. No reports or complaints regarding serious violations of intellectual property laws and regulations were received by the Group during this period. The Group conducted three intellectual property protection training sessions, covering 90% of its employees.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4.5 Privacy Protection and Information Security

The Group strictly adheres to the principal legal and regulatory requirements listed in the Appendix, ensuring that personnel engaged in technological activities possess relevant qualifications and that research facilities and infrastructure comply with stipulated standards. The processing of personal data, including personal privacy data and biometric information, must conform to relevant personal information protection regulations. Activities such as data collection, storage, processing, and utilisation, as well as the development of new technologies for research and development data, must also comply with national data security and personal information protection regulations.

At the technical level, we employ opt-in consent and/or client-confirmed authorisation for data collection, with encrypted storage to guarantee data subjects' rights to information, access, rectification, erasure, and restriction of processing. Measures, including information system access controls, network access and login restrictions, outgoing document audits, keyword identification, and screen watermarking, enhance outgoing information management to prevent privacy breaches.

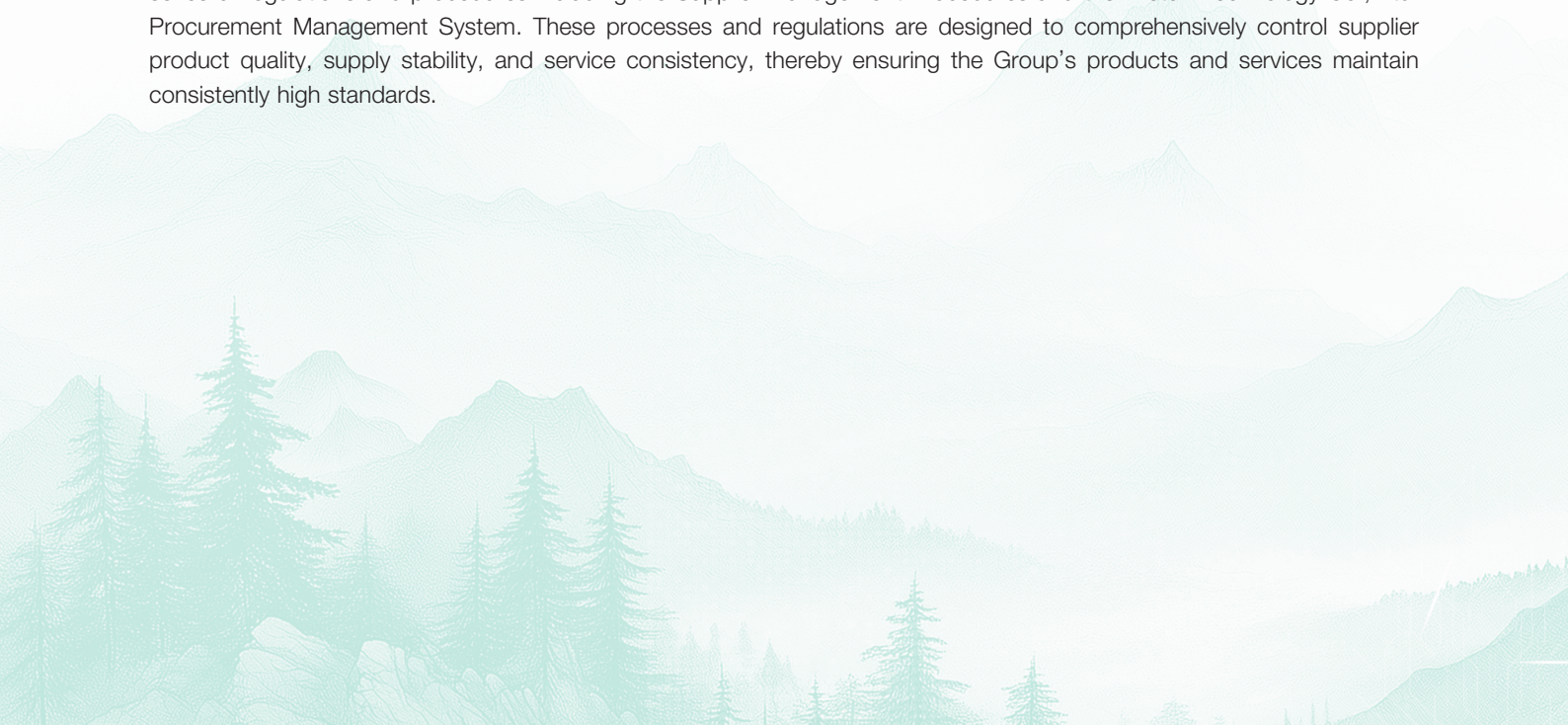
To further enhance information security management, the Company has established a comprehensive prevention and control mechanism, encouraging any employee to immediately report actual or potential information security incidents to the Legal Department via email, ensuring prompt response and resolution. During the reporting period, the Group received no reports or complaints regarding serious breaches of privacy protection and information security laws and regulations.

#### Privacy Reporting Channel

Reporting email: [legal@breton.top](mailto:legal@breton.top)

### 4.6 Responsible Supply Chain

The Group's ability to deliver high-quality products and services to customers in a timely manner is underpinned by a robust and resilient supply chain. The Group has established a comprehensive supplier management system, encompassing a series of regulations and procedures including the Supplier Management Procedures and the Breton Technology Co., Ltd. Procurement Management System. These processes and regulations are designed to comprehensively control supplier product quality, supply stability, and service consistency, thereby ensuring the Group's products and services maintain consistently high standards.



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The Procurement Department is responsible for executing relevant agreements with suppliers, including the General Terms and Conditions of Purchase Contract and Confidentiality Agreements. The Quality Department handles the signing of Quality Agreements with suppliers, while the Technical Department executes Technical Agreements with suppliers as required.

Procurement personnel initiate the Supplier Onboarding process within the system. For mass-production suppliers in manufacturing, the procurement officer submits an application, which is reviewed by the Head of Procurement and the Procurement Director, and becomes effective upon approval by the Chairman. For R&D projects or those requiring urgent and rapid production, the procurement officer initiates the process, which is reviewed by the Head of Procurement and approved by the Procurement Director. Upon approval, if no new product trial production is required, the supplier is added to the approved supplier list. If new product trial production is necessary, the corresponding process is initiated via the OA system. Following quality verification and confirmation, the supplier is included in the approved supplier list.

The Customer Service Department shall submit the collated post-sales issues via the OA system using the “Quality Information Feedback and Rectification” process. Where the Quality Department issues a non-conformance report, the Procurement Department shall notify the supplier of the non-conforming product details and require them to complete root cause analysis and implement corrective actions within the stipulated timeframe.

For production materials deemed non-compliant by Quality, the Quality Department shall issue a determination notice specifying the procurement liaison responsible for subsequent material tracking. The warehouse executes transfers based on the Transfer Request; for replacements, the Procurement Department initiates a replacement request, while returns require the Procurement Department to prepare a return note before transferring it to the warehouse, which processes the Goods Receipt Note as a red-letter document.

To address supply chain risks, we have established a comprehensive supply chain assessment system employing a holistic approach to identify suppliers' environmental, human rights, and corporate governance risks. This encompasses internal risk assessments, external environmental analysis, data and statistical analysis, due diligence, and risk control mechanisms. Building upon this comprehensive initial risk identification, we have implemented a rigorous supplier admission mechanism requiring suppliers to hold relevant certifications, including environmental certifications, to meet green and environmental requirements. During the onboarding of new suppliers in the reporting period, we implemented a management process encompassing integrity agreements, qualification documentation submission, review and evaluation, followed by supplier rectification and re-evaluation. This integrates suppliers' sustainability policies, practices, and performance into the registration, assessment, and audit processes. Initial screening for new suppliers requires companies holding ISO9001 and ISO/IATF16949 certifications to submit copies of their certificates. For companies without any quality system certification, we assess our actual supplier resource requirements and, where necessary, provide guidance to enhance their quality systems, mandating compliance with ISO9001 standards and subsequent certification.

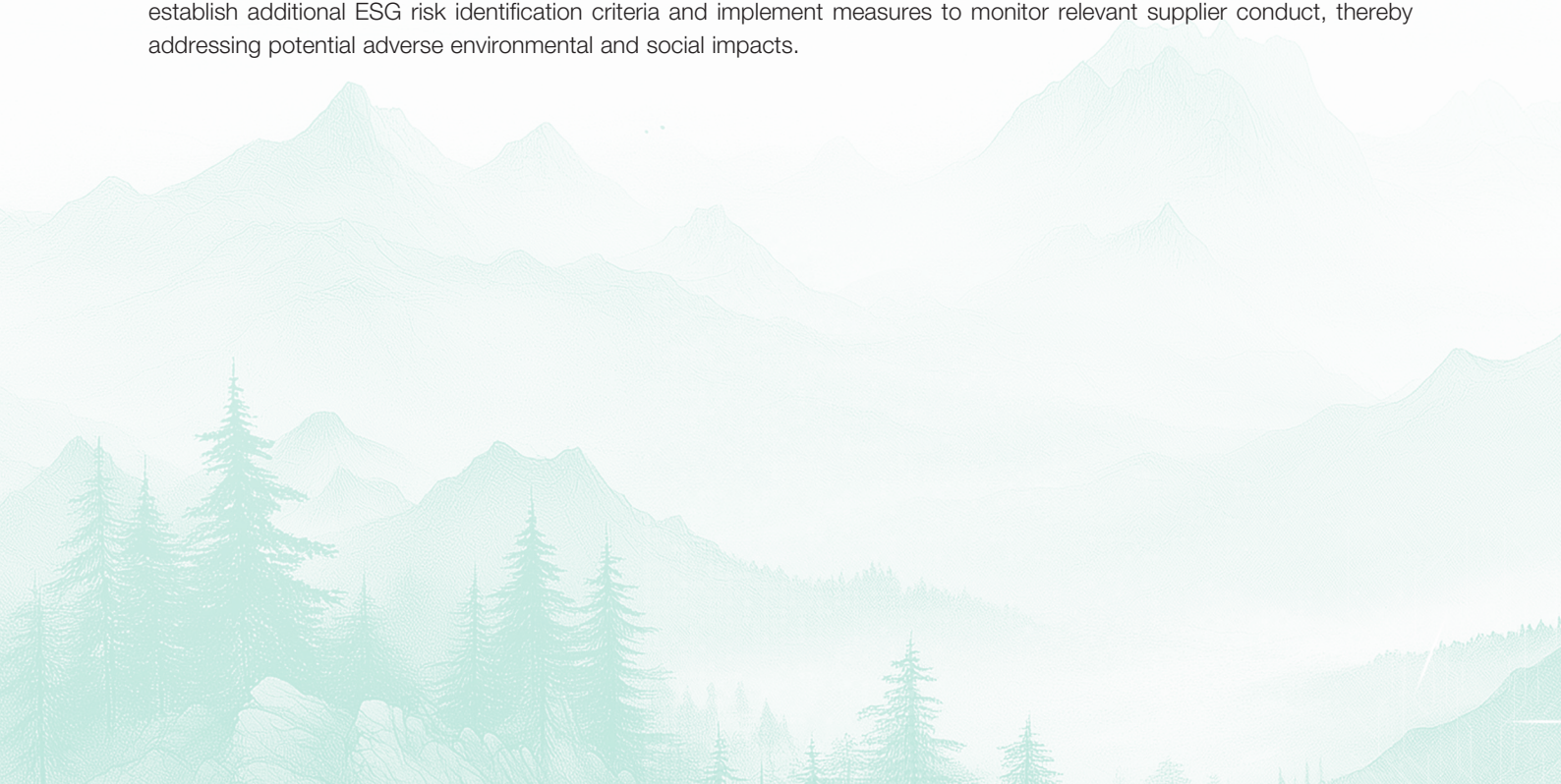
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We emphasise ethical and environmental standards, requiring third-party manufacturers to adhere to these principles throughout production to ensure sustainability compliance. Routine audits maintain performance benchmarks. We foster robust partnerships with suppliers committed to sustainability and possessing robust ESG frameworks. Notably, one of our key suppliers was recognised as one of the “Top Ten Chinese ESG Role Models” by China Media Group in 2023. This supplier has established clear carbon neutrality targets, aiming to achieve carbon neutrality for its core operations by 2025 and across its entire value chain by 2035.

Furthermore, given the bulk and weight of construction machinery, logistics inherently presents significant challenges and risks. Throughout our logistics operations, safety and environmental protection are prioritised. We collaborate with reputable, compliant third-party logistics providers to ensure adherence to transport regulations across all jurisdictions along the supply chain, thereby maintaining safety, reliability, and operational efficiency. To minimise environmental impact, we optimise transport routes to reduce carbon emissions and actively minimise packaging material usage. We select biodegradable and recyclable materials, such as paper cushioning and inflatable film, as alternatives to traditional plastic foam. We also encourage suppliers to adopt sustainable and environmentally friendly packaging solutions.

During the reporting period, we will implement a comprehensive supplier quality training programme. Through diverse methods including technical exchanges and training sessions, we will engage in multi-dimensional dialogue with suppliers to ensure they fully grasp the Group’s rigorous standards regarding product technical characteristics, quality requirements, potential deviations, and safety and environmental considerations. This initiative aims to assist suppliers in enhancing their capabilities in product quality innovation, quality assurance, and technical services. This will strengthen supply chain resilience and reliability while effectively reducing operational costs, thereby further consolidating the Group’s market position and brand influence. The ultimate objective is to ensure products meet the most stringent quality standards from source to final delivery, realising our vision of mutual progress with suppliers.

The Group also recognises the significance of environmental and social risks within supply chain activities, such as unforeseeable and unavoidable circumstances including extreme weather and public emergencies. The Group intends to establish additional ESG risk identification criteria and implement measures to monitor relevant supplier conduct, thereby addressing potential adverse environmental and social impacts.



## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5. Fostering a Harmonious Workplace and Fulfilling Social Responsibility

United Nations Sustainable Development Goals (UNSDGs) addressed in this chapter



“The essence of governance lies in securing the right people.” Breton recognises that talent is the foremost resource for corporate development. During the reporting period, we will implement a more open talent strategy, recruiting individuals without prejudice, motivating contributors, and empowering strivers. As The Analects states: “Advance the upright and set aside the crooked, then the people will submit. “Through equitable mechanisms, expansive platforms, and generous rewards, we shall attract global talent, pool formidable strength, and jointly compose Breton’s glorious chapter.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5.1 Labour Compliance

The Group strictly adheres to relevant International Labour Organisation conventions and the laws and regulations of the countries and regions where it operates. The employment of child labour and forced labour is strictly prohibited. During the reporting period, no instances of child labour or forced labour were identified within the Group.

The Group strictly prohibits the employment of child labour and forced labour in any form. The Human Resources Department rigorously verifies the identity of new employees through multiple compliance procedures, including the collection and verification of original identity documents and onboarding registration forms. The Group explicitly prohibits the employment of child labour in its Staff Handbook. Relevant departments also regularly review employment records and data to ensure no instances of child labour or forced labour occur.

### 5.2 Employment Details and Diversity

#### Employee Details

As of 31 December 2025, there were 334 employees across the Group's operational locations, comprising 330 employees in Mainland China and 4 employees in Hong Kong. All employees within the operational locations are full-time. The male-to-female ratio among employees is approximately 85:15. For further details, please refer to the "Social Performance Data Table" section of this ESG Report.

The Group strictly complies with employment-related laws and regulations in the regions where it operates. For details, please refer to Appendix 4 — "Key Applicable Laws and Regulations". During the reporting period, the Group did not receive any reports or complaints regarding serious violations of employment-related laws and regulations. The Group supports diversity and equal development within its workforce and is committed to eliminating all forms of discrimination and harassment in the workplace. We place high value on team diversity, with members hailing from various ethnic backgrounds including Han, Kazakh, Hui, and Yi. We recruit employees with disabilities, assigning them specific tasks commensurate with their capabilities, thereby fulfilling our corporate social responsibility by empowering them to realise their full potential and enhance their quality of life.

#### Staff Recruitment and Promotion

We standardise key recruitment processes, including the submission of recruitment requirements, interview screening, hiring approvals, and probationary period management. This ensures fairness and transparency in recruitment management, laying a solid foundation for building a healthy and equitable working environment. We are committed to establishing diverse talent development pathways and maintaining transparent, fair promotion mechanisms. This provides employees with an equitable environment for advancement, ensuring that every employee's efforts and talents are treated justly. We adhere to standardised employee management guidelines, covering recruitment, probationary-to-permanent conversion, resignation or dismissal procedures, and handover processes. Further details are outlined in our Recruitment Management System.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Employee Turnover

We strictly adhere to labour contracts and relevant laws and regulations in the countries and regions where we operate to establish employee departure procedures (including resignation and dismissal), safeguarding employee rights. Upon an employee's departure, we conduct exit interviews to understand their reasons for leaving and gather feedback for the Group.

Total Employee Turnover Rate: 36.1%

### 5.3 Remuneration and Benefits

#### Employee Rights

The Group has established a comprehensive remuneration policy covering wages, bonuses, benefits and allowances, aiming to provide fair and market-competitive total rewards to attract, motivate and retain talent. We ensure all employees, regardless of gender, enjoy equal pay, benefits, and promotion opportunities, actively opposing discrimination. Generally, remuneration is determined based on each employee's qualifications, experience, position, and tenure. We strictly comply with local laws and regulations where we operate, providing comprehensive statutory welfare protections.

We regularly update our Staff Handbook, which details leave entitlements, benefits, and rights. A trade union safeguards employee interests. Additional benefits include meal allowances, travel subsidies, festive bonuses, health check-ups, and other employee perks. We organise regular team-building activities and distribute statutory festive benefits to enhance team cohesion and a sense of belonging. For instance, both Shandong Breton and Wuhan Breton within our Group have entered into health examination service agreements with Meinian Health. Shandong Breton distributes peanut oil, mooncakes, zongzi, and white flour as festive benefits to employees. In Shanghai, we distribute E-coupon as festive benefits. Furthermore, we regularly conduct training courses to enhance employees' comprehensive skills and capabilities.

### 5.4 Talent Development Planning

The Group fully recognises the importance of employees continuously enhancing their professional knowledge and skills and has established a comprehensive employee development and training policy. We provide diverse internal and external training opportunities for staff at all levels, including management personnel, sales and marketing staff, and operational and back-office personnel. These encompass induction training, role-specific qualification training, professional knowledge and business skills enhancement, comprehensive management training, and advanced development programmes.

During the reporting period, employees across all locations completed a total of 2,100 training hours, with an average of approximately 6.5 hours per employee.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have established a strategy-driven career development framework grounded in organisational strategy decoding and talent value creation. The management sequence focuses on enhancing organisational effectiveness, targeting role groups with team management responsibilities and resource allocation authority. Leadership competency models are employed to build talent pipelines. The professional sequence emphasises technical depth development, establishing specialist roles in core technical domains. Practitioners must possess systematic professional knowledge and the ability to tackle complex problems, driving business value growth through technological innovation. Group production site sequence talent development requires practitioners to possess practical experience in production operations management, accumulated expertise in audit certification, qualification and competency certification, and quality assurance management practice.

