



Fiscal Year **2025**

环境、社会及公司治理(ESG)报告
Environmental, Social, and Corporate Governance (ESG) Report

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Introduction

About This Report

This is the “Environment, Social and Governance” (ESG) report issued by Hangcha Group Co., Ltd., and it aims to demonstrate Hangcha Group’s practices and achievements in sustainable development and disclose the Group’s work in environment, society and governance during the Fiscal Year 2025 and previous years.

Report Scope

This report covers Hangcha Group Co., Ltd. and its subsidiaries. The reporting period ranges from January 1, 2025 to December 31, 2025. To enhance the readability of the report, some content or data may be traced back to previous years or projected to subsequent years.

Data Sources

Unless otherwise specified, all information and data in this report are sourced from periodic reports or interim announcements disclosed by the Company, as well as the environmental, social and governance information that has been collected, consolidated, and audited by the Company. Unless otherwise stated, all the monetary amounts in this report are denominated in Renminbi (RMB).

Preparation Criteria

This report is prepared in accordance with the requirements of the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainable Development Report (For Trial Implementation)* and *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Sustainable Development Report Preparation* issued by the Shanghai Stock Exchange.

Notes on Appellation

For the convenience of expression and reading, “Hangcha Group”, “the Group”, “Hangcha”, “the Company” and “We” in this report all refer to Hangcha Group Co., Ltd. In addition, these forward-looking descriptions related to business plan and development strategy etc. in this report are the Company’s predictions of future events based on real situations at that moment, which may be affected by unknown and uncertain factors, thus leading to significant differences from the actual results. For this reason, such descriptions do not constitute a substantive commitment of the Company to investors.

Report Access

This report is available for downloading and viewing on the official website of the Shanghai Stock Exchange (www.sse.com.cn) and the corporate website of Hangcha Group Co., Ltd. (www.zjhc.cn).



Chairman's Message



Distinguished Shareholders, Partners, All Employees and Friends of All Walks of Life:

2025 marks the final year of the 14th Five-Year Plan, and also a year for Hangcha Group to forge ahead against headwinds and take the lead in innovation amid a severe market environment. In face of global economic volatility and industrial pressure, we always uphold the vision of "Becoming the World's Strongest Forklift Enterprise" to stay committed to green intelligent manufacturing and technological innovation. As a result, we have delivered high-quality development outcomes in global expansion. These achievements stem from the dedication of all Hangcha staff, the trust and support from partners, as well as extensive recognition and solicitude from society. On behalf of the Board of Directors (BOD), I would like to express my sincere gratitude to all of you!

Driving Low-carbon Transition via Green Innovation to Safeguard Lucid Waters, Lush Mountains

In 2025, we firmly believe green development is the foundation of corporate development and also the source of core competitiveness. We launched a total of 60-odd new products and technologies throughout the year. The world's first mass-produced X-series hybrid forklift adopts a dual-power system of "Diesel and Lithium Battery Energy Storage", bringing down fuel consumption by 40% compared with traditional internal combustion forklifts. The Company's self-developed humanoid logistics robot was officially launched at Shanghai CEMAT Exhibition, drawing widespread attention from the industry. High-voltage lithium off-road forklifts, 4-wheel short-wheelbase lithium-ion forklift and other products meet diversified global demands, expanding green power application in mining, infrastructure and North American markets. It is worth pointing out that the national standard *Quantification Methods and Requirements for Product Carbon Footprint of Greenhouse Gases – Industrial Vehicles*, for which Hangcha led the preparation, passed preliminary expert review. This fills industrial gaps and provides scientific support for carbon reduction and carbon trading, exemplifying the Company's technological foresight and industrial responsibility in low-carbon development.

Fulfilling Social Responsibility through Win-win Cooperation to Build a Harmonious Ecosystem

Corporate value lies in sharing development fruits with society. In 2025, we kept improving talent echelons, with employee size exceeding 7,200 persons. Nearly 100 high-caliber talents with doctoral and master's degrees were newly recruited, together with top-notch talents in AI and algorithms, empowering the Company's intelligent transformation. We innovated in talent mechanisms and became one of Zhejiang Province's first enterprises qualified for direct vocational skill level recognition, enabling more skilled talents to rank among the best. As a member of Hangzhou Assistance Alliance, we promoted paired assistance for rural revitalization of Zitong Town, Tianmushan Town and other regions, boosting common prosperity through industrial and consumption assistance. Besides, we organized staff sports events and improved health management rules, integrating family culture into the workplace and building a diverse, inclusive and healthy working environment.