### 5.5 Occupational Health and Safety

The Group consistently prioritises occupational health and safety, establishing “Respect for Life, Safe Development” as its core guiding principle and steadfastly pursuing the ultimate goal of “zero accidents”. To this end, we have formulated and regularly update internal regulations including the Safety Management System, Safety Inspection Management System, Production Safety Operation Specifications, Assembly Operation Safety Specifications, Equipment Safety Operating Procedures, and Production Workshop On-site Management System. This ensures seamless and efficient operation at every level, from top-level design to grassroots implementation.

The Group has established a Work Safety Leadership Team comprising principal officers from all company units, with the General Manager overseeing the organisation and leadership of overall work safety. Its primary responsibilities include exercising comprehensive leadership over the company’s work safety management, researching and formulating work safety measures and labour protection plans, inspecting and supervising production safety, and investigating and handling accidents.

The Group has established a Safety Committee, which conducts random on-site inspections based on issues identified and rectification progress across workshops. Should violations or unresolved rectification items be discovered, responsible departments and personnel will face penalties in accordance with relevant regulations. The Safety Committee is chaired by the company’s Vice President, who bears overall responsibility for safety production management.

We have established comprehensive accident emergency response and investigation procedures, clearly defining the processes and mechanisms for accident reporting, investigation, handling, and subsequent rectification. In the event of a safety or health incident, on-site personnel must immediately report to their department head, who shall promptly notify the Safety Committee. The Safety Committee organises relevant departments to form an investigation team, conducting a thorough inquiry into the cause and sequence of events to ensure effective implementation of corrective measures.

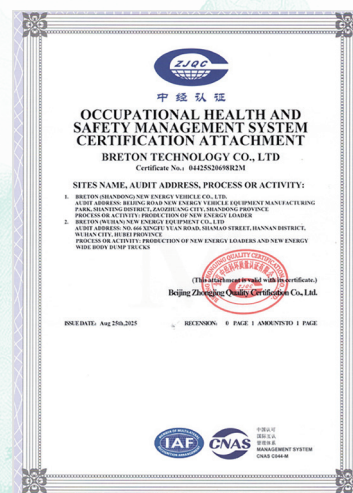
Our employees are central to our business operations, and safeguarding their health and safety underpins our long-term success. We have established a robust health and safety protection system alongside an occupational health and safety risk management framework. Under the guidance of dedicated personnel, we conduct regular occupational safety education and maintain safety facilities. Our standardised safety inspection system incorporates routine oversight methods such as spot checks and patrols to monitor operational conditions in real time. We perform daily safety and environmental inspections, promptly rectifying any non-compliant issues.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We delivered 28 occupational health and safety training sessions totalling 19 hours, with over 600 employees participating.

| Personnel | Duration (Hours) | Sessions | Department | Format                              | Total Duration | Number of Participants |
|-----------|------------------|----------|------------|-------------------------------------|----------------|------------------------|
| 30        | 0.5              | 18       | Production | Course + Meeting + On-site Guidance | 270            | 540                    |
| 25        | 1                | 4        | Equipment  | Meeting                             | 100            | 100                    |
| 15        | 1                | 6        | Process    | Meeting                             | 90             | 90                     |

We have obtained ISO 45001:2018 Occupational Health and Safety Management System certification and ISO 9001:2015 Quality Management System certification.



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We have purchased employer's liability insurance and accident insurance for our employees, and provide pre-employment medical examinations for each staff member. For roles involving specialised occupations, we conduct additional annual occupational health assessments. For employees diagnosed with occupational illnesses, the Human Resources Department will adjust their work assignments as appropriate and promptly determine arrangements for treatment or recuperation. We have organised two large-scale fire drills and crane injury drills to enhance staff safety awareness, equip them to respond appropriately to emergencies, and ensure employee safety.



### 5.6 Social Responsibility

We actively fulfil our corporate social responsibilities, aiming to build a shared future for our company, society, and the environment. In collaboration with third-party financial leasing companies, we have introduced leasing solutions for new energy construction machinery products, alleviating the investment burden on downstream enterprises. Downstream enterprises can obtain the required equipment without incurring substantial upfront capital expenditure, significantly reducing cash flow pressure. This not only contributes to achieving carbon neutrality but also promotes high-quality development. The Group maintains close engagement with communities through active participation in community activities, ensuring business development strategies consider community interests and benefits. During the reporting period, the Group's cumulative charitable donations reached RMB100,000, with a primary focus on the field of national fitness.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Appendix 1 Environmental Performance Data Table

| Environmental Key Performance Indicators |                                                                                     | Unit                                                         | 2025      |
|------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------|
| Total greenhouse gas (GHG) emissions     | Greenhouse gas (GHG) emissions (Scope 1)                                            | Tonnes of CO <sub>2</sub> equivalent                         | 158.13    |
|                                          | Greenhouse gas (GHG) emissions (Scope 2)                                            | Tonnes of CO <sub>2</sub> equivalent                         | 473.74    |
|                                          | Greenhouse gas (GHG) emissions (Scope 3)                                            | Tonnes of CO <sub>2</sub> equivalent                         | 238.91    |
|                                          | Total greenhouse gas (GHG) emissions intensity                                      | Tonnes of CO <sub>2</sub> equivalent per HK\$'000 of revenue | 0.0011    |
| Energy Consumption                       | Total energy consumption                                                            | Megawatt-hour (MWh)                                          | 3,223.62  |
|                                          | Total energy intensity                                                              | MWh/HK\$ thousand in revenue                                 | 0.0041    |
|                                          | Consumption of purchased electricity                                                | Megawatt-hour (MWh)                                          | 892.84    |
|                                          | Clean energy consumption                                                            | Megawatt-hour (MWh)                                          | 1,710.25  |
|                                          | Petrol consumption                                                                  | Megawatt-hour (MWh)                                          | 565.19    |
|                                          | Diesel consumption                                                                  | Megawatt-hour (MWh)                                          | 55.34     |
| Water resource usage                     | Total water consumption                                                             | Cubic metres (m <sup>3</sup> )                               | 14,415.80 |
|                                          | Water consumption intensity                                                         | m <sup>3</sup> /HK\$ thousand in revenue                     | 0.02      |
|                                          | Particulate Matter (PM) emissions                                                   | Kilogram (kg)                                                | 41.57     |
|                                          | Nitrogen Oxides (NO <sub>x</sub> ) emissions                                        | Kilogram (kg)                                                | 449.12    |
|                                          | Sulphur Oxides (SO <sub>x</sub> ) emissions                                         | Kilogram (kg)                                                | 0.94      |
|                                          | Hazardous waste generated <sup>1</sup>                                              | Tonnes                                                       | 0.87      |
|                                          | Hazardous waste intensity                                                           | kg/HK\$ thousand in revenue                                  | 0.0011    |
|                                          | Non-hazardous waste generated <sup>2</sup>                                          | Tonnes                                                       | 0         |
| Packaging materials                      | Total packaging materials used for finished products                                | Tonnes                                                       | 0.165     |
|                                          | Packaging material intensity                                                        | kg/HK\$ thousand in revenue                                  | 0.00021   |
| Environmental management                 | Number of concluded cases of non-compliance with environmental laws and regulations | Cases                                                        | 0         |

1 This primarily comprises oil-based waste generated during our production processes. For prevention, we utilise centralised storage and spill containment pallets, while any contaminated packaging and cloths are disposed of via a qualified third-party service provider.

2 The Group's factories are all final assembly plants. Their core business involves the physical assembly and testing of components provided by upstream suppliers, and does not involve any processes that generate non-hazardous production waste. Consequently, the volume of non-hazardous waste generated during the production process in the reporting period was zero. To continually enhance our environmental management performance, we will proactively coordinate with third parties to refine the statistical scope and accounting methodologies for waste data, thereby further improving the accuracy and comparability of the relevant data in future reports.

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Appendix 2: Social Performance Data Table

| Social Key Performance Indicators                    |                                              | Unit   | 2025    |
|------------------------------------------------------|----------------------------------------------|--------|---------|
| Days lost due to work-related injuries               |                                              | Days   | 168     |
| Number of work-related fatalities                    |                                              | Number | 0       |
| Work-related fatality rate                           |                                              | %      | 0       |
| Number of work-related injury cases                  |                                              | Number | 4       |
| Investment in employee work-related injury insurance |                                              | RMB    | 164,490 |
| Workforce Overview                                   |                                              |        |         |
| By Gender                                            | Female                                       | Number | 52      |
|                                                      | Male                                         | Number | 294     |
| By Employment Type                                   | Total full-time employees                    | Number | 334     |
|                                                      | Interns and other employment types           | Number | 12      |
| By Employee Level                                    | Senior Management                            | Number | 3       |
|                                                      | Middle Management                            | Number | 21      |
|                                                      | General Staff                                | Number | 322     |
| By Geographical Region                               | Mainland China                               | Number | 324     |
|                                                      | Hong Kong, Macau, Taiwan and Overseas        | Number | 22      |
| By Age Group                                         | Number of employees aged 50 and over         | Number | 26      |
|                                                      | Number of employees aged 30 – 50 (exclusive) | Number | 254     |
|                                                      | Number of employees aged 30 and under        | Number | 66      |
| Employee turnover                                    |                                              |        |         |
| Total employee turnover rate                         |                                              | %      |         |
| By Gender                                            | Female                                       | %      | 15      |
|                                                      | Male                                         | %      | 29      |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Social Key Performance Indicators                          |                                              | Unit   | 2025 |
|------------------------------------------------------------|----------------------------------------------|--------|------|
| By Age Group                                               | Number of employees aged 50 and over         | %      | 15   |
|                                                            | Number of employees aged 30 – 50 (exclusive) | %      | 28   |
|                                                            | Number of employees aged 30 and under        | %      | 27   |
| By Geographical Region                                     | Mainland China                               | %      | 28   |
| Training duration                                          |                                              |        |      |
| By Gender                                                  | Female                                       | Hours  | 777  |
|                                                            | Male                                         | Hours  | 4390 |
| By Employee Level                                          | Senior Management                            | Hours  | 53   |
|                                                            | Middle Management                            | Hours  | 149  |
|                                                            | General Staff                                | Hours  | 4965 |
| By Geographical Region                                     | Mainland China                               | Hours  | 5107 |
|                                                            | Hong Kong, Macau, Taiwan and Overseas        | Hours  | 60   |
| Number of employees trained                                |                                              |        |      |
| By Gender                                                  | Female                                       | %      | 100  |
|                                                            | Male                                         | %      | 100  |
| By Employee Level                                          | Senior Management                            | %      | 100  |
|                                                            | Middle Management                            | %      | 100  |
|                                                            | General Staff                                | %      | 100  |
| By Geographical Region                                     | Mainland China                               | %      | 100  |
|                                                            | Hong Kong, Macau, Taiwan and Overseas        | %      | 100  |
| Total number of suppliers                                  |                                              |        |      |
| By Geographical Region                                     | Mainland China                               | Number | 204  |
|                                                            | Hong Kong, Macau, Taiwan and Overseas        | Number | 0    |
| Percentage of suppliers having completed an ESG assessment |                                              | %      | 100  |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Appendix 3: Governance Performance Data Table

| Governance Key Performance Indicators     | Unit     | 2025 |
|-------------------------------------------|----------|------|
| Percentage of female directors            | %        | 10   |
| Board meetings                            | Number   | 9    |
| Overall attendance rate at Board meetings | %        | 98   |
| Anti-corruption training                  | Sessions | 2    |
| Anti-corruption training coverage rate    | %        | 100  |

### Appendix 4: Key Applicable Laws and Regulations

| Scope                                                  | Key Applicable Laws and Regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Anti-Corruption, Business Ethics and Compliance</b> | <ul style="list-style-type: none"> <li>• Anti-Unfair Competition Law of the People's Republic of China</li> <li>• Anti-Money Laundering Law of the People's Republic of China</li> <li>• Supervision Law of the People's Republic of China</li> <li>• Interim Provisions on the Prohibition of Commercial Bribery of the State Administration for Industry and Commerce</li> <li>• Interpretation by the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in Handling Criminal Cases of Embezzlement and Bribery</li> <li>• Interim Provisions on the Prohibition of Commercial Bribery</li> <li>• Competition Ordinance</li> <li>• Prevention of Bribery Ordinance</li> </ul> |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Scope

### Key Applicable Laws and Regulations

#### Environment and Climate Change

- Environmental Protection Law of the People's Republic of China
- Environmental Protection Tax Law of the People's Republic of China
- Water Law of the People's Republic of China
- Water Pollution Prevention and Control Law of the People's Republic of China
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
- Cleaner Production Promotion Law of the People's Republic of China
- Law of the People's Republic of China on the Prevention and Control of Noise Pollution
- Integrated Wastewater Discharge Standard
- Administrative Measures for the Conservation of Electricity
- Regulations on the Conservation of Water
- Standard for Pollution Control on Hazardous Waste Storage
- Environmental Protection Graphic Signs — Solid Waste Storage (Disposal) Sites
- Administrative Measures for the Transfer of Hazardous Waste
- National Catalogue of Hazardous Wastes (2025 Edition)
- Measures for the Prevention and Control of Environmental Pollution by Waste Hazardous Chemicals
- Administrative Measures for the Management of Hazardous Waste Transfer Manifests

#### Employment

- The Labour Law of the People's Republic of China
- The Employment Promotion Law of the People's Republic of China
- The Labour Contract Law of the People's Republic of China
- The Social Insurance Law of the People's Republic of China
- The Law of the People's Republic of China on Mediation and Arbitration of Labour Disputes
- The Law of the People's Republic of China on the Protection of Women's Rights and Interests
- The Employment Promotion Law of the People's Republic of China
- The Interim Provisions on Wage Payment
- The Regulations on the Management of Housing Provident Funds
- The Regulations on Work-Related Injury Insurance
- The Provisions on the Prohibition of Using Child Labour

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| Scope                                              | Key Applicable Laws and Regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Occupational Health and Safety</b>              | <ul style="list-style-type: none"> <li>• The Fire Protection Law of the People's Republic of China</li> <li>• The Production Safety Law of the People's Republic of China</li> <li>• The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</li> <li>• Occupational Health and Safety Management Systems</li> <li>• The Special Provisions on Labour Protection for Female Employees</li> <li>• The Measures for the Determination of Work-Related Injuries</li> </ul> |
| <b>Product Liability</b>                           | <ul style="list-style-type: none"> <li>• The Product Quality Law of the People's Republic of China</li> <li>• The Law of the People's Republic of China on the Protection of Consumer Rights and Interests</li> <li>• The Regulations for the Implementation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests</li> </ul>                                                                                                                                          |
| <b>Privacy Protection and Information Security</b> | <ul style="list-style-type: none"> <li>• The Cybersecurity Law of the People's Republic of China</li> <li>• The Data Security Law of the People's Republic of China</li> <li>• The Personal Information Protection Law</li> <li>• The Information Security Technology – Personal Information Security Specification</li> <li>• The EU General Data Protection Regulation (GDPR)</li> </ul>                                                                                                                       |
| <b>Intellectual Property</b>                       | <ul style="list-style-type: none"> <li>• The Patent Law of the People's Republic of China</li> <li>• The Trademark Law of the People's Republic of China</li> <li>• The Regulations for the Implementation of the Trademark Law of the People's Republic of China</li> </ul>                                                                                                                                                                                                                                     |
| <b>Science and Technology Ethics</b>               | <ul style="list-style-type: none"> <li>• The Law of the People's Republic of China on Progress in Science and Technology</li> <li>• The Measures for the Ethical Review of Science and Technology (for Trial Implementation)</li> </ul>                                                                                                                                                                                                                                                                          |

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### Appendix 5 HKEX ESG Reporting Code Content Index

| <b>A. Environmental</b>     |                                                                                                                                                                                                                                                                    |                                                                       |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Aspect A1: Emissions        |                                                                                                                                                                                                                                                                    |                                                                       |
| General Disclosure          | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions and Waste Management<br>Key Applicable Laws and Regulations |
| KPI A1.1                    | The types of emissions and respective emissions data.                                                                                                                                                                                                              | Environmental Performance Data Table                                  |
| KPI A1.3                    | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                   | Environmental Performance Data Table                                  |
| KPI A1.4                    | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                               | Environmental Performance Data Table                                  |
| KPI A1.5                    | Description of emissions target(s) set and steps taken to achieve them.                                                                                                                                                                                            | Emissions and Waste Management                                        |
| KPI A1.6                    | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.                                                                                                                   | Emissions and Waste Management                                        |
| Aspect A2: Use of Resources |                                                                                                                                                                                                                                                                    |                                                                       |
| General Disclosure          | Policies on the efficient use of resources, including energy, water and other raw materials.                                                                                                                                                                       | Energy and Resource Management                                        |
| KPI A2.1                    | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).                                                                                         | Environmental Performance Data Table                                  |
| KPI A2.2                    | Water consumption in total and intensity (e.g. per unit of production volume, per facility).                                                                                                                                                                       | Environmental Performance Data Table                                  |
| KPI A2.3                    | Description of energy use efficiency target(s) set and steps taken to achieve them.                                                                                                                                                                                | Energy and Resource Management                                        |
| KPI A2.4                    | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.                                                                                                               | Energy and Resource Management                                        |
| KPI A2.5                    | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.                                                                                                                                           | Environmental Performance Data Table                                  |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

|                                                  |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>A. Environmental</b>                          |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| Aspect A3: The Environment and Natural Resources |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| General Disclosure                               | Policies on minimising the issuer's significant impacts on the environment and natural resources.                                                                                                                                                                                                                                     | Committing to Green Development                                         |
| KPI A3.1                                         | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                                                                                                                                                                                                   | Committing to Green Development                                         |
| <b>B. Social</b>                                 |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| Employment and Labour Practices                  |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| Aspect B1: Employment                            |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| General Disclosure                               | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Key Applicable Laws and Regulations<br>Employment Details and Diversity |
| KPI B1.1                                         | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.                                                                                                                                                                                                                      | Social Performance Data Table                                           |
| KPI B1.2                                         | Employee turnover rate by gender, age group and geographical region.                                                                                                                                                                                                                                                                  | Social Performance Data Table                                           |
| Aspect B2: Health and Safety                     |                                                                                                                                                                                                                                                                                                                                       |                                                                         |
| General Disclosure                               | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.                                                                               | Key Applicable Laws and Regulations<br>Occupational Health and Safety   |
| KPI B2.1                                         | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.                                                                                                                                                                                                                     | Social Performance Data Table                                           |
| KPI B2.2                                         | Lost days due to work injury.                                                                                                                                                                                                                                                                                                         | Social Performance Data Table                                           |

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|                                     |                                                                                                                                                                                                    |                                                          |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>B. Social</b>                    |                                                                                                                                                                                                    |                                                          |
| KPI B2.3                            | Description of occupational health and safety measures adopted, and how they are implemented and monitored.                                                                                        | Occupational Health and Safety                           |
| Aspect B3: Development and Training |                                                                                                                                                                                                    |                                                          |
| General Disclosure                  | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.                                                                          | Talent Development Planning                              |
| KPI B3.1                            | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).                                                                                   | Social Performance Data Table                            |
| KPI B3.2                            | The average training hours completed per employee by gender and employee category.                                                                                                                 | Social Performance Data Table                            |
| Aspect B4: Labour Standards         |                                                                                                                                                                                                    |                                                          |
| General Disclosure                  | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Labour Compliance<br>Key Applicable Laws and Regulations |
| KPI B4.1                            | Description of measures to review employment practices to avoid child and forced labour.                                                                                                           | Labour Compliance                                        |
| KPI B4.2                            | Description of steps taken to eliminate such practices when discovered.                                                                                                                            | Labour Compliance                                        |
| Operating Practices                 |                                                                                                                                                                                                    |                                                          |
| Aspect B5: Supply Chain Management  |                                                                                                                                                                                                    |                                                          |
| General Disclosure                  | Policies on managing environmental and social risks of the supply chain.                                                                                                                           | Responsible Supply Chain                                 |
| KPI B5.1                            | Number of suppliers by geographical region.                                                                                                                                                        | Social Performance Data Table                            |
| KPI B5.2                            | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.                                | Responsible Supply Chain                                 |
| KPI B5.3                            | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                                                       | Responsible Supply Chain                                 |
| KPI B5.4                            | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.                                    | Responsible Supply Chain                                 |

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| <b>B. Social</b>                  |                                                                                                                                                                                                                                                                                                |                                                                            |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Aspect B6: Product Responsibility |                                                                                                                                                                                                                                                                                                |                                                                            |
| General Disclosure                | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress | Product Quality and Safety<br>Key Applicable Laws and Regulations          |
| KPI B6.1                          | Percentage of total products sold or shipped subject to recalls for safety and health reasons.                                                                                                                                                                                                 | Product Quality and Safety                                                 |
| KPI B6.2                          | Number of products and service-related complaints received and how they are dealt with.                                                                                                                                                                                                        | Product Quality and Safety                                                 |
| KPI B6.3                          | Description of practices relating to observing and protecting intellectual property rights.                                                                                                                                                                                                    | Intellectual Property Protection                                           |
| KPI B6.4                          | Description of quality assurance process and recall procedures                                                                                                                                                                                                                                 | Product Quality and Safety                                                 |
| KPI B6.5                          | Description of consumer data protection and privacy policies, and how they are implemented and monitored.                                                                                                                                                                                      | Privacy Protection and Information Security                                |
| Aspect B7: Anti-corruption        |                                                                                                                                                                                                                                                                                                |                                                                            |
| General Disclosure                | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.                                                                                 | Business Ethics and Anti-Corruption<br>Key Applicable Laws and Regulations |
| KPI B7.1                          | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.                                                                                                                             | Business Ethics and Anti-Corruption                                        |
| KPI B7.2                          | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.                                                                                                                                                                                 | Business Ethics and Anti-Corruption                                        |
| KPI B7.3                          | Description of anti-corruption training provided to directors and staff.                                                                                                                                                                                                                       | Governance Performance Data Table                                          |

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| <b>B. Social</b>                |                                                                                                                                                                                        |                       |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Community                       |                                                                                                                                                                                        |                       |
| Aspect B8: Community Investment |                                                                                                                                                                                        |                       |
| General Disclosure              | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Social Responsibility |
| KPI B8.1                        | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).                                                                            | Social Responsibility |
| KPI B8.2                        | Resources contributed (e.g. money or time) to the focus area.                                                                                                                          | Social Responsibility |

### Appendix 6 Climate-related Disclosure Content Index

| Category   | Subcategory                             | Descriptions                                                                                                                                                                                            | Corresponding Section/Implementation Reliefs Applied           |
|------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Governance |                                         | Information about the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.                                                                         | Sustainable Governance Response to Climate Change – Governance |
| Governance |                                         | Information about the management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.                               | Sustainable Governance Response to Climate Change – Governance |
| Strategy   | Climate-related risks and opportunities | Description of the reasonably expected climate-related risks and opportunities that could affect the issuer's cash flows, financing channels or cost of capital in the short, medium, or long term.     | Response to Climate Change – Strategy                          |
|            |                                         | For each climate-related risk identified by the issuer, explanation of whether the issuer considers the risk to be related to climate-related physical factors or climate-related transitional factors. |                                                                |
|            |                                         | Specification of the time frame (short term, medium term or long term) during which each identified climate-related risk and opportunity is reasonably expected to impact the issuer.                   |                                                                |
|            |                                         | Explanation of how the issuer defines short term, medium term and long term and how these definitions are linked to the scope of its strategic decision-making planning.                                |                                                                |

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| Category | Subcategory                    | Descriptions                                                                                                                                                                                                                                                                                                                                                                       | Corresponding Section/Implementation Reliefs Applied              |
|----------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Strategy | Business model and value chain | Description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.                                                                                                                                                                                                                                      | Response to Climate Change – Strategy                             |
|          |                                | Description of where climate-related risks and opportunities are concentrated within the issuer's business model and value chain (e.g., geographical regions, facilities and types of assets).                                                                                                                                                                                     |                                                                   |
| Strategy | Strategy and decision-making   | Information about how the issuer has addressed and plans to address significant climate related risks and opportunities in its strategies and decisions, including how the issuer plans to achieve any climate-related targets it has set and any targets required by law or regulation.                                                                                           | Response to Climate Change – Strategy                             |
|          |                                | Information about how the issuer currently plans to provide resources for its actions to address significant climate-related risks and opportunities, both presently and in the future.                                                                                                                                                                                            |                                                                   |
| Strategy | Current financial effect       | Information about how climate-related risks and opportunities affect an issuer's financial position, financial performance and cash flows during the reporting period.                                                                                                                                                                                                             | Response to Climate Change – Strategy<br>Financial Effects Relief |
|          |                                | Information about how climate-related risks and opportunities affect the issuer's financial position, financial performance and cash flows identification during the reporting period when there is a significant risk that will cause significant adjustments to the carrying amounts of assets and liabilities in the relevant financial statements for the next reporting year. |                                                                   |
| Strategy | Anticipated financial effect   | Disclosure of how the issuer anticipates its financial position to change in the short, medium and long term, given its strategy to manage climate-related risks and opportunities, and taking into account its investment and disposal plans and planned sources of funding to implement its strategy.                                                                            | Financial Effects Relief<br>Capabilities Relief                   |
|          |                                | Disclosure of how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.                                                                                                                                                                                |                                                                   |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Category            | Subcategory        | Descriptions                                                                                                                                                                                                                                                                             | Corresponding Section/Implementation Reliefs Applied                  |
|---------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Strategy            | Climate resilience | Disclosure of the issuer’s assessment of its climate resilience as at the reporting date.                                                                                                                                                                                                | Reasonable Information Relief                                         |
|                     |                    | Disclosure of how and when to conduct climate-related scenario analysis                                                                                                                                                                                                                  | Capabilities Relief                                                   |
| Risk Management     |                    | Information about the processes and related policies used by issuers to identify, assess, prioritise and monitor climate-related risks.                                                                                                                                                  | Response to Climate Change – Risk Management                          |
| Risk Management     |                    | Information about the processes used by issuers to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities). | Response to Climate Change – Risk Management                          |
| Risk Management     |                    | Information about the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring of climate-related risks and opportunities are integrated and inform the issuer’s overall risk management process.                                                 | Response to Climate Change – Risk Management                          |
| Metrics and Targets | GHG emissions      | Disclosure of the absolute gross GHG emissions generated during the reporting period, expressed as metric tons of CO <sub>2</sub> equivalent, classified as:<br><br>(a) Scope 1 GHG emissions;<br><br>(b) Scope 2 GHG emissions; and<br><br>(c) Scope 3 GHG emissions.                   | Environmental Performance Data Table<br>Reasonable Information Relief |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Category            | Subcategory   | Descriptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Corresponding Section/Implementation Reliefs Applied                                                                                                                                                                                                                                                    |
|---------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metrics and Targets | GHG emissions | Measurement of greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.                                                                                                                                                                             | The Group measures and discloses its GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).                                                                                                                                                |
|                     |               | Disclosure of the approach used to measure its GHG emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; | Environmental Performance Data Table<br><br>We have selected these measurement approaches to ensure regulatory compliance with HKEX requirements.<br><br>The Company made no changes to the measurement approach, inputs and assumptions used to measure its GHG emissions during the Reporting Period. |
|                     |               | Disclosure of the location-based Scope 2 GHG emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 GHG emissions.                                                                                                                                                                                                                                                                                      | Environmental Performance Data Table                                                                                                                                                                                                                                                                    |
|                     |               | Disclosure of the categories that included within the issuer's measure of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).                                                                                                                                                                                                                              | Environmental Performance Data Table                                                                                                                                                                                                                                                                    |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Category            | Subcategory                      | Descriptions                                                                                                                                                                                                                                                                                                                                                                                                                              | Corresponding Section/Implementation Reliefs Applied                                                                                                                      |
|---------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metrics and Targets | Climate-related transition risks | Disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks.                                                                                                                                                                                                                                                                                                                  | Reasonable Information Relief                                                                                                                                             |
| Metrics and Targets | Climate-related physical risks   | Disclosure of the amount and percentage of assets or business activities vulnerable to climate-related physical risks.                                                                                                                                                                                                                                                                                                                    | Reasonable Information Relief                                                                                                                                             |
| Metrics and Targets | Climate-related opportunities    | Disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities.                                                                                                                                                                                                                                                                                                                      | Reasonable Information Relief                                                                                                                                             |
| Metrics and Targets | Capital deployment               | Disclosure of the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.                                                                                                                                                                                                                                                                                                        | During the Reporting Period, the Group did not undertake any capital expenditure, financing or investments related to climate-related risks and opportunities.            |
| Metrics and Targets | Internal carbon prices           | Disclosure of:<br><br>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and<br><br>(b) the price of each metric tonne of GHG emissions the issuer uses to assess the costs of its GHG emissions;<br><br>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | By the end of the Reporting Period, the Group had not yet applied an internal carbon pricing mechanism in its internal decision-making processes.                         |
| Metrics and Targets | Remuneration                     | Disclosure of whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.                                                                                                                                                                                                                                                                                                 | By the end of the Reporting Period, specific climate-related performance metrics have not yet been directly incorporated into the Group's remuneration assessment system. |

## 9. 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Category            | Subcategory             | Descriptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Corresponding Section/Implementation Reliefs Applied                                                                                                                                                                                             |
|---------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metrics and Targets | Industry-based metrics  | Encouragement to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.                                                                                                                                                                                                                                                                                                                                                                                                   | During the Reporting Period, the Group had not yet referenced other industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in our industry. |
| Metrics and Targets | Climate-related targets | Disclosure of (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any GHG emissions targets.                                                                                                                                                                                                                                                                                                                                  | Response to Climate Change – Metrics and Targets                                                                                                                                                                                                 |
|                     |                         | Information about the issuer's approach to setting and reviewing each target, and how the issuer monitors progress against each target.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Response to Climate Change – Metrics and Targets                                                                                                                                                                                                 |
|                     |                         | Information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Response to Climate Change – Metrics and Targets                                                                                                                                                                                                 |
|                     |                         | For each GHG emissions target disclosed, disclosure of: which GHG are covered by the target; whether Scope 1, Scope 2 or Scope 3 GHG emissions are covered by the target; whether the target is a gross GHG emissions target or a net GHG emissions target. If the issuer discloses a net GHG emissions target, the issuer is also required to separately disclose its associated gross GHG emissions target; whether the target was derived using a sectoral decarbonisation approach; and the issuer's planned use of carbon credits to offset GHG emissions to achieve any net GHG emissions target. | Response to Climate Change – Metrics and Targets                                                                                                                                                                                                 |

## 10. DEFINITIONS

|                                 |                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Audit Committee”               | the audit committee of the Board                                                                                                                                                                                                                                                                                    |
| “Board” or “Board of Directors” | the board of Directors of the Company                                                                                                                                                                                                                                                                               |
| “Corporate Governance Code”     | the Corporate Governance Code set out in Appendix C1 to the Listing Rules                                                                                                                                                                                                                                           |
| “Company”                       | Breton Technology Co., Ltd. (博雷頓科技股份有限公司), a limited liability company established under the laws of the PRC on November 28, 2016 and converted into a joint stock company with limited liability on November 23, 2022, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1333) |
| “Director(s)”                   | the Director(s) of the Company                                                                                                                                                                                                                                                                                      |
| “Breton Smart Electric”         | Breton Smart Electric (Shanghai) Technology Co., Ltd. (博雷頓智電(上海)科技有限公<br>司) (formerly known as: Baipin (Shanghai) Intelligent Technology Co., Ltd.), a limited liability company established under the laws of the PRC and a subsidiary of the Company                                                              |
| “Breton Intelligent”            | Breton (Shanghai) Intelligent Technology Co., Ltd., a limited liability company established under the laws of the PRC and a subsidiary of the Company                                                                                                                                                               |
| “Connected Person(s)”           | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                                                              |
| “Domestic Share(s)”             | ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in RMB and not listed or traded on any stock exchange                                                                                                                           |
| “Global Offering”               | has the meaning ascribed thereto in the prospectus of the Company dated April 25, 2025                                                                                                                                                                                                                              |
| “Group”, “we” or “us”           | the Company and its subsidiaries                                                                                                                                                                                                                                                                                    |
| “H Share(s)”                    | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars                                                                                                          |
| “HK\$” or “Hong Kong dollars”   | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                 |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                              |
| “Latest Practicable Date”       | April 28, 2026, being the latest practicable date for ascertaining certain information in this annual report before its publication                                                                                                                                                                                 |
| “Listing”                       | the listing of the H Shares on the Main Board                                                                                                                                                                                                                                                                       |

## 10. DEFINITIONS

|                                                   |                                                                                                                                                                                            |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Listing Date”                                    | May 7, 2025, being the date on which the H Shares were listed and approved for trading on the Main Board                                                                                   |
| “Listing Rules”                                   | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time                                 |
| “Main Board”                                      | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange |
| “Model Code”                                      | The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules                                                                   |
| “PRC” or “China”                                  | the People’s Republic of China, which for the purpose of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Placing Agreement”                               | The placing agreement entered into by the Company and the placing agent on November 14, 2025 (after trading hours) in relation to the placing under the general mandate                    |
| “Prospectus”                                      | the prospectus of the Company dated April 25, 2025                                                                                                                                         |
| “Reporting Period”                                | As of the end of the Reporting Period                                                                                                                                                      |
| “RMB”                                             | Renminbi, the lawful currency of the PRC                                                                                                                                                   |
| “Share(s)”                                        | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)                                                    |
| “Shareholder(s)”                                  | holder(s) of the Share(s) of the Company                                                                                                                                                   |
| “Stock Exchange” or<br>“Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited                                                                             |
| “Shanghai Fangao”                                 | Shanghai Fangao Business Consulting Partnership (Limited Partnership) (上海方翱商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on September 11, 2018              |
| “Shanghai Fangzhanbo”                             | Shanghai Fangzhanbo Business Consulting Partnership (Limited Partnership) (上海方展博商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on August 26, 2022            |

## 10. DEFINITIONS

|                         |                                                                                                                                                                                                                                                                                                         |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Shanghai Jifang”       | Shanghai Jifang Business Consulting Partnership (Limited Partnership) (上海驥方商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on January 14, 2022, formerly known as Ningbo Breton Enterprise Management Consulting Partnership (Limited Partnership) (寧波博雷頓企業管理諮詢合夥企業(有限合夥)) |
| “Supervisor(s)”         | member(s) of the Supervisory Committee                                                                                                                                                                                                                                                                  |
| “Supervisory Committee” | the supervisory committee of the Company                                                                                                                                                                                                                                                                |
| “treasury share(s)”     | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                                                  |
| “subsidiary(ies)”       | has the meaning ascribed to it under section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)                                                                                                                                                                                       |
| “%”                     | per cent                                                                                                                                                                                                                                                                                                |



## INDEPENDENT AUDITOR'S REPORT



### **Independent auditor's report to the shareholders of Breton Technology Co., Ltd.**

*(Incorporated in the People's Republic of China with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Breton Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 159 to 235, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Timing of revenue recognition on sales of new energy engineering machinery

*Refer to Note 4 to the consolidated financial statements and the accounting policies on page 181 to 182.*

| The Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>For the year ended 31 December 2025, revenue from sales of Battery-electric vehicles and spare parts and accessories ("new energy engineering machinery") amounted to RMB768,264,000 was recognised in the Group's consolidated statement of profit and loss.</p> <p>Revenue from sales of new energy engineering machinery is recognised when the Group satisfies the performance obligation by transferring the control over products promised in the contract with customer, which is the point of time when products are delivered at the customers' premises and the customers have accepted and taken possession of the products.</p> <p>We identified timing of revenue recognition on sales of new energy engineering machinery as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there may be an incentive for management to advance or delay the timing of revenue recognition to the incorrect accounting period to meet performance expectations or targets.</p> | <p>Our audit procedures to assess the recognition of revenue on sales of new energy engineering machinery included the following:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales of new energy engineering machinery;</li> <li>inspecting customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to goods acceptance and the right of return and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;</li> <li>comparing, on a sample basis, revenue transactions recorded during the year with the corresponding customer contracts, goods acceptance notes ("underlying documentation") to assess whether the related revenue was recognised in accordance with the Group's accounting policies;</li> </ul> |

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS (CONTINUED)

#### Timing of revenue recognition on sales of new energy engineering machinery

*Refer to Note 4 to the consolidated financial statements and the accounting policies on page 181 to 182.*

| The Key Audit Matter | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      | <ul style="list-style-type: none"><li>• comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying documentation to assess whether the related revenue had been recognised in the appropriate accounting period; and</li><li>• identifying significant sales returns from the sales ledger after the period end and inspecting the underlying documentation to assess if the related adjustments to revenue had been accounted for in the appropriate accounting period.</li></ul> |

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Expected credit loss allowance of trade debtors

Refer to Notes 17 and 20 to the consolidated financial statements and the accounting policies on page 171 to 174.

#### The Key Audit Matter

Trade debtors include trade receivables and long-term trade receivables under installment arrangements. As at 31 December 2025, the Group's gross carrying amounts of the trade receivables and the long-term trade receivables under installment arrangements were RMB633,027,000 and RMB79,161,000, respectively, and the expected credit loss ("ECL") allowances were RMB249,306,000 and RMB12,174,000, respectively.

Management measures the loss allowance which takes into account loss given default, probability of default and forward-looking information, with reference to a valuation report prepared by an external valuer appointed by management.

We identified the ECL allowance for trade debtors as a key audit matter because trade debtors and ECL allowance are material to the Group's financial statements, and the assessment of ECL is inherently subjective and requires significant management judgements.

#### How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance for trade debtors included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls relating to the assessment of ECL allowance;
- evaluating the Group's policy for estimating the ECL allowance with reference to the requirements of the applicable accounting standards;
- assessing the competence, capabilities and objectivity of the external valuer;
- on a sample basis, selecting items to test the ageing and other supporting information or documents on which management bases the loss allowance assessment;
- assessing the appropriateness of management's estimates with the assistance of our internal valuation specialist, including assessing the reasonableness of probability of default, loss given default and adjustment for forwarding-looking information with reference to market condition; and
- assessing the related disclosures in the consolidated financial statements with reference to the requirements of the applicable accounting standards.

## INDEPENDENT AUDITOR'S REPORT

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company (the "Audit Committee") in discharging their responsibilities for overseeing the Group's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo (practising certificate number: P04854).

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025

(Expressed in Renminbi)

|                                                                                                   | Note | For the year ended 31 December |                 |
|---------------------------------------------------------------------------------------------------|------|--------------------------------|-----------------|
|                                                                                                   |      | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Revenue</b>                                                                                    | 4(a) | <b>779,483</b>                 | 635,457         |
| Cost of sales                                                                                     |      | <b>(693,309)</b>               | (598,618)       |
| <b>Gross profit</b>                                                                               |      | <b>86,174</b>                  | 36,839          |
| Other net gain                                                                                    | 5    | <b>5,950</b>                   | 24,617          |
| Selling expenses                                                                                  |      | <b>(67,640)</b>                | (59,720)        |
| Administrative expenses                                                                           |      | <b>(98,896)</b>                | (109,264)       |
| Research and development costs                                                                    |      | <b>(69,706)</b>                | (81,707)        |
| Impairment loss on trade and other receivables,<br>contract assets and financial guarantee issued | 6(c) | <b>(120,119)</b>               | (83,097)        |
| <b>Loss from operations</b>                                                                       |      | <b>(264,237)</b>               | (272,332)       |
| Finance income                                                                                    | 6(a) | <b>8,332</b>                   | 10,547          |
| Finance costs                                                                                     | 6(a) | <b>(18,796)</b>                | (9,187)         |
| Share of results of associates                                                                    |      | <b>(5,456)</b>                 | (3,485)         |
| <b>Loss before taxation</b>                                                                       | 6    | <b>(280,157)</b>               | (274,457)       |
| Income tax                                                                                        | 7(a) | <b>(38,045)</b>                | (90)            |
| <b>Loss for the year</b>                                                                          |      | <b>(318,202)</b>               | (274,547)       |
| <b>Attributable to:</b>                                                                           |      |                                |                 |
| Equity shareholders of the Company                                                                |      | <b>(318,629)</b>               | (274,547)       |
| Non-controlling interests                                                                         |      | <b>427</b>                     | –               |
| <b>Loss for the year</b>                                                                          |      | <b>(318,202)</b>               | (274,547)       |
| <b>Loss per share</b>                                                                             | 10   |                                |                 |
| – Basic and diluted (RMB)                                                                         |      | <b>(0.86)</b>                  | (0.78)          |

The notes on pages 165 to 235 form part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi)

|                                                                                                                           | Note  | For the year ended 31 December |                 |
|---------------------------------------------------------------------------------------------------------------------------|-------|--------------------------------|-----------------|
|                                                                                                                           |       | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Loss for the year</b>                                                                                                  |       | <b>(318,202)</b>               | (274,547)       |
| <b>Other comprehensive income for the year<br/>(after tax and reclassification adjustments)</b>                           |       |                                |                 |
| Items that will not be reclassified to profit or loss:                                                                    |       |                                |                 |
| Equity investments at fair value through other comprehensive income – net movement in fair value reserves (not recycling) | 28(e) | 7,936                          | 1,051           |
| <b>Other comprehensive income for the year</b>                                                                            |       | <b>7,936</b>                   | 1,051           |
| <b>Total comprehensive income for the year</b>                                                                            |       | <b>(310,266)</b>               | (273,496)       |
| <b>Attributable to:</b>                                                                                                   |       |                                |                 |
| Equity shareholders of the Company                                                                                        |       | (310,950)                      | (273,496)       |
| Non-controlling interests                                                                                                 |       | 684                            | –               |
| <b>Total comprehensive income for the year</b>                                                                            |       | <b>(310,266)</b>               | (273,496)       |

The notes on pages 165 to 235 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

|                                              |       | At 31 December  |                 |
|----------------------------------------------|-------|-----------------|-----------------|
|                                              | Note  | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Non-current assets</b>                    |       |                 |                 |
| Property, plant and equipment                | 11    | 507,864         | 165,303         |
| Other investments                            | 12    | 55,752          | 41,735          |
| Right-of-use assets                          | 13    | 116,989         | 106,559         |
| Intangible assets                            | 14    | 2,332           | 2,961           |
| Interest in associates                       | 16    | 24,450          | 28,482          |
| Other non-current assets                     | 17    | 225,126         | 73,660          |
|                                              |       | 932,513         | 418,700         |
| <b>Current assets</b>                        |       |                 |                 |
| Inventories                                  | 18    | 179,192         | 259,023         |
| Contract assets                              | 19(a) | 21,606          | 1,322           |
| Trade and other receivables                  | 20    | 651,820         | 555,833         |
| Pledged bank deposits                        | 21    | 111,785         | 4,208           |
| Cash and cash equivalents                    | 21    | 350,312         | 199,254         |
|                                              |       | 1,314,715       | 1,019,640       |
| <b>Current liabilities</b>                   |       |                 |                 |
| Loans and borrowings                         | 22    | 496,654         | 267,197         |
| Trade and other payables                     | 23    | 632,746         | 374,539         |
| Provision                                    | 25    | 19,076          | 16,472          |
| Contract liabilities                         | 19(b) | 4,288           | 3,655           |
| Lease liabilities                            | 24    | 5,407           | 3,222           |
| Income tax payables                          |       | 38,042          | —               |
|                                              |       | 1,196,213       | 665,085         |
| <b>Net current assets</b>                    |       | 118,502         | 354,555         |
| <b>Total assets less current liabilities</b> |       | 1,051,015       | 773,255         |

The notes on pages 165 to 235 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

|                                                                        | Note  | At 31 December  |                 |
|------------------------------------------------------------------------|-------|-----------------|-----------------|
|                                                                        |       | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Non-current liabilities</b>                                         |       |                 |                 |
| Loans and borrowings                                                   | 22    | 224,821         | 85,116          |
| Lease liabilities                                                      | 24    | 13,310          | 2,606           |
| Deferred tax liabilities                                               |       | 5,897           | 3,252           |
|                                                                        |       | 244,028         | 90,974          |
| <b>NET ASSETS</b>                                                      |       | 806,987         | 682,281         |
| <b>CAPITAL AND RESERVES</b>                                            |       |                 |                 |
| Share capital                                                          | 27(c) | 389,652         | 366,652         |
| Reserves                                                               |       | 398,152         | 315,629         |
| <b>Total equity attributable to equity shareholders of the Company</b> |       | 787,804         | 682,281         |
| <b>Non-controlling interests</b>                                       |       | 19,183          | –               |
| <b>TOTAL EQUITY</b>                                                    |       | 806,987         | 682,281         |

Approved and authorised for issue by the board of directors on 30 March 2026.

Chen Fangming  
Chairman

Yang Hui  
Director

The notes on pages 165 to 235 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi)

| Attributable to equity shareholders of the Company                     |                                |                   |                  |                  |                    |                    |                |                           |                |
|------------------------------------------------------------------------|--------------------------------|-------------------|------------------|------------------|--------------------|--------------------|----------------|---------------------------|----------------|
| Note                                                                   | Shares held for the Restricted |                   | Share premium    | Capital reserve  | Fair value reserve | Accumulated losses | Total          | Non-controlling interests | Total equity   |
|                                                                        | Share capital                  | Share Scheme      |                  |                  |                    |                    |                |                           |                |
|                                                                        | RMB'000                        | RMB'000           | RMB'000          | RMB'000          | RMB'000            | RMB'000            | RMB'000        | RMB'000                   | RMB'000        |
|                                                                        | (Note 27(c))                   | (Note 27(e)(iii)) | (Note 27(e)(i))  | (Note 27(e)(ii)) | (Note 27(e)(iv))   |                    |                |                           |                |
| <b>Balance at 1 January 2024</b>                                       | 366,652                        | (11,600)          | 892,324          | 42,368           | 8,705              | (376,150)          | 922,299        | -                         | 922,299        |
| <b>Changes in equity for 2024:</b>                                     |                                |                   |                  |                  |                    |                    |                |                           |                |
| Loss for the year                                                      | -                              | -                 | -                | -                | -                  | (274,547)          | (274,547)      | -                         | (274,547)      |
| Other comprehensive income                                             | 27(d)                          | -                 | -                | -                | 1,051              | -                  | 1,051          | -                         | 1,051          |
| Total comprehensive income                                             |                                | -                 | -                | -                | 1,051              | (274,547)          | (273,496)      | -                         | (273,496)      |
| Equity settled share-based payment                                     | 26                             | -                 | -                | 33,478           | -                  | -                  | 33,478         | -                         | 33,478         |
| <b>Balance at 31 December 2024 and 1 January 2025</b>                  | <b>366,652</b>                 | <b>(11,600)</b>   | <b>892,324</b>   | <b>75,846</b>    | <b>9,756</b>       | <b>(650,697)</b>   | <b>682,281</b> | <b>-</b>                  | <b>682,281</b> |
| <b>Changes in equity for 2025:</b>                                     |                                |                   |                  |                  |                    |                    |                |                           |                |
| (Loss)/profit for the year                                             |                                | -                 | -                | -                | -                  | (318,629)          | (318,629)      | 427                       | (318,202)      |
| Other comprehensive income                                             | 27(d)                          | -                 | -                | -                | 7,679              | -                  | 7,679          | 257                       | 7,936          |
| Total comprehensive income                                             |                                | -                 | -                | -                | 7,679              | (318,629)          | (310,950)      | 684                       | (310,266)      |
| Capital injection by non-controlling interests                         |                                | -                 | -                | 1,501            | -                  | -                  | 1,501          | 18,499                    | 20,000         |
| Issuance of H shares by initial public offering, net of issuance costs | 27(c)(i)                       | 13,000            | -                | 164,377          | -                  | -                  | 177,377        | -                         | 177,377        |
| Issuance of H shares by placement, net of issuance costs               | 27(c)(ii)                      | 10,000            | -                | 208,387          | -                  | -                  | 218,387        | -                         | 218,387        |
| Shares vested under Restricted Share Scheme                            |                                | -                 | 10,534           | -                | -                  | -                  | 10,534         | -                         | 10,534         |
| Equity settled share-based payment                                     | 26                             | -                 | -                | 8,674            | -                  | -                  | 8,674          | -                         | 8,674          |
| <b>Balance at 31 December 2025</b>                                     | <b>389,652</b>                 | <b>(1,066)</b>    | <b>1,265,088</b> | <b>86,021</b>    | <b>17,435</b>      | <b>(969,326)</b>   | <b>787,804</b> | <b>19,183</b>             | <b>806,987</b> |

The notes on pages 165 to 235 form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi)

|                                                                                   |           | For the year ended 31 December |                  |
|-----------------------------------------------------------------------------------|-----------|--------------------------------|------------------|
|                                                                                   | Note      | 2025<br>RMB'000                | 2024<br>RMB'000  |
| <b>Operating activities:</b>                                                      |           |                                |                  |
| Cash used in operations                                                           | 21(b)     | (182,950)                      | (280,385)        |
| Interest received                                                                 | 6(a)      | 8,332                          | 10,547           |
| Income tax paid                                                                   |           | (3)                            | (113)            |
| <b>Net cash used in operating activities</b>                                      |           | <b>(174,621)</b>               | <b>(269,951)</b> |
| <b>Investing activities:</b>                                                      |           |                                |                  |
| Payments for purchase of property, plant and equipment and intangible assets      |           | (358,117)                      | (80,893)         |
| Payments for purchase of land use rights                                          |           | (11,333)                       | (37,386)         |
| Proceeds from disposal of property, plant and equipment                           |           | 294                            | 197              |
| Increase of pledged deposits and other deposits for property, plant and equipment |           | (34,136)                       | –                |
| Proceeds from disposal of other investment                                        |           | –                              | 200              |
| Payment for investments in associates                                             |           | (600)                          | (18,155)         |
| Payment for equity investment measured at FVPL                                    | 12        | (1,500)                        | –                |
| Dividends received from an associate                                              |           | 170                            | –                |
| Dividends received from other investments                                         | 12        | 333                            | 333              |
| <b>Net cash used in investing activities</b>                                      |           | <b>(404,889)</b>               | <b>(135,704)</b> |
| <b>Financing activities:</b>                                                      |           |                                |                  |
| Net proceeds from issuance of H shares by initial public offering                 |           | 179,821                        | –                |
| Net proceeds from issuance of H shares by placement                               | 27(c)(ii) | 218,387                        | –                |
| Proceeds from loans and borrowings                                                | 21(c)     | 525,355                        | 275,913          |
| Repayment of loans and borrowings                                                 | 21(c)     | (157,512)                      | (77,033)         |
| Interest paid for interest-bearing borrowings                                     |           | (17,087)                       | (9,226)          |
| Increase of pledged deposits and other deposits for loans and borrowings          |           | (34,356)                       | –                |
| Payment of listing expenses                                                       |           | (944)                          | (1,081)          |
| Capital injection by non-controlling interests                                    |           | 20,000                         | –                |
| Capital element of lease rentals paid                                             | 21(c)     | (2,706)                        | (5,062)          |
| Interest element of lease rentals paid                                            | 21(c)     | (390)                          | (674)            |
| <b>Net cash generated from financing activities</b>                               |           | <b>730,568</b>                 | <b>182,837</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       |           | <b>151,058</b>                 | <b>(222,818)</b> |
| <b>Cash and cash equivalents at 1 January</b>                                     |           | <b>199,254</b>                 | <b>422,072</b>   |
| <b>Cash and cash equivalents at 31 December</b>                                   | 21        | <b>350,312</b>                 | <b>199,254</b>   |

The notes on pages 165 to 235 form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 1 GENERAL INFORMATION

Breton Technology Co., Ltd. (the “Company”) (博雷頓科技股份有限公司) was established as a limited liability company in Shanghai, the People’s Republic of China (the “PRC”) on 28 November 2016. The Company was converted into a joint stock company with limited liability on 23 November 2022. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 7 May 2025.

The Company and its subsidiaries (the “Group”) are principally engaged in research and development, manufacturing and sale of new energy engineering machinery in the PRC during the reporting periods.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Accounting Standards (“IASs”), and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Other investments in equity securities (see Note 2(f));

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (Continued)

The Directors are of the opinion that, taking into account of the available banking facilities and internal financial resources of the Group, the Group has adequate resources to continue in operational existence for the foreseeable future. Mr. Chen Fangming, the controlling shareholder, also has committed to provide the necessary financial support, as and when needed, to support the Group's continuing operation for a period of at least twelve months from 31 December 2025. Hence, the consolidated financial statements have been prepared on a going concern basis.

### (c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o) or (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(iii)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)(iii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date consideration excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statements of profit or loss and other comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i))).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statements of financial position, investments in associates are accounted for using the equity method.

### (f) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (f) Other investments in equity securities (Continued)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(t)(v).

### (g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(iii)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost. Cost comprises cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss, as follows:

|                            |              |
|----------------------------|--------------|
| Buildings                  | 20 years     |
| Machinery and equipment    | 3 – 10 years |
| Office and other equipment | 3 – 5 years  |
| Lease Vehicles             | 5 years      |
| Leasehold improvement      | 2 – 6 years  |

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(v)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(j)(iii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)(iii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

|          |         |
|----------|---------|
| Software | 5 years |
|----------|---------|

Amortisation methods, and useful lives are reviewed at each reporting date and adjusted if appropriate.

### (i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily leased apartment for employees. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) Leased assets (Continued)

#### (i) As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(j)(iii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Note 2(j)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) Leased assets (Continued)

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

### (j) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables, including loans to other investments in equity, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- contract assets as defined in IFRS 15 (Note 2(l)); and
- lease receivables.

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

#### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

##### *Measurement of ECLs (Continued)*

The expected cash shortfalls are discounted using the following rates if the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

##### ***Significant increases in credit risk***

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

##### ***Credit-impaired financial assets***

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

##### ***Credit-impaired financial assets (Continued)***

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or past due;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- Disappearance of an active market for a security because of financial difficulties of the issuer.

##### ***Write-off policy***

The gross carrying amount of a financial asset, contract asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised. The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (Continued)

#### (ii) Credit losses from financial guarantees issued (Continued)

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

#### (iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Inventories and other contract costs

#### (i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(t)(i).

#### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalized as inventories (see Note 2(t)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Inventories and other contract costs (Continued)

#### (ii) Other contract costs (Continued)

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specially identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocation of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(t).

### (l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(iv)).

### (m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration, and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i).

### (o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Refund liabilities arising from rights of returns and volume rebates are recognised in accordance with the policy set out in Note 2(t)(i).

### (p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

### (q) Employee benefits

#### (i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### (ii) Share-based payments

The fair value of equity settled share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the valuation techniques, taking into account the terms and conditions upon which the equity settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity settled share-based payment awards, the total estimated fair value of the equity settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity settled share-based payment awards will vest.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (q) Employee benefits (Continued)

#### (ii) Share-based payments (Continued)

During the vesting period, the number of equity settled share-based payment award that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

#### (iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

### (r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (r) Income tax (Continued)

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### (s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(iii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under lease in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue and other income recognition policies are as follows:

### (i) Sale of goods

The Group typically offers customers of new energy engineering machinery, encompassing new energy tractor trucks, new energy loaders and new energy wide-body dump trucks. Revenue is recognised when products are delivered at the customers' premises which is taken to be the point in time when the customer has accepted and taken possession of the goods at the amount of promised consideration to which the Group is expected to be entitled. Revenue excludes value added tax and is after deduction of any trade rebates.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (t) Revenue and other income (Continued)

#### (i) Sale of goods (Continued)

The Group typically offers customers of new energy engineering machinery that are not made-to-order rights of return for those products with significant quality issues. Such rights of return give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of new energy engineering machinery, the Group recognises revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognised for the expected returns and rebates, and is included in trade and other payables (see Note 23). A right to recover returned goods (included in inventories, see Note 18) and corresponding adjustment to cost of sales are also recognised for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

#### (ii) Rental income from operating lease

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

#### (iii) Rendering of services

The Group recognises revenue from rendering of services including maintenance service, trial-drive services etc. over the period of the service.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

#### (v) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (t) Revenue and other income (Continued)

#### (vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred revenue and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

### (u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

### (v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### (w) Related parties

#### (a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (w) Related parties (Continued)

#### (b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (x) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

### (y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (y) Segment reporting (Continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 28 contains information about the assumptions and their risk factors relating to fair value of financial investments. Other significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

### (i) Depreciation and amortisation

Right-of-use assets, property, plant and equipment and intangible assets, are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

### (ii) Impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

### (iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

### (iv) Warranty provisions

As explained in Note 25, the Group makes provisions under the warranties it gives on sale of its vehicles taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

|                                                                          | For the year ended 31 December |                 |
|--------------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                          | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> |                                |                 |
| Disaggregated by major products or service lines                         |                                |                 |
| Battery-electric vehicles                                                |                                |                 |
| – Battery-electric tractor trucks                                        | 1,073                          | 7,035           |
| – Battery-electric loaders                                               | 96,656                         | 224,197         |
| – Battery-electric wide-body dump trucks                                 | 646,087                        | 364,588         |
| Spare parts and accessories                                              | 24,448                         | 25,688          |
| Sales of products                                                        | 768,264                        | 621,508         |
| Rendering of services                                                    | 2,207                          | 3,187           |
|                                                                          | 770,471                        | 624,695         |
| <b>Revenue from other sources</b>                                        |                                |                 |
| Rental income                                                            | 9,012                          | 10,762          |
|                                                                          | 779,483                        | 635,457         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (a) Revenue (Continued)

#### (i) Disaggregation of revenue (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

|                                                        | For the year ended 31 December |                 |
|--------------------------------------------------------|--------------------------------|-----------------|
|                                                        | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Disaggregation by timing of revenue recognition</b> |                                |                 |
| – Point in time                                        | 768,264                        | 621,508         |
| – Over time                                            | 11,219                         | 13,949          |
|                                                        | <b>779,483</b>                 | <b>635,457</b>  |

During the year ended 31 December 2025 and 2024, the Group's customers with whom transactions have exceeded 10% of the Group's revenue are as follows. Details of concentrations of credit risk arising from this customer are set out in Note 28(a).

|            | For the year ended 31 December |                 |
|------------|--------------------------------|-----------------|
|            | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Customer A | N/A                            | 86,936          |
| Customer B | N/A                            | 70,899          |
|            | <b>N/A</b>                     | <b>157,835</b>  |

Note: N/A represents transactions did not exceeded 10% of the Group's revenue for the year ended 31 December 2025.

### (b) Segment reporting

#### (i) Segment information

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Company has determined that it only has one operating segment during the year ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (ii) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets ("specified non-current assets"). The geographical information of the Group's revenue from external customers is based on the location at which new energy engineering machinery are delivered. The geographical location of specified non-current assets is based on the physical location of the asset.

|                                 | For the year ended 31 December |                 |
|---------------------------------|--------------------------------|-----------------|
|                                 | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Revenue from external customers |                                |                 |
| – The PRC                       | 774,237                        | 635,457         |
| – Overseas                      | 5,246                          | –               |
|                                 | 779,483                        | 635,457         |

|                              | For the year ended 31 December |                 |
|------------------------------|--------------------------------|-----------------|
|                              | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Specified non-current assets |                                |                 |
| – The PRC                    | 336,440                        | 271,862         |
| – Overseas                   | 288,413                        | –               |
|                              | 624,853                        | 271,862         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 5 OTHER NET GAIN

|                                                       | For the year ended 31 December |                 |
|-------------------------------------------------------|--------------------------------|-----------------|
|                                                       | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Government grants (Note)                              | 7,497                          | 8,252           |
| Unrealised gain on listed equity investment (Note 12) | 1,936                          | –               |
| Net loss on foreign exchange                          | (3,091)                        | –               |
| Net loss on disposal of property, plant and equipment | (114)                          | (1,130)         |
| Dividends received from unlisted equity investment    | 333                            | 333             |
| Gain on loss of significant influence of associates   | –                              | 16,277          |
| Others                                                | (611)                          | 885             |
|                                                       | 5,950                          | 24,617          |

Note: Government grants are not assets related and primarily represent reward and subsidies provided to the Group for its contribution to the local economic growth.

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after crediting/charging:

### (a) Finance income/costs:

|                                                                       | For the year ended 31 December |                 |
|-----------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                       | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Finance income</b>                                                 |                                |                 |
| Interest income on financial assets measured at amortised cost        | 838                            | 3,011           |
| Interest income on sales under instalment payments                    | 7,494                          | 7,536           |
|                                                                       | 8,332                          | 10,547          |
| <b>Finance costs</b>                                                  |                                |                 |
| Interest expenses on loans and borrowings                             | 13,366                         | 9,336           |
| Interest expenses on obligations arising from leaseback transactions  | 5,040                          | 95              |
| Interest expenses on lease liabilities                                | 390                            | 674             |
| Less: interest expense capitalised into property, plant and equipment | –                              | (918)           |
|                                                                       | 18,796                         | 9,187           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 6 LOSS BEFORE TAXATION (CONTINUED)

### (b) Staff costs:

|                                             | For the year ended 31 December |                 |
|---------------------------------------------|--------------------------------|-----------------|
|                                             | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Salaries, wages and other benefits          | 105,553                        | 98,754          |
| Discretionary bonuses                       | 5,324                          | 7,816           |
| Contributions to retirement schemes (Note)  | 10,743                         | 11,175          |
| Equity settled share-based payment expenses | 8,674                          | 33,478          |
|                                             | 130,294                        | 151,223         |

Note: Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 6 LOSS BEFORE TAXATION (CONTINUED)

### (c) Other items:

|                                         | For the year ended 31 December |                 |
|-----------------------------------------|--------------------------------|-----------------|
|                                         | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Depreciation and amortisation           |                                |                 |
| – Owned property, plant and equipment   | 13,116                         | 11,941          |
| – Right-of-use assets                   | 5,165                          | 6,198           |
| – Intangible assets                     | 876                            | 800             |
| Impairment losses recognised/(reversed) |                                |                 |
| – Trade and other receivables           | 120,023                        | 80,496          |
| – Contract assets                       | 176                            | 36              |
| – Financial guarantee issued            | (80)                           | 2,565           |
| Product warranty costs                  | 23,430                         | 18,609          |
| Research and development expenses (i)   | 69,706                         | 81,707          |
| Auditors' remuneration (ii)             | 5,314                          | 3,477           |
| Listing expenses                        | 10,893                         | 23,463          |
| Cost of sales (iii)                     | 693,309                        | 598,618         |
| Write-down of inventories               | 14,097                         | 17,432          |

(i) During the year ended 31 December 2025, research and development costs included staff costs of RMB39,123,000 (2024: RMB45,760,000) and depreciation and amortisation expenses of RMB569,000 (2024: RMB567,000), which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

(ii) During the year ended 31 December 2025, the Group recognised auditors' remuneration in respect of initial public offering of RMB1,514,000 (2024: RMB3,477,000), which are also included in the listing expenses disclosed separately above.

(iii) During the year ended 31 December 2025, cost of sales included staff costs of RMB8,584,000 (2024: RMB9,087,000), depreciation and amortisation expenses of RMB12,080,000 (2024: RMB11,367,000) and write-down of inventories, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 7 INCOME TAX

### (a) Taxation in the consolidated statements of profit or loss represents:

|                                       | For the year ended 31 December |                 |
|---------------------------------------|--------------------------------|-----------------|
|                                       | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Provision for income tax for the year | 38,045                         | 90              |

### (b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

|                                                                                                                                  | For the year ended 31 December |                 |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                                                                                  | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Loss before taxation                                                                                                             | (280,157)                      | (274,457)       |
| Notional tax on loss before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned (Note (i)) | (69,293)                       | (68,171)        |
| Tax effect of non-deductible expenses                                                                                            | 544                            | 430             |
| Tax effect of non-taxable income                                                                                                 | —                              | (83)            |
| Tax losses and temporary differences not recognised, net of utilisation                                                          | 105,927                        | 67,006          |
| Tax effect in respect of share of results of associates                                                                          | 867                            | 908             |
| Actual income tax expense                                                                                                        | 38,045                         | 90              |

Notes:

- (i) Pursuant to the Enterprise Income Tax (the "EIT"), the Company and its subsidiaries in the PRC are liable to EIT at a rate of 25%, unless otherwise specified.
- (ii) Certain subsidiaries in the PRC were entitled to a preferential PRC EIT rate of 5% as it was accredited as small and micro business.
- (iii) According to the EIT Law and its relevant regulations, entities that qualified as a High and New Technology Enterprises are entitled to a preferential income tax rate of 15%. The Company obtained the High and New Technology Enterprises status in 2019 and had this status renewed in 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 7 INCOME TAX (CONTINUED)

#### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB563,679,000 (2024: RMB522,478,000) and other deductible temporary differences of RMB628,835,000 (2024: RMB257,987,000) as at 31 December 2025, as it is not probable that future taxable profits against which the losses and the deductible temporary difference can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses of RMB57,268,000, RMB103,056,000, RMB147,420,000, RMB181,772,000 and RMB74,163,000, if unused, will expire in 2026, 2027, 2028, 2029 and 2030, respectively.

### 8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

#### Year ended 31 December 2025

|                                             | Directors' fees<br>RMB'000 | Salaries allowance and benefits in kind<br>RMB'000 | Discretionary bonuses<br>RMB'000 | Contributions to retirement scheme<br>RMB'000 | Equity settled share-based payment<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------|-----------------------------------------------|-----------------------------------------------|------------------|
| <b>Executive Directors:</b>                 |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Chen Fangming (陳方明)                     | -                          | 962                                                | 51                               | 71                                            | -                                             | 1,084            |
| Mr. Qiu Debo (邱德波)                          | -                          | 852                                                | 96                               | -                                             | 1,558                                         | 2,506            |
| Mr. Sun Kanghua (孫康華)                       | -                          | 568                                                | 94                               | 71                                            | 39                                            | 772              |
| Ms. Yang Hui (楊慧)                           | -                          | 717                                                | 84                               | 71                                            | 1,169                                         | 2,041            |
| <b>Non-Executive Directors:</b>             |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Cao Haiyi (曹海毅)                         | -                          | -                                                  | -                                | -                                             | -                                             | -                |
| Mr. Wang Zhenkun (王振坤)                      | -                          | -                                                  | -                                | -                                             | -                                             | -                |
| <b>Independent Non-executive Directors:</b> |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Jiang Bailing (江百靈)                     | 100                        | -                                                  | -                                | -                                             | -                                             | 100              |
| Mr. Zhou Yuan (周元)                          | 100                        | -                                                  | -                                | -                                             | -                                             | 100              |
| Mr. Li Xiaofu (李曉鄂)                         | 100                        | -                                                  | -                                | -                                             | -                                             | 100              |
| Mr. YIM Chi Hung Henry (嚴志雄)                | 275                        | -                                                  | -                                | -                                             | -                                             | 275              |
| <b>Supervisors:</b>                         |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Liu Yudong (劉昱東)                        | -                          | -                                                  | -                                | -                                             | -                                             | -                |
| Ms. Wang Yanzen (王艷渢)                       | -                          | 455                                                | 54                               | 71                                            | 39                                            | 619              |
| Ms. Sun Wenxu (孫文旭)                         | -                          | 366                                                | 22                               | 45                                            | 12                                            | 445              |
|                                             | 575                        | 3,920                                              | 401                              | 329                                           | 2,817                                         | 8,042            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 8 DIRECTORS' EMOLUMENTS (CONTINUED)

Year ended 31 December 2024

|                                             | Directors' fees<br>RMB'000 | Salaries allowance and benefits in kind<br>RMB'000 | Discretionary bonuses<br>RMB'000 | Contributions to retirement scheme<br>RMB'000 | Equity settled share-based payment<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------|-----------------------------------------------|-----------------------------------------------|------------------|
| <b>Executive Directors:</b>                 |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Chen Fangming (陳方明)                     | –                          | 927                                                | 188                              | 71                                            | –                                             | 1,186            |
| Mr. Qiu Debo (邱德波)                          | –                          | 853                                                | 188                              | –                                             | 9,640                                         | 10,681           |
| Mr. Sun Kanghua (孫康華)                       | –                          | 547                                                | 157                              | 71                                            | 266                                           | 1,041            |
| Ms. Yang Hui (楊慧)                           | –                          | 923                                                | 94                               | 71                                            | 7,230                                         | 8,318            |
| <b>Non-Executive Directors:</b>             |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Yin Junping (尹軍平) (i)                   | –                          | –                                                  | –                                | –                                             | –                                             | –                |
| Mr. Cao Haiyi (曹海毅)                         | –                          | –                                                  | –                                | –                                             | –                                             | –                |
| Mr. Wang Zhenkun (王振坤)                      | –                          | –                                                  | –                                | –                                             | –                                             | –                |
| <b>Independent Non-executive Directors:</b> |                            |                                                    |                                  |                                               |                                               |                  |
| <b>Directors:</b>                           |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Jiang Bailing (江百靈)                     | 100                        | –                                                  | –                                | –                                             | –                                             | 100              |
| Mr. Zhou Yuan (周元)                          | 100                        | –                                                  | –                                | –                                             | –                                             | 100              |
| Mr. Li Xiaofu (李曉鄂)                         | 100                        | –                                                  | –                                | –                                             | –                                             | 100              |
| Mr. YIM Chi Hung Henry (嚴志雄)                | 207                        | –                                                  | –                                | –                                             | –                                             | 207              |
| <b>Supervisors:</b>                         |                            |                                                    |                                  |                                               |                                               |                  |
| Mr. Liu Yudong (劉昱東)                        | –                          | –                                                  | –                                | –                                             | –                                             | –                |
| Ms. Wang Yanzhen (王艷滇)                      | –                          | 470                                                | 84                               | 70                                            | 241                                           | 865              |
| Ms. Sun Wenxu (孫文旭)                         | –                          | 339                                                | 35                               | 38                                            | 76                                            | 488              |
|                                             | 507                        | 4,059                                              | 746                              | 321                                           | 17,453                                        | 23,086           |

(i) Mr. Yin Junping (尹軍平) ceased to act as a non-executive director in April 2024.

During the years ended 31 December 2025 and 2024, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors and supervisors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining three (2024: three) individuals are as follows:

|                                             | For the year ended 31 December |                 |
|---------------------------------------------|--------------------------------|-----------------|
|                                             | 2025<br>RMB'000                | 2024<br>RMB'000 |
| Salaries, allowances and benefits in kind   | 3,330                          | 2,215           |
| Discretionary bonuses                       | 128                            | 320             |
| Contributions to retirement benefit schemes | 172                            | 149             |
| Equity settled share-based payment expenses | 2,811                          | 5,786           |
|                                             | 6,441                          | 8,470           |

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

|                       | For the year ended 31 December |      |
|-----------------------|--------------------------------|------|
|                       | 2025                           | 2024 |
| HKD                   |                                |      |
| 1,500,001 – 2,000,000 | 1                              | –    |
| 2,000,001 – 2,500,000 | 1                              | –    |
| 2,500,001 – 3,000,000 | –                              | 1    |
| 3,000,001 – 3,500,000 | 1                              | 2    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 10 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB318,629,000 (2024: RMB274,547,000) and the weighted average number of ordinary shares of 370,017,000 shares (2024: 351,709,000 shares) in issue during the year, calculated as follows:

|                                                                               | For the year ended 31 December |              |
|-------------------------------------------------------------------------------|--------------------------------|--------------|
|                                                                               | 2025<br>'000                   | 2024<br>'000 |
| Issued ordinary shares at 1 January                                           | 351,709                        | 351,709      |
| Effect of issuance of shares through initial public offering<br>(Note 27(c))  | 8,477                          | –            |
| Effect of issuance of shares by placement (Note 27(c))                        | 1,014                          | –            |
| Effect of shares vested under the Restricted Share Scheme<br>(Note 26)        | 8,817                          | –            |
| Weighted average number of ordinary shares in issue at<br>the end of the year | 370,017                        | 351,709      |

### (b) Diluted loss per share

Restricted shares granted under the Group's Restricted Share Scheme (Note 26) is not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 11 PROPERTY, PLANT AND EQUIPMENT

|                                        | Buildings<br>RMB'000 | Machinery<br>and<br>equipment<br>RMB'000 | Office<br>and other<br>equipment<br>RMB'000 | Lease<br>vehicles<br>RMB'000 | Leasehold<br>improvement<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------|----------------------|------------------------------------------|---------------------------------------------|------------------------------|-------------------------------------|----------------------------------------|------------------|
| <b>Cost:</b>                           |                      |                                          |                                             |                              |                                     |                                        |                  |
| At 1 January 2024                      | –                    | 9,642                                    | 2,700                                       | 25,966                       | 8,269                               | 63,667                                 | 110,244          |
| Additions                              | 149                  | 179                                      | 850                                         | 12,587                       | 1,338                               | 68,307                                 | 83,410           |
| Transfer from construction in progress | 64,615               | 12,018                                   | –                                           | –                            | 1,592                               | (78,225)                               | –                |
| Disposals                              | –                    | (371)                                    | (240)                                       | (3,199)                      | (1,695)                             | –                                      | (5,505)          |
| At 31 December 2024 and 1 January 2025 | <b>64,764</b>        | <b>21,468</b>                            | <b>3,310</b>                                | <b>35,354</b>                | <b>9,504</b>                        | <b>53,749</b>                          | <b>188,149</b>   |
| Additions                              | –                    | <b>6,231</b>                             | <b>1,613</b>                                | <b>35,080</b>                | –                                   | <b>332,489</b>                         | <b>375,413</b>   |
| Disposals                              | –                    | <b>(471)</b>                             | <b>(213)</b>                                | <b>(29,381)</b>              | <b>(335)</b>                        | –                                      | <b>(30,400)</b>  |
| At 31 December 2025                    | <b>64,764</b>        | <b>27,228</b>                            | <b>4,710</b>                                | <b>41,053</b>                | <b>9,169</b>                        | <b>386,238</b>                         | <b>533,162</b>   |
| <b>Accumulated depreciation:</b>       |                      |                                          |                                             |                              |                                     |                                        |                  |
| At 1 January 2024                      | –                    | (1,954)                                  | (1,415)                                     | (3,719)                      | (5,857)                             | –                                      | (12,945)         |
| Charge for the year                    | (1,585)              | (2,413)                                  | (723)                                       | (5,957)                      | (1,263)                             | –                                      | (11,941)         |
| Written back on disposals              | –                    | 124                                      | 108                                         | 1,060                        | 748                                 | –                                      | 2,040            |
| At 31 December 2024 and 1 January 2025 | <b>(1,585)</b>       | <b>(4,243)</b>                           | <b>(2,030)</b>                              | <b>(8,616)</b>               | <b>(6,372)</b>                      | –                                      | <b>(22,846)</b>  |
| Charge for the year                    | <b>(3,330)</b>       | <b>(2,885)</b>                           | <b>(621)</b>                                | <b>(4,504)</b>               | <b>(1,776)</b>                      | –                                      | <b>(13,116)</b>  |
| Written back on disposals              | –                    | <b>78</b>                                | <b>198</b>                                  | <b>10,053</b>                | <b>335</b>                          | –                                      | <b>10,664</b>    |
| At 31 December 2025                    | <b>(4,915)</b>       | <b>(7,050)</b>                           | <b>(2,453)</b>                              | <b>(3,067)</b>               | <b>(7,813)</b>                      | –                                      | <b>(25,298)</b>  |
| <b>Net book value:</b>                 |                      |                                          |                                             |                              |                                     |                                        |                  |
| At 31 December 2025                    | <b>59,849</b>        | <b>20,178</b>                            | <b>2,257</b>                                | <b>37,986</b>                | <b>1,356</b>                        | <b>386,238</b>                         | <b>507,864</b>   |
| At 31 December 2024                    | 63,179               | 17,225                                   | 1,280                                       | 26,738                       | 3,132                               | 53,749                                 | 165,303          |

Property, plant and equipment with net book value of RMB59,849,000 are pledged as security for bank loans (Note 22(c)(i)) as at 31 December 2025 (2024: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 12 OTHER INVESTMENTS

|                                           |      | At 31 December  |                 |
|-------------------------------------------|------|-----------------|-----------------|
|                                           | Note | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Financial assets measured at FVOCI</b> |      |                 |                 |
| Unlisted equity investments               | (i)  | 52,316          | 41,735          |
| <b>Financial assets measured at FVPL</b>  |      |                 |                 |
| Listed equity investment                  | (ii) | 3,436           | —               |
|                                           |      | 55,752          | 41,735          |

- (i) As at 31 December 2025, the equity securities comprise unlisted equity securities with aggregate fair value of RMB52,316,000 (2024: RMB41,735,000). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB333,000 were received from these investments during the year ended 31 December 2025 (2024: RMB333,000).
- (ii) During the year ended 31 December 2025, the Group entered into an investment in a listed company with initial investment amount of RMB1,500,000 and recognised a fair value change of RMB1,936,000 (Note 5) in other net gain in the consolidated statement of profit or loss.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 28(e).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 13 RIGHT-OF-USE ASSETS

|                                        | Properties and<br>land leased<br>for own use<br>RMB'000 | Land use<br>rights<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------|---------------------------------------------------------|-------------------------------|------------------|
| <b>Cost:</b>                           |                                                         |                               |                  |
| At 1 January 2024                      | 30,497                                                  | 65,439                        | 95,936           |
| Additions                              | –                                                       | 37,386                        | 37,386           |
| Lease termination                      | (15,393)                                                | –                             | (15,393)         |
| At 31 December 2024 and 1 January 2025 | <b>15,104</b>                                           | <b>102,825</b>                | <b>117,929</b>   |
| Additions                              | <b>15,595</b>                                           | <b>–</b>                      | <b>15,595</b>    |
| At 31 December 2025                    | <b>30,699</b>                                           | <b>102,825</b>                | <b>133,524</b>   |
| <b>Accumulated depreciation:</b>       |                                                         |                               |                  |
| At 1 January 2024                      | (9,239)                                                 | (601)                         | (9,840)          |
| Charge for the year                    | (4,515)                                                 | (1,683)                       | (6,198)          |
| Lease termination                      | 4,668                                                   | –                             | 4,668            |
| At 31 December 2024 and 1 January 2025 | <b>(9,086)</b>                                          | <b>(2,284)</b>                | <b>(11,370)</b>  |
| Charge for the year                    | <b>(3,109)</b>                                          | <b>(2,056)</b>                | <b>(5,165)</b>   |
| At 31 December 2025                    | <b>(12,195)</b>                                         | <b>(4,340)</b>                | <b>(16,535)</b>  |
| <b>Net book value:</b>                 |                                                         |                               |                  |
| At 31 December 2025                    | <b>18,504</b>                                           | <b>98,485</b>                 | <b>116,989</b>   |
| At 31 December 2024                    | 6,018                                                   | 100,541                       | 106,559          |

Notes:

- (i) Land use right premiums were paid by the Group for land situated in the PRC. Lump sum payments were made upfront to acquire these land-use-rights, and there are no ongoing payments to be made under the terms of the land lease.

Land use rights with net book value of RMB62,220,000 are pledged as security for bank loans (Note 22(c)(i)) as at 31 December 2025 (2024: RMB24,791,000).

- (ii) The Group has obtained the right to use the properties as its warehouse, offices and land through tenancy agreements. The leases typically run for an initial period of 2 – 15 years. None of the leases includes an option to purchase the leased assets at the end of the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 13 RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of expense items in relation to lease recognised in the Group's profit or loss is as follows:

|                                                                          | At 31 December  |                 |
|--------------------------------------------------------------------------|-----------------|-----------------|
|                                                                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Depreciation charge of right-of-use assets by class of underlying asset: |                 |                 |
| Properties and land leased for own use                                   | 3,109           | 4,515           |
| Interest on lease liabilities (Note 6(a))                                | 390             | 674             |
| Expenses relating to short-term leases                                   | 374             | 1,351           |

### 14 INTANGIBLE ASSETS

|                                        | Software<br>RMB'000 |
|----------------------------------------|---------------------|
| <b>Cost:</b>                           |                     |
| At 1 January 2024                      | 2,816               |
| Additions                              | 1,718               |
| At 31 December 2024 and 1 January 2025 | 4,534               |
| Additions                              | 247                 |
| At 31 December 2025                    | 4,781               |
| <b>Accumulated depreciation:</b>       |                     |
| At 1 January 2024                      | (773)               |
| Charge for the year                    | (800)               |
| At 31 December 2024 and 1 January 2025 | (1,573)             |
| Charge for the year                    | (876)               |
| At 31 December 2025                    | (2,449)             |
| <b>Net book value:</b>                 |                     |
| At 31 December 2025                    | 2,332               |
| At 31 December 2024                    | 2,961               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 15 INTEREST IN SUBSIDIARIES

As of 31 December 2025, the Company has direct and indirect interests in the following principal subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

| Name of company                                                                                                                                                                 | Place of incorporation/<br>establishment and<br>kind of legal entity | Date of incorporation/<br>establishment | Issued<br>and paid-in capital     | Proportion of ownership interest   |                                      | Principal activities                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                 |                                                                      |                                         |                                   | Directly<br>held by the<br>Company | Indirectly<br>held by the<br>Company |                                                                                                                                           |
| Zhejiang Breton Technology Co., Ltd.<br>(浙江博雷頓科技有限公司), formerly known as<br>Zhejiang Boju Technology Co., Ltd.<br>“浙江博矩科技有限公司” *                                                | The PRC, limited<br>liability company                                | 12 April 2019                           | RMB100 million/<br>RMB60 million  | 100%                               | –                                    | Manufacturing, research<br>and sales of new energy<br>vehicles                                                                            |
| Breton (Shandong) New Energy Vehicle Co., Ltd.<br>(博雷頓(山東)新能源汽車有限公司) *                                                                                                          | The PRC, limited<br>liability company                                | 25 May 2020                             | RMB330 million/<br>RMB145 million | 100%                               | –                                    | Manufacturing, research<br>and sales of new energy<br>loaders                                                                             |
| Breton (Hunan) Technology Co., Ltd.<br>(博雷頓(湖南)科技有限公司) *                                                                                                                        | The PRC, limited<br>liability company                                | 12 October 2022                         | RMB300 million/<br>RMB300 million | 100%                               | –                                    | Manufacturing, research<br>and sales of new energy<br>wide-body dump trucks                                                               |
| Breton (Lanxi) New Energy Engineering<br>Machinery Co., Ltd. (博雷頓(蘭溪)新能源工程<br>機械有限公司) **                                                                                        | The PRC, limited<br>liability company                                | 28 January 2023                         | RMB200 million/<br>RMB200 million | 100%                               | –                                    | Manufacturing, research<br>and sales of new energy<br>loaders                                                                             |
| Breton (Wuhan) Technology Co., Ltd.<br>(博雷頓(武漢)科技有限公司) *                                                                                                                        | The PRC, limited<br>liability company                                | 01 March 2023                           | RMB300 million/<br>RMB300 million | 100%                               | –                                    | Research and sales of new<br>energy loaders                                                                                               |
| Breton Intelligent Electric (Shanghai) Technology Co.,<br>Ltd. (博雷頓智電(上海)科技有限公司), formerly<br>known as Baipin (Shanghai) Intelligent Technology<br>Co., Ltd. (佰頻(上海)智能科技有限公司) * | The PRC, limited<br>liability company                                | 02 July 2019                            | RMB60 million/<br>RMB40 million   | 67%                                | –                                    | Research and development<br>of automotive<br>technology, new energy<br>technology, automation<br>technology and<br>photovoltaic equipment |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 15 INTEREST IN SUBSIDIARIES (CONTINUED)

| Name of company                                                                                                                                               | Place of incorporation/<br>establishment and<br>kind of legal entity | Date of<br>incorporation/<br>establishment | Issued<br>and paid-in capital    | Proportion of ownership interest   |                                      | Principal activities                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                               |                                                                      |                                            |                                  | Directly<br>held by the<br>Company | Indirectly<br>held by the<br>Company |                                                                                                                |
| Breton (Shanghai) Intelligent Technology Co., Ltd.<br>(博雷頓(上海)智能科技有限公司), formerly<br>known as Linju (Shanghai) Power Technology Co.,<br>Ltd. 臨矩(上海)動力科技有限公司)* | The PRC, limited<br>liability company                                | 25 June 2019                               | RMB50 million/<br>RMB7 million   | 100%                               | –                                    | Research and development<br>of automotive<br>technology, new<br>energy technology and<br>automation technology |
| Breton (Wuhan) New Energy Equipment Co., Ltd.<br>(博雷頓(武漢)新能源裝備有限公司)*                                                                                          | The PRC, limited<br>liability company                                | 01 March 2023                              | RMB100 million/<br>RMB60 million | –                                  | 100%                                 | Manufacturing, research<br>and sales of new energy<br>tractor trucks                                           |
| Breton (Beijing) Technology Co., Ltd.<br>(博雷頓(北京)科技有限公司)*                                                                                                     | The PRC, limited<br>liability company                                | 25 November 2024                           | RMB90 million/<br>RMB90 million  | 100%                               | –                                    | Sales of new energy<br>engineering machinery                                                                   |
| Breton (Shanghai) Energy saving Technology<br>Co., Ltd. (博雷頓(上海)節能技術有限公司)*                                                                                    | The PRC, limited<br>liability company                                | 03 June 2025                               | RMB12 million/<br>RMB12 million  | 100%                               | –                                    | Sales of new energy<br>engineering machinery                                                                   |
| Breton (Hong Kong) Technology Limited                                                                                                                         | Hongkong, limited<br>company                                         | 04 November 2024                           | HKD100,000/<br>HKD100,000        | –                                  | 100%                                 | Investment holding and<br>sales of new energy<br>engineering machinery                                         |
| Breton HK Holding Limited                                                                                                                                     | Hongkong, limited<br>company                                         | 02 January 2025                            | HKD100,000/<br>HKD100,000        | –                                  | 100%                                 | Investment holding and<br>sales of new energy<br>engineering machinery                                         |
| Breton Energy Technology Zambia Limited                                                                                                                       | Republic of Zambia,<br>limited company                               | 28 January 2025                            | Kwacha20,000/<br>Kwacha20,000    | –                                  | 100%                                 | Sales of new energy<br>engineering machinery<br>and provision of energy<br>related service                     |
| VOIE LACTEE ENERGIE S.A.S                                                                                                                                     | Democratic Republic<br>of the Congo,<br>limited company              | 06 February 2025                           | USD5,000/USD0                    | –                                  | 100%                                 | Sales of new energy<br>engineering machinery<br>and provision of energy<br>related service                     |

\* The official names of these entities are in Chinese. The English names are for identification purpose only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 16 INTEREST IN ASSOCIATES

Associates are accounted for using the equity method in the consolidated financial statements. Information of the associates that are not individually material:

|                                                                                                           | At 31 December  |                 |
|-----------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                           | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements  | 24,450          | 28,482          |
| Aggregate amounts of the Group's share of those associates' profit or loss and total comprehensive income | (5,456)         | (3,485)         |

Except for financial guarantee issued as disclosed in Note 29, there are no other contingent liabilities or commitments relating to the Group's investments in associates.

## 17 OTHER NON-CURRENT ASSETS

|                                               | At 31 December  |                 |
|-----------------------------------------------|-----------------|-----------------|
|                                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Financial assets measured at amortised cost   |                 |                 |
| – Trade receivables due from third parties    | 65,298          | 53,847          |
| – Trade receivables due from related parties  | 13,863          | 6,382           |
| Less: loss allowance on trade and receivables | (12,174)        | (4,194)         |
| Trade receivables, net (Note 20)              | 66,987          | 56,035          |
| Prepayment for property, plant and equipment  | 107,679         | 1,467           |
| Contract assets (Note 19(a))                  | 4,290           | 7,094           |
| Deposits                                      | 46,170          | 9,064           |
|                                               | 225,126         | 73,660          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

|                                 | At 31 December  |                 |
|---------------------------------|-----------------|-----------------|
|                                 | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Raw materials                   | 125,137         | 97,001          |
| Finished goods                  | 51,883          | 161,583         |
| Right to recover returned goods | 2,172           | 439             |
|                                 | 179,192         | 259,023         |

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

|                                     | At 31 December  |                 |
|-------------------------------------|-----------------|-----------------|
|                                     | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Carrying amount of inventories used | 679,212         | 581,186         |
| Write-down of inventories           | 14,097          | 17,432          |
|                                     | 693,309         | 598,618         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 19 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

|                                                                                                                                      | At 31 December  |                 |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Contract assets                                                                                                                      |                 |                 |
| Arising from performance under contracts with customers                                                                              | 26,108          | 8,452           |
| Less: loss allowance on contract assets (Note 28(a))                                                                                 | (212)           | (36)            |
|                                                                                                                                      | 25,896          | 8,416           |
| Less: Contract assets due more than one year (Note 17)                                                                               | (4,290)         | (7,094)         |
|                                                                                                                                      | 21,606          | 1,322           |
| Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" (Note 20) | 450,708         | 446,328         |

Contract assets represent the Group's rights to consideration from customers for the sales of new energy engineering machinery, which arise when the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 6 – 60 months (defect liability period) after delivery of new energy engineering machinery. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional.

### (b) Contract liabilities

|                                                                                                                                                                | At 31 December  |                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                                                                | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Contract liabilities</b>                                                                                                                                    |                 |                 |
| Receipts in advance from customers                                                                                                                             | 4,288           | 3,655           |
| <b>Movements in contract liabilities</b>                                                                                                                       |                 |                 |
| Balance at 1 January                                                                                                                                           | 3,655           | 13,740          |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (2,955)         | (13,065)        |
| Increase in contract liabilities as a result of billing in advance                                                                                             | 3,588           | 2,980           |
|                                                                                                                                                                | 4,288           | 3,655           |

The Group receives advance payment from certain customers for sales of new energy engineering machinery and sales of spare parts and accessories. Contract liabilities will be recognised as revenue when control of assets is transferred to the customer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 20 TRADE AND OTHER RECEIVABLES

|                                                        | At 31 December  |                 |
|--------------------------------------------------------|-----------------|-----------------|
|                                                        | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Trade receivables due from                             |                 |                 |
| – third parties                                        | 559,618         | 382,989         |
| – related parties (Note 31(c))                         | 152,570         | 220,164         |
| Less: loss allowance on trade receivables (Note 28(a)) | (261,480)       | (156,825)       |
|                                                        | 450,708         | 446,328         |
| Less: Trade receivables due more than one year         | (66,987)        | (56,035)        |
|                                                        | 383,721         | 390,293         |
| Bills receivable                                       | 103,482         | 56,572          |
| Other receivables due from third parties               | 10,218          | 7,466           |
| Less: loss allowance on other receivables (Note 28(a)) | (6,000)         | (5,425)         |
|                                                        | 4,218           | 2,041           |
| Deposits                                               | 32,515          | 5,414           |
| Prepayments for purchase of raw materials              | 68,230          | 69,909          |
| Prepaid expenses                                       | 10,178          | 2,207           |
| Prepayments for listing expenses                       | –               | 1,823           |
| Value-add tax recoverable                              | 49,476          | 27,574          |
|                                                        | 651,820         | 555,833         |

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

### (a) Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

|                   | At 31 December  |                 |
|-------------------|-----------------|-----------------|
|                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Within 1 year     | 355,531         | 303,451         |
| 1-2 years         | 68,319          | 118,231         |
| 2-3 years         | 20,593          | 22,070          |
| More than 3 years | 6,265           | 2,576           |
|                   | 450,708         | 446,328         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 20 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (b) Endorsed bank acceptance bills

##### (i) Endorsed bank acceptance bills that are not derecognised in their entirety

As at 31 December 2025, the Group endorsed certain bank acceptance bills with a carrying amount of RMB77,719,000 (2024: RMB28,248,000) to suppliers for settling trade and other payables of the same amount on a full recourse basis and discounted commercial bills receivable amounting to RMB23,980,000 to banks.

In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills and commercial bills, and accordingly, these bills receivable and the associated trade and other payables were not de-recognised in the consolidated statements of financial position.

##### (ii) Endorsed bank acceptance bills that are derecognised in their entirety

As at 31 December 2025, the Group endorsed certain bank acceptance bills with a carrying amount of RMB47,743,000 (2024: RMB16,630,000) to suppliers for settling trade and other payables of the same amount on a full recourse basis. The Group derecognised these bills receivable and the payables to suppliers in their entirety in the consolidated statements of financial position.

In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is the same as the amounts payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB47,743,000 (2024: RMB16,630,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

#### (a) Cash and cash equivalents and pledged bank deposits

|                           | Note | At 31 December  |                 |
|---------------------------|------|-----------------|-----------------|
|                           |      | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Cash and cash equivalents |      | 350,312         | 199,254         |
| Pledged bank deposits     |      |                 |                 |
| – Bills payable           | (i)  | 60,223          | –               |
| – Bank loans (Note 22)    | (i)  | 20,000          | –               |
| – Others                  | (ii) | 31,562          | 4,208           |
|                           |      | 111,785         | 4,208           |

- (i) The bank deposits pledged for banks loans and bills payable will be released upon the settlement of relevant bank loans and bills payable.
- (ii) As at 31 December 2025, other pledged bank deposits mainly comprised bank deposits as guarantee in relation to certain supplier contracts and customer contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

### (b) Reconciliation of loss before taxation to cash generated from operations:

|                                                                 | Note | At 31 December   |                 |
|-----------------------------------------------------------------|------|------------------|-----------------|
|                                                                 |      | 2025<br>RMB'000  | 2024<br>RMB'000 |
| <b>Loss before taxation</b>                                     |      | <b>(280,157)</b> | (274,457)       |
| <b>Adjustments for:</b>                                         |      |                  |                 |
| Depreciation and amortisation                                   | 6(c) |                  |                 |
| – owned property, plant and equipment                           |      | <b>13,116</b>    | 11,941          |
| – right-of-use assets                                           |      | <b>5,165</b>     | 6,198           |
| – intangible assets                                             |      | <b>876</b>       | 800             |
| Finance costs                                                   | 6(a) | <b>18,796</b>    | 9,187           |
| Finance income                                                  | 6(a) | <b>(8,332)</b>   | (10,547)        |
| Net unrealised gain on listed equity investment                 | 5    | <b>(1,936)</b>   | –               |
| Net loss on disposal of property, plant and equipment           | 5    | <b>114</b>       | 1,130           |
| Net gain on modification and termination of lease               |      | <b>–</b>         | (867)           |
| Shares of results of associates, net of downstream transaction  |      | <b>4,462</b>     | 6,470           |
| Equity settled share-based payment expenses                     | 26   | <b>8,674</b>     | 33,478          |
| Credit loss (reversed)/recognised on financial guarantee issued | 6(c) | <b>(80)</b>      | 2,565           |
| Dividends from other investments                                | 5    | <b>(333)</b>     | (333)           |
| Gain on disposal or loss of significant influence of associates | 5    | <b>–</b>         | (16,277)        |
| <b>Changes in working capital</b>                               |      |                  |                 |
| Decrease/(increase) in inventories                              |      | <b>99,159</b>    | (797)           |
| Increase in trade and other receivables                         |      | <b>(67,009)</b>  | (131,704)       |
| Increase in contract assets                                     |      | <b>(20,460)</b>  | (980)           |
| Increase in trade and other payables                            |      | <b>96,447</b>    | 91,174          |
| Increase/(decrease) in contract liabilities                     |      | <b>633</b>       | (10,085)        |
| (Increase)/decrease in pledged bank deposits                    |      | <b>(54,769)</b>  | 1,070           |
| Increase in provisions                                          |      | <b>2,684</b>     | 1,649           |
| <b>Cash used in operations</b>                                  |      | <b>(182,950)</b> | (280,385)       |
| <b>Interest received</b>                                        |      | <b>8,332</b>     | 10,547          |
| <b>Income tax paid</b>                                          |      | <b>(3)</b>       | (113)           |
| <b>Net cash used in operating activities</b>                    |      | <b>(174,621)</b> | (269,951)       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities:

|                                                                             | Loans and<br>borrowings<br>RMB'000<br>(Note 22) | Lease<br>liabilities<br>RMB'000<br>(Note 24) | Total<br>RMB'000 |
|-----------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|------------------|
| <b>At 1 January 2025</b>                                                    | <b>352,313</b>                                  | <b>5,828</b>                                 | <b>358,141</b>   |
| <b>Changes from financing cash flows:</b>                                   |                                                 |                                              |                  |
| Proceeds from loans and borrowings                                          | 525,355                                         | –                                            | 525,355          |
| Repayments of loans and borrowings                                          | (157,512)                                       | –                                            | (157,512)        |
| Capital element of lease rentals paid                                       | –                                               | (2,706)                                      | (2,706)          |
| Interest element of lease rentals paid                                      | –                                               | (390)                                        | (390)            |
| Interest paid                                                               | (17,087)                                        | –                                            | (17,087)         |
| Total changes from financing cash flows                                     | 350,756                                         | (3,096)                                      | 347,660          |
| <b>Other changes:</b>                                                       |                                                 |                                              |                  |
| Interest expenses                                                           | 18,406                                          | 390                                          | 18,796           |
| Increase in lease liabilities from entering into new leases during the year | –                                               | 15,595                                       | 15,595           |
| Total other changes                                                         | 18,406                                          | 15,985                                       | 34,391           |
| <b>At 31 December 2025</b>                                                  | <b>721,475</b>                                  | <b>18,717</b>                                | <b>740,192</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

### (c) Reconciliation of liabilities arising from financing activities: (Continued)

|                                                                             | Loans and<br>borrowings<br>RMB'000<br>(Note 22) | Lease<br>liabilities<br>RMB'000<br>(Note 24) | Total<br>RMB'000 |
|-----------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|------------------|
| <b>At 1 January 2024</b>                                                    | 153,228                                         | 22,482                                       | 175,710          |
| <b>Changes from financing cash flows:</b>                                   |                                                 |                                              |                  |
| Proceeds from loans and borrowings                                          | 275,913                                         | —                                            | 275,913          |
| Repayments of loans and borrowings                                          | (77,033)                                        | —                                            | (77,033)         |
| Capital element of lease rentals paid                                       | —                                               | (5,062)                                      | (5,062)          |
| Interest element of lease rentals paid                                      | —                                               | (674)                                        | (674)            |
| Interest paid                                                               | (9,226)                                         | —                                            | (9,226)          |
| Total changes from financing cash flows                                     | 189,654                                         | (5,736)                                      | 183,918          |
| <b>Other changes:</b>                                                       |                                                 |                                              |                  |
| Decrease in lease liabilities from termination of<br>leases during the year | —                                               | (11,592)                                     | (11,592)         |
| Interest expenses                                                           | 9,431                                           | 674                                          | 10,105           |
| Total other changes                                                         | 9,431                                           | (10,918)                                     | (1,487)          |
| <b>At 31 December 2024</b>                                                  | <b>352,313</b>                                  | <b>5,828</b>                                 | <b>358,141</b>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

#### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

|                             | At 31 December  |                 |
|-----------------------------|-----------------|-----------------|
|                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Within operating cash flows | 374             | 1,351           |
| Within investing cash flows | 11,333          | 37,386          |
| Within financing cash flows | 3,096           | 5,736           |
|                             | 14,803          | 44,473          |

These amounts relate to the following:

|                             | At 31 December  |                 |
|-----------------------------|-----------------|-----------------|
|                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Lease rentals paid          | 3,470           | 7,087           |
| Purchase of land use rights | 11,333          | 37,386          |
|                             | 14,803          | 44,473          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 22 LOANS AND BORROWINGS

- (a) The analysis of the carrying amount of borrowings in the consolidated statements of financial position is as follows:

|                                                          | At 31 December  |                 |
|----------------------------------------------------------|-----------------|-----------------|
|                                                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Current</b>                                           |                 |                 |
| Short-term bank loans                                    | 112,023         | 50,024          |
| Current portion of long-term bank loans                  | 201,786         | 215,845         |
| Obligations arising from sale and leaseback transactions | 50,325          | 1,328           |
| Other borrowings                                         | 132,520         | –               |
|                                                          | 496,654         | 267,197         |
| <b>Non-current</b>                                       |                 |                 |
| Obligations arising from sale and leaseback transactions | 63,908          | 5,891           |
| Long-term bank loans                                     | 160,913         | 79,225          |
|                                                          | 224,821         | 85,116          |
|                                                          | 721,475         | 352,313         |

As at 31 December 2025, the weighted average interest rates of current and non-current loans and borrowings were 3.7% and 3.9% per annum, respectively (2024: 3.4% and 3.5%).

- (b) The borrowings are repayable as follows:

|                                  | At 31 December  |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Within 1 year                    | 496,654         | 267,197         |
| After 1 year but within 2 years  | 188,207         | 44,610          |
| After 2 years but within 5 years | 36,614          | 40,506          |
|                                  | 721,475         | 352,313         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 22 LOANS AND BORROWINGS (CONTINUED)

(c) The borrowings of the Group are secured as follows:

|                                                                 | Note  | At 31 December  |                 |
|-----------------------------------------------------------------|-------|-----------------|-----------------|
|                                                                 |       | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Bank loans</b>                                               |       |                 |                 |
| – Secured                                                       | (i)   | 63,062          | 47,083          |
| – Unsecured                                                     |       | 411,660         | 298,011         |
|                                                                 |       | 474,722         | 345,094         |
| <b>Obligations arising from sale and leaseback transactions</b> |       |                 |                 |
| – Secured                                                       | (ii)  | 114,233         | 7,219           |
| <b>Other borrowings</b>                                         |       |                 |                 |
| – Secured                                                       | (iii) | 1,431           | –               |
| – Unsecured                                                     | (iv)  | 131,089         | –               |
|                                                                 |       | 132,520         | –               |
| <b>Total</b>                                                    |       | <b>721,475</b>  | <b>352,313</b>  |

(i) As at 31 December 2025, certain bank loans were secured by the Group's land use rights, property, plant and equipment and pledged bank deposits with the net carrying amounts of RMB62,220,000, RMB59,849,000 and RMB20,000,000, respectively (2024: RMB24,791,000, nil and nil).

(ii) As at 31 December 2025, certain subsidiaries of the Group entered into agreements of sale and leaseback of property, plant and equipment with finance leasing companies, with weighted average interest rate of 6.4% per annum (2024: 6.0%). The principals and interests should be repaid monthly within 5 years.

Based on the annual assessment from the management of the Group, the finance leasing companies did not obtain control of the assets, and the transfer of assets did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets. Therefore, the Group continued to recognise the assets and recognised borrowings equal to the transfer proceeds according to IFRS 9.

(iii) As at 31 December 2025, the Group borrowed USD204,000 (equivalent to RMB1,431,000) from a third party with interest rate of 6.0% per annum, which were secured by the Group's deposits.

(iv) As at 31 December 2025, the Group borrowed RMB131,089,000 from third parties, with weighted average interest rate of 4.5% per annum, and would mature within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 23 TRADE AND OTHER PAYABLES

|                                                          | At 31 December  |                 |
|----------------------------------------------------------|-----------------|-----------------|
|                                                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Trade payables due to third party suppliers              | 310,122         | 270,526         |
| Bills payable                                            | 65,223          | 10,000          |
| Financial liabilities measured at amortised cost         | 375,345         | 280,526         |
| Other payables                                           |                 |                 |
| – Deposits                                               | 6,352           | 8,572           |
| – Payables for purchase of property, plant and equipment | 180,079         | 7,012           |
| – Commission expenses payable                            | 6,989           | 2,885           |
| – Deposit for restricted shares                          | 1,066           | 11,600          |
| – Others                                                 | 32,980          | 34,414          |
| Accrued payroll and other benefits                       | 17,506          | 19,881          |
| VAT and sundry taxes payable                             | 7,374           | 4,939           |
| Refund liabilities                                       |                 |                 |
| – accrual of sales return                                | 1,821           | 429             |
| – accrual of sales rebate                                | 3,234           | 4,281           |
|                                                          | 632,746         | 374,539         |

As of the end of the reporting periods, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

|                   | At 31 December  |                 |
|-------------------|-----------------|-----------------|
|                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Within 1 year     | 306,173         | 265,049         |
| 1 year to 2 years | 2,212           | 1,490           |
| Over 2 years      | 1,737           | 3,987           |
|                   | 310,122         | 270,526         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 24 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

|                                  | At 31 December  |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Within 1 year                    | 5,407           | 3,222           |
| After 1 year but within 2 years  | 3,760           | 1,465           |
| After 2 years but within 5 years | 4,052           | 1,141           |
| After 5 years                    | 5,498           | –               |
|                                  | 13,310          | 2,606           |
|                                  | 18,717          | 5,828           |

### 25 PROVISIONS

|                                      | At 31 December  |                 |
|--------------------------------------|-----------------|-----------------|
|                                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Product warranty provision           | 15,178          | 12,539          |
| Financial guarantee issued (Note 29) | 2,977           | 3,057           |
| Onerous contracts                    | 921             | 876             |
|                                      | 19,076          | 16,472          |

#### Product warranty provision

|                             | Amount<br>RMB'000 |
|-----------------------------|-------------------|
| At 31 December 2023         | 11,765            |
| Provision for the year      | 18,609            |
| Utilisation during the year | (17,835)          |
| At 31 December 2024         | 12,539            |
| Provision for the year      | 23,430            |
| Utilisation during the year | (20,791)          |
| At 31 December 2025         | 15,178            |

A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 6 to 60 months from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 26 EQUITY SETTLED SHARE-BASED PAYMENT

The Company has adopted a restricted share scheme (the “Restricted Share Scheme”), whereby the directors of the Company may, at their discretion, offer to grant a share award to subscribe shares (or share capital before the Company’s conversion into a joint stock Company), to attract and retain the talents and to provide incentives that align the interests of shareholders and employees. Pursuant to the Restricted Share Scheme, the Company has granted certain restricted shares to the grantees at a fixed subscription price. All the restricted shares granted shall be vested at the date of 36 months from the date of grant or the date of completion of a qualified listing, whichever is later. The restricted shares are subject to certain transfer and disposal restrictions until the completion of the vesting. Upon the occurrence of certain events within the vesting period, including an employee ceased employment with the Group, the restricted shares would be forfeited and redeemed at the price of subscription price plus simple interest.

**(a) The details of the grants are as follows:**

|                                         | Number of<br>restricted shares | Subscription<br>price<br>RMB |
|-----------------------------------------|--------------------------------|------------------------------|
| Restricted shares granted to directors: |                                |                              |
| – on 1 March 2022                       | 3,091,551                      | 0.78                         |
| Restricted shares granted to employees: |                                |                              |
| – on 1 February 2020                    | 9,923,879                      | 0.49                         |
| – on 1 March 2022                       | 17,518,790                     | 0.78                         |
| – on 3 March 2023                       | 811,017                        | 0.78                         |
| – on 22 September 2023                  | 1,004,754                      | 0.97                         |
| – on 20 December 2023                   | 783,193                        | 0.97                         |

**(b) Set out below is the movement in number of the underlying shares of the Company under the Restricted Shares Scheme:**

|                                          | At 31 December 2025                      |                                   | At 31 December 2024                      |                                   |
|------------------------------------------|------------------------------------------|-----------------------------------|------------------------------------------|-----------------------------------|
|                                          | Weighted<br>average fair<br>value<br>RMB | Number of<br>restricted<br>shares | Weighted<br>average fair<br>value<br>RMB | Number of<br>restricted<br>shares |
| Outstanding at the beginning of the year | 4.67                                     | 26,388,450                        | 4.70                                     | 26,728,521                        |
| Forfeited during the year                | 3.13                                     | (819,261)                         | 6.82                                     | (340,071)                         |
| Vested during the year                   | 4.50                                     | (23,722,502)                      | /                                        | –                                 |
| Outstanding at the end of the year       | 7.53                                     | 1,846,687                         | 4.67                                     | 26,388,450                        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 26 EQUITY SETTLED SHARE-BASED PAYMENT (CONTINUED)

- (c) Expenses for the share-based compensation have been charged to the consolidated statements of profit or loss and other comprehensive income as follow:

|                                | At 31 December  |                 |
|--------------------------------|-----------------|-----------------|
|                                | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Cost of sales                  | 9               | 58              |
| Selling expenses               | 3,165           | 6,472           |
| Administrative expenses        | 3,072           | 24,169          |
| Research and development costs | 2,428           | 2,779           |
|                                | <b>8,674</b>    | <b>33,478</b>   |

### 27 CAPITAL, RESERVES AND DIVIDENDS

- (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

|                                                                             | Note      | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>Reserve<br>RMB'000 | Fair value<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>equity<br>RMB'000 |
|-----------------------------------------------------------------------------|-----------|-----------------------------|-----------------------------|-------------------------------|----------------------------------|----------------------------------|----------------------------|
| <b>Balance at 1 January 2024</b>                                            |           | 366,652                     | 892,324                     | 42,368                        | 8,167                            | (163,675)                        | 1,145,836                  |
| Loss for the year                                                           |           | -                           | -                           | -                             | -                                | (125,592)                        | (125,592)                  |
| Other comprehensive income                                                  |           | -                           | -                           | -                             | 1,148                            | -                                | 1,148                      |
| Total comprehensive income                                                  |           | -                           | -                           | -                             | 1,148                            | (125,592)                        | (124,444)                  |
| Equity settled share-based payment                                          | 26        | -                           | -                           | 33,478                        | -                                | -                                | 33,478                     |
| <b>Balance at 31 December 2024 and<br/>1 January 2025</b>                   |           | <b>366,652</b>              | <b>892,324</b>              | <b>75,846</b>                 | <b>9,315</b>                     | <b>(289,267)</b>                 | <b>1,054,870</b>           |
| Loss for the year                                                           |           | -                           | -                           | -                             | -                                | (168,242)                        | (168,242)                  |
| Other comprehensive income                                                  |           | -                           | -                           | -                             | 7,195                            | -                                | 7,195                      |
| Total comprehensive income                                                  |           | -                           | -                           | -                             | 7,195                            | (168,242)                        | (161,047)                  |
| Issuance of H shares through initial public offering, net of issuance costs | 27(c)(i)  | 13,000                      | 164,377                     | -                             | -                                | -                                | 177,377                    |
| Issuance of H shares by placement, net of issuance costs                    | 27(c)(ii) | 10,000                      | 208,387                     | -                             | -                                | -                                | 218,387                    |
| Equity settled share-based payment                                          | 26        | -                           | -                           | 8,674                         | -                                | -                                | 8,674                      |
| <b>Balance at 31 December 2025</b>                                          |           | <b>389,652</b>              | <b>1,265,088</b>            | <b>84,520</b>                 | <b>16,510</b>                    | <b>(457,509)</b>                 | <b>1,298,261</b>           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Dividends

- (i) No dividends were proposed after the end of years ended 31 December 2025 and 2024.
- (ii) No dividends in respect of the previous financial years were approved or paid during the reporting periods.

### (c) Share capital and share premium

Movements in the authorised share capital of the Company during the year are as follows:

|                                                             | Numbers<br>of ordinary<br>shares<br>'000 | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------------------------------|------------------------------------------|-----------------------------|-----------------------------|------------------|
| <b>Issued and fully paid</b>                                |                                          |                             |                             |                  |
| At 31 December 2024 and 1 January 2025                      | 366,652                                  | 366,652                     | 892,324                     | 1,258,976        |
| Issuance of H shares through initial<br>public offering (i) | 13,000                                   | 13,000                      | 164,377                     | 177,377          |
| Issuance of H shares by placement (ii)                      | 10,000                                   | 10,000                      | 208,387                     | 218,387          |
| At 31 December 2025                                         | 389,652                                  | 389,652                     | 1,265,088                   | 1,654,740        |

- (i) On 7 May 2025, the Company issued 13,000,000 H shares of RMB1.00 each at a price of Hong Kong dollar ("HKD") 18.00 per share by way of the Hong Kong initial public offering. Consequently, the share capital increased by RMB13,000,000, and the corresponding share premium increased by RMB164,377,000 (after deduction of listing expense).
- (ii) Pursuant to a share placing agreement dated on 14 November 2025, the Company completed a share placing by issuing 10,000,000 H shares at a price of HKD25.08 per share on 24 November 2025. The gross proceeds of HKD250,800,000 (equivalent to RMB228,303,000), net of direct share placement expenses of HKD10,898,000 (equivalent to RMB9,916,000), were raised, of which RMB10,000,000 and RMB208,387,000 were credited to share capital and share premium, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) Other comprehensive income

|                                                                                   | Before-tax<br>amount<br>RMB'000 | 2025<br>Tax (expense)/<br>benefit<br>RMB'000 | Net-of-tax<br>amount<br>RMB'000 |
|-----------------------------------------------------------------------------------|---------------------------------|----------------------------------------------|---------------------------------|
| Equity investments at FVOCI – net movement in fair value reserves (not recycling) | 10,581                          | (2,645)                                      | 7,936                           |
|                                                                                   | Before-tax<br>amount<br>RMB'000 | 2024<br>Tax (expense)/<br>benefit<br>RMB'000 | Net-of-tax<br>amount<br>RMB'000 |
| Equity investments at FVOCI – net movement in fair value reserves (not recycling) | 1,401                           | (350)                                        | 1,051                           |

#### (e) Nature and purpose of reserves

##### (i) Share premium

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

##### (ii) Capital reserve

The capital reserve mainly represents (i) equity settled share-based payment (Note 26); and (ii) the difference between the carrying value of non-controlling interests and the consideration received from the non-controlling shareholder.

##### (iii) Shares held for Restricted Shares Scheme

In March 2022, the Company issued 7,250,000 registered capital (14,942,497 shares after the conversion into a joint stock company). Shanghai Jifang Business Consulting Partnership (Limited Partnership) (上海驥方商務諮詢合夥企業(有限合夥)) ("Shanghai Jifang"), an employee shareholding platform, held the shares under the Restricted Shares Scheme (See Note 26) at RMB1.6 per registered capital. The total consideration the Company received was RMB11,600,000, which was credited to equity reserve.

As the Company has the power to govern the relevant activities of Shanghai Jifang and can derive benefits from the contributions of the employees who were awarded with the shares under the Restricted Shares Scheme, Shanghai Jifang was consolidated.

##### (iv) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of other investments designated at FVOCI under IFRS 9 that are held at the end of the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (f) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings and lease liabilities), less cash and cash equivalents and pledged bank deposits. Capital comprises all components of equity.

The adjusted net debt-to-capital ratios at 31 December 2025 and 2024 were as follows:

|                                    | Note  | At 31 December  |                 |
|------------------------------------|-------|-----------------|-----------------|
|                                    |       | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Loans and borrowings               | 22    | 721,475         | 352,313         |
| Lease liabilities                  | 24    | 18,717          | 5,828           |
| Total borrowings                   |       | 740,192         | 358,141         |
| Less: Pledged bank deposits        | 21(a) | (111,785)       | (4,208)         |
| Cash and cash equivalents          | 21(a) | (350,312)       | (199,254)       |
| Adjusted net debt                  |       | 278,095         | 154,679         |
| Total equity                       |       | 806,987         | 682,281         |
| Adjusted net debt-to-capital ratio |       | 34.5%           | 22.7%           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets and financial guarantees. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are banks and financial institutions with low credit risk confirmed by the Group.

Except for the financial guarantee provided by the Group as set out in Note 29, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in Note 29.

Impairment losses on trade and other receivables and contract assets recognised in profit or loss are RMB120,199,000 during the year ended 31 December 2025 (2024: RMB80,532,000).

#### Trade receivables

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background financial strengths, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Trade receivables under credit sales arrangement are normally due within 1 to 6 months from the date of billing. Sales under instalment payment method that has instalment payment periods are generally ranging from 6 to 60 months.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. According to the past experience of the Group, the loss patterns of different customers are significantly different. The Group estimates loss allowance for trade receivables for each of the customer with similar loss patterns.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of 31 December 2025, nil of the total trade receivables was due from the Group's largest customer (2024: 11%) and 18% of the total trade receivables were due from the Group's five largest customers (2024: 34%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (Continued)

#### Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

|                          | As at 31 December 2025  |                                  |                           |
|--------------------------|-------------------------|----------------------------------|---------------------------|
|                          | Expected loss rate<br>% | Gross carrying amount<br>RMB'000 | Loss allowance<br>RMB'000 |
| Current (not past due)   | 11.5%                   | 265,147                          | (30,543)                  |
| Overdue less than 1 year | 24.9%                   | 243,387                          | (60,518)                  |
| Overdue 1-2 years        | 66.6%                   | 99,606                           | (66,371)                  |
| Overdue 2-3 years        | 100.0%                  | 104,048                          | (104,048)                 |
|                          |                         | 712,188                          | (261,480)                 |

|                          | As at 31 December 2024  |                                  |                           |
|--------------------------|-------------------------|----------------------------------|---------------------------|
|                          | Expected loss rate<br>% | Gross carrying amount<br>RMB'000 | Loss allowance<br>RMB'000 |
| Current (not past due)   | 9.7%                    | 251,598                          | (24,372)                  |
| Overdue less than 1 year | 24.8%                   | 230,885                          | (57,180)                  |
| Overdue 1-2 years        | 53.0%                   | 96,216                           | (50,985)                  |
| Overdue 2-3 years        | 99.3%                   | 24,454                           | (24,288)                  |
|                          |                         | 603,153                          | (156,825)                 |

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Credit risk (Continued)

##### Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

|                              | At 31 December  |                 |
|------------------------------|-----------------|-----------------|
|                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
| At the beginning of the year | 156,825         | 76,979          |
| Impairment losses recognised | 119,448         | 79,846          |
| Amounts written off          | (14,793)        | –               |
| At the end of the year       | 261,480         | 156,825         |

Movement in the loss allowance account in respect of other receivables during the year is as follows:

|                              | At 31 December  |                 |
|------------------------------|-----------------|-----------------|
|                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
| At the beginning of the year | 5,425           | 4,775           |
| Impairment losses recognised | 575             | 650             |
| At the end of the year       | 6,000           | 5,425           |

Movement in the loss allowance account in respect of contract assets during the year is as follows:

|                              | At 31 December  |                 |
|------------------------------|-----------------|-----------------|
|                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
| At the beginning of the year | 36              | –               |
| Impairment losses recognised | 176             | 36              |
| At the end of the year       | 212             | 36              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

|                                                                                   | As at 31 December 2025                      |                                                            |                                                             |                                 | Total<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
|-----------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|---------------------------------|------------------|-------------------------------|
|                                                                                   | Within<br>1 year or<br>on demand<br>RMB'000 | More than<br>1 year but<br>less than<br>2 years<br>RMB'000 | More than<br>2 years but<br>less than<br>5 years<br>RMB'000 | More than<br>5 years<br>RMB'000 |                  |                               |
| Loans and borrowings                                                              | 511,846                                     | 193,321                                                    | 38,857                                                      | -                               | 744,024          | 721,475                       |
| Trade and other payables                                                          | 632,746                                     | -                                                          | -                                                           | -                               | 632,746          | 632,746                       |
| Lease liabilities                                                                 | 6,327                                       | 4,362                                                      | 5,064                                                       | 7,029                           | 22,782           | 18,717                        |
|                                                                                   | 1,150,919                                   | 197,683                                                    | 43,921                                                      | 7,029                           | 1,399,552        | 1,372,938                     |
| Financial guarantees issued and payment<br>commitments maximum exposure (Note 29) | 237,534                                     | 167,733                                                    | 100,195                                                     | -                               | 505,462          | 2,977                         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Liquidity risk (Continued)

|                                                                                | As at 31 December 2024                |                                                   |                                                    |                  | Carrying amount<br>RMB'000 |
|--------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------|----------------------------------------------------|------------------|----------------------------|
|                                                                                | Contractual undiscounted cash outflow | More than 1 year but less than 2 years            | More than 2 years but less than 5 years            | Total            |                            |
|                                                                                | Within 1 year or on demand<br>RMB'000 | More than 1 year but less than 2 years<br>RMB'000 | More than 2 years but less than 5 years<br>RMB'000 | Total<br>RMB'000 |                            |
| Loans and borrowings                                                           | 275,710                               | 45,851                                            | 42,717                                             | 364,278          | 352,313                    |
| Trade and other payables                                                       | 374,539                               | –                                                 | –                                                  | 374,539          | 374,539                    |
| Lease liabilities                                                              | 3,417                                 | 1,553                                             | 1,164                                              | 6,134            | 5,828                      |
|                                                                                | 653,666                               | 47,404                                            | 43,881                                             | 744,951          | 732,680                    |
| Financial guarantees issued and payment commitments maximum exposure (Note 29) | 162,478                               | 120,794                                           | 60,808                                             | 344,080          | 3,057                      |

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash and cash equivalents, pledged bank deposits and interest-bearing loans and borrowings. The Group's interest-bearing financial instruments at variable rates as at 31 December 2025 are primarily the cash and cash equivalents and pledged bank deposits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Interest rate risk (Continued)

(i) The Group's interest rate profile as monitored by management is set out below.

|                           | As at 31 December                                 |         |                                                   |         |
|---------------------------|---------------------------------------------------|---------|---------------------------------------------------|---------|
|                           | 2025<br>Weighted<br>average<br>interest rate<br>% | RMB'000 | 2024<br>Weighted<br>average<br>interest rate<br>% | RMB'000 |
| <b>Fixed rate:</b>        |                                                   |         |                                                   |         |
| Lease liabilities         | 5.0%                                              | 18,717  | 4.2%                                              | 5,828   |
| Loans and borrowings      | 3.8%                                              | 721,475 | 3.4%                                              | 352,313 |
|                           |                                                   | 740,192 |                                                   | 358,141 |
| <b>Variable rate:</b>     |                                                   |         |                                                   |         |
| Cash and cash equivalents | 0.1%                                              | 350,312 | 0.3%                                              | 199,254 |
| Pledged bank deposits     | 1.0%                                              | 111,785 | 0.3%                                              | 4,208   |
|                           |                                                   | 462,097 |                                                   | 203,462 |

#### (ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's total comprehensive income by approximately RMB4,621,000 (2024: RMB2,035,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Foreign currency risk

Foreign currency exchange rate risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Group's foreign currency risk exposure mainly relates to cash and cash equivalents, other borrowings and trade and other payables denominated primarily in United States dollars, Euros and Hong Kong dollars. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign currency risk.

#### (e) Fair value measurement

##### (i) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

|                                         | Fair value at<br>31 December<br>2025<br>RMB'000 | Fair value measurements as at<br>31 December 2025 categorised into |                    |                    | Fair value at<br>31 December<br>2024<br>RMB'000 | Fair value measurements as at<br>31 December 2024 categorised into |                    |                    |
|-----------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|--------------------|--------------------|-------------------------------------------------|--------------------------------------------------------------------|--------------------|--------------------|
|                                         |                                                 | Level 1<br>RMB'000                                                 | Level 2<br>RMB'000 | Level 3<br>RMB'000 |                                                 | Level 1<br>RMB'000                                                 | Level 2<br>RMB'000 | Level 3<br>RMB'000 |
| <b>Recurring fair value measurement</b> |                                                 |                                                                    |                    |                    |                                                 |                                                                    |                    |                    |
| Financial assets measured at FVOCI      |                                                 |                                                                    |                    |                    |                                                 |                                                                    |                    |                    |
| – Unlisted equity investments           | 52,316                                          | -                                                                  | -                  | 52,316             | 41,735                                          | -                                                                  | -                  | 41,735             |
| Financial assets measured at FVPL       |                                                 |                                                                    |                    |                    |                                                 |                                                                    |                    |                    |
| – Listed equity investment              | 3,436                                           | 3,436                                                              | -                  | -                  | -                                               | -                                                                  | -                  | -                  |
|                                         | 55,752                                          | 3,436                                                              | -                  | 52,316             | 41,735                                          | -                                                                  | -                  | 41,735             |

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (e) Fair value measurement (Continued)

#### (i) Financial assets and liabilities measured at fair value (Continued)

##### *Fair value hierarchy (Continued)*

##### *Information about Level 3 fair value measurements*

The fair value of unlisted equity investment is determined based on medium market multiples (e.g. price-to-book ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate.

As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack marketability by 1% would have increased/decreased the Group's total comprehensive income by approximately RMB188,000 (2024: RMB240,000).

The movement during the year in balance of Level 3 fair value measurement is as follows:

|                               | At 31 December  |                 |
|-------------------------------|-----------------|-----------------|
|                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Unlisted equity investments:  |                 |                 |
| At 1 January                  | 41,735          | 19,094          |
| Transferred from an associate | –               | 22,740          |
| Disposals                     | –               | (1,500)         |
| Changes in fair value         | 10,581          | 1,401           |
| At 31 December                | 52,316          | 41,735          |

The net gains arising from remeasurement of unlisted equity investments are presented in the "Other comprehensive income" line item in the consolidated statements of profit or loss and other comprehensive income.

#### (ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 29 FINANCIAL GUARANTEE ISSUED

Certain customers of the Group finance their purchase of the Group's products through finance leases provided by third-party leasing companies. The Group undertakes the joint liability guarantee for these customers. In the event of customer default, the Group is required to make payments to the third-party leasing companies for the outstanding amounts due from the customers. At the same time, the Group is entitled to repossess and purchase the leased products, and retain any net proceeds in excess of the guarantee payments made to the leasing companies. The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 1 to 4 years.

The fair value of the financial guarantees upon the initial recognition was immaterial, which is subsequently measured at the higher of the initial recognised amount and the expected credit loss allowance. As at 31 December 2025, the Group's maximum exposure to such guarantees was RMB505,462,000 (2024: RMB344,080,000). During the year ended 31 December 2025, no customer default incurred (2024: nil).

### 30 COMMITMENTS

Capital commitments outstanding as at 31 December 2025 not provided for in the consolidated financial statements were as follows:

|                                                                                   | At 31 December  |                 |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Contracted for acquisition of property, plant and equipment                       | 223,382         | 36,018          |
| Authorised but not contracted for acquisition of property,<br>plant and equipment | 27,472          | —               |
|                                                                                   | 250,854         | 36,018          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Names and relationship of the related parties that had material transactions with the Group during the reporting periods

| Name of related parties                                        | Relationship                                         |
|----------------------------------------------------------------|------------------------------------------------------|
| Mr. Chen Fangming                                              | The controlling shareholder                          |
| Shanghai Breton Investment Group Company ("Breton Investment") | The entity controlled by the controlling shareholder |
| Breton (Jinhua) New Energy Co., Ltd.                           | Associate                                            |
| Breton Tianrun (Jiangsu) New Energy Co., Ltd.                  | Associate                                            |
| Breton Tianyue (Ningxia) New Energy Co., Ltd.                  | Associate                                            |
| Sichuan Breton Tianyi New Energy Technology Co., Ltd.          | Associate                                            |
| Shanxi Huanghe Green Energy Technology Co., Ltd.               | Associate                                            |
| Shaanxi Lingbo Operation Technology Co., Ltd.                  | Associate                                            |
| Chongqing Changling Technology Co., Ltd.                       | Associate                                            |
| Henan Breton Construction Machinery Co., Ltd.                  | Associate                                            |
| Breton Jungang (Shandong) Energy Technology Co., Ltd.          | Associate                                            |
| Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd.         | Associate                                            |
| Hunan Lvdian Breton New Energy Co., Ltd.                       | Associate                                            |
| Moudi Smart Technology Co., Ltd.                               | Associate (till September 2024)                      |

### (b) Transactions with related parties

|                                             | For the year ended 31 December |                 |
|---------------------------------------------|--------------------------------|-----------------|
|                                             | 2025<br>RMB'000                | 2024<br>RMB'000 |
| <b>Transactions with associates:</b>        |                                |                 |
| Sales of products and rental income         | 83,157                         | 268,598         |
| <b>Transactions with Breton Investment:</b> |                                |                 |
| Capital injection                           | 20,000                         | —               |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Balance with related parties – associates

|                             | At 31 December  |                 |
|-----------------------------|-----------------|-----------------|
|                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Trade and other receivables | 152,570         | 220,164         |

|                          | At 31 December  |                 |
|--------------------------|-----------------|-----------------|
|                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Trade and other payables | 2,041           | 13,565          |

|                      | At 31 December  |                 |
|----------------------|-----------------|-----------------|
|                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Contract liabilities | 556             | 255             |

All of the balances with related parties are trade in nature.

#### (d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, and certain of the highest paid employees as disclosed in Note 9, is as follows:

|                                             | At 31 December  |                 |
|---------------------------------------------|-----------------|-----------------|
|                                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Salaries, allowances and benefits in kind   | 3,099           | 3,250           |
| Discretionary bonuses                       | 325             | 627             |
| Contributions to retirement scheme          | 213             | 213             |
| Equity settled share-based payment expenses | 2,766           | 17,136          |
|                                             | 6,403           | 21,226          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

|                                              | At 31 December  |                 |
|----------------------------------------------|-----------------|-----------------|
|                                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
| <b>Non-current assets</b>                    |                 |                 |
| Property, plant and equipment                | 59,280          | 1,555           |
| Other investments                            | 49,740          | 40,147          |
| Right-of-use assets                          | 9,835           | 6,850           |
| Intangible assets                            | 2,332           | 2,961           |
| Interests in subsidiaries                    | 951,226         | 1,017,716       |
| Interest in associates                       | 21,507          | 26,394          |
| Other non-current assets                     | 323,618         | 24,062          |
|                                              | 1,417,538       | 1,119,685       |
| <b>Current assets</b>                        |                 |                 |
| Inventories                                  | 41,979          | 36,891          |
| Contract assets                              | 5,940           | —               |
| Trade and other receivables                  | 723,675         | 516,595         |
| Pledged bank deposits                        | 111,785         | 4,030           |
| Cash and cash equivalents                    | 92,781          | 35,799          |
|                                              | 976,160         | 593,315         |
| <b>Current liabilities</b>                   |                 |                 |
| Loans and borrowings                         | 241,167         | 243,801         |
| Trade and other payables                     | 640,517         | 350,143         |
| Provision                                    | 5,793           | 4,478           |
| Contract liabilities                         | 117             | 1,173           |
| Lease liabilities                            | 3,495           | 2,726           |
|                                              | 891,089         | 602,321         |
| <b>Net current assets/(liabilities)</b>      | 85,071          | (9,006)         |
| <b>Total assets less current liabilities</b> | 1,502,609       | 1,110,679       |
| <b>Non-current liabilities</b>               |                 |                 |
| Loans and borrowings                         | 192,726         | 44,200          |
| Lease liabilities                            | 6,119           | 8,504           |
| Deferred tax liabilities                     | 5,503           | 3,105           |
|                                              | 204,348         | 55,809          |
| <b>NET ASSETS</b>                            | 1,298,261       | 1,054,870       |
| <b>CAPITAL AND RESERVES</b>                  |                 |                 |
| Share capital                                | 389,652         | 366,652         |
| Reserves                                     | 908,609         | 688,218         |
| <b>TOTAL EQUITY</b>                          | 1,298,261       | 1,054,870       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

|                                                                                                                                | Effective for accounting periods beginning on or after |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>                                     | 1 January 2026                                         |
| Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>              | 1 January 2026                                         |
| Annual improvements to IFRS Accounting Standards – Volume 11                                                                   | 1 January 2026                                         |
| IFRS 18, <i>Presentation and disclosure in financial statements</i>                                                            | 1 January 2027                                         |
| IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>                                                        | 1 January 2027                                         |
| Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>                                          | 1 January 2027                                         |
| Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i> | To be determined                                       |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

#### **IFRS 18, *Presentation and disclosure in financial statements***

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 10 February 2026, the Group entered into a procurement contract with a third-party supplier in relation to the procurement of equipment for the Ruashi Energy Project (the “Project”) in the Democratic Republic of the Congo. The Total contract price is approximately EUR39 million.

On 5 March 2026, the Group entered into a general construction contract for the Project with a third-party construction company (the “Contractor”), pursuant to which the Contractor will be responsible for the civil engineering and installation works for the Project with total contract price of USD17 million.



## FINANCIAL SUMMARY

(Expressed in Renminbi unless otherwise indicated)

### For the Year Ended December 31,

|                                       | 2025<br>RMB'000 | 2024<br>RMB'000 | 2023<br>RMB'000 | 2022<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                               | 779,483         | 635,457         | 463,738         | 360,106         |
| Cost of sales                         | (693,309)       | (598,618)       | (454,459)       | (351,934)       |
| Gross profit                          | 86,174          | 36,839          | 9,279           | 8,172           |
| Loss for the year                     | (318,202)       | (274,547)       | (229,414)       | (178,101)       |
| Loss per share<br>– Basic and diluted | (0.86)          | (0.78)          | (0.66)          | (0.64)          |

### At December 31,

|                               | 2025<br>RMB'000 | 2024<br>RMB'000 | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Total non-current assets      | 932,513         | 418,700         | 290,358         | 99,635          |
| Total current assets          | 1,314,715       | 1,019,640       | 1,131,457       | 828,182         |
| Total current liabilities     | 1,196,213       | 665,085         | 427,175         | 306,189         |
| Total non-current liabilities | 244,028         | 90,974          | 72,340          | 67,692          |
| Total equity                  | 806,987         | 682,281         | 922,300         | 553,936         |