Shoring up Governance via Digital-Intelligent Integration to Drive Global Breakthroughs

In 2025, the Company's global strategy upgraded from product export to technology & capital export. The main construction of the Thailand production base was completed, and overseas subsidiaries in 8 countries including France, Vietnam and Malaysia were put into operation one after another. Together with 20-odd overseas subsidiaries and 700-odd global dealers, we built an efficient global service network. More notably, we established a joint venture with Manitou Group in France, focusing on lithium-ion battery manufacturing for industrial vehicles, and it is estimated that the JV firm has an annual capacity of 50,000 sets in 2026, marking the Company's crucial step to go global. In digital governance, an industrial Internet platform with an investment of over 100 million yuan was fully launched, connecting the entire process of R&D, procurement, production and sales. AI-enabled industrial vertical knowledge mapping helped greatly improve management efficiency and risk control competence.

Outlook for 2026: Staying true to original aspiration to fulfill the mission, forging ahead with determination to write a new chapter

2026 is the starting year of the 15th Five-Year Plan. We will lead development with new energy equipment, accelerate the upgrading of lithium and hydrogen energy products, and promote the application of embodied intelligent industrial robots (EIR) and other cutting-edge intelligent technologies while making breakthroughs in intelligent logistics. We will further go global and keep implementing the localization strategies, in order to build new international growth engines centering on new energy. We will further optimize ESG governance, integrate sustainable development into strategic decisions and daily operations, meeting the capital market's expectations with higher transparency.

Dear colleagues, sustainable development is not an option but a must-do thing for long-term corporate development. Hangcha will stay true to its original aspiration, protect the lucid waters and lush mountains through technological innovation, empower global industrial chains with open cooperation, and create a better life via fulfillment of corporate responsibilities. Let's work together to write a new chapter for the green transition of Chinese intelligent manufacturing!

Hangcha Group Co., Ltd.

Chairman: Zhao Limin

April 2026

About Hangcha

Founded in 1956, Hangcha Group Co., Ltd. is a high-end equipment manufacturing enterprise with a development history of nearly 70 years and technological practices of 50 years in industrial vehicle R&D. The Company was listed on the main board of Shanghai Stock Exchange (A-share market) in December 2016 (stock name: Hangcha Group, stock code: 603298). For total product sales and export, the Company has ranked among the top in the domestic industry for more than 10 years. According to the revenue-based ranking of global forklift enterprises released by the U.S. magazine *MMH-Modern Materials Handling*, Hangcha Group is rated 8th globally.

Focusing on global technological resources, the Company independently builds three vehicle platforms (namely, battery, hydrogen energy, and hybrid) while centering on new energy technologies such as battery, electric drive, and electronic control. It also opens up new tracks in intelligent logistics to foster new growth drivers and competitive edges. The Company took the lead worldwide in launching a series of self-developed innovative products, including lithium battery dedicated forklifts, high-voltage lithium forklifts, and hydrogen fuel cell forklifts. In intelligent material handling, the Company provides customers with full-stack total intelligent logistics solutions covering intelligent AGV, forklift robots, humanoid robots, automated high-bay warehouses, and smart logistics systems. In 2025, the Company further expanded the boundaries of intelligent logistics with the global debut of the X1 series logistics humanoid robot. This marks the Company's strategic upgrade from a traditional industrial vehicle manufacturer to an all-scenario intelligent logistics solution provider, representing a key milestone in the embodied intelligence industry.

As a national high-tech enterprise and a key enterprise incubated for Zhejiang's equipment manufacturing industry, the Company has capitalized on a number of technological innovation platforms (including the nationally accredited enterprise technology center, nationally recognized laboratory, national postdoctoral research station, national industrial design center, Zhejiang key enterprise research institute and provincial-level academician workstation for intelligent industrial vehicles) to develop a full range of industrial vehicles covering 1t-48t counterbalance forklifts, container reach stackers, empty container handlers, tractors, warehouse trucks, aerial work platforms, dynamic compactors, cleaning equipment, AGVs, forklift robots and humanoid robots. To date, the Company has established a modern industrial vehicle system with important global influence.

The Company has been conferred numerous honorary titles, including China Top 500 Manufacturing Enterprises, China Top 500 Private Enterprises, China Top 500 Large Enterprise Groups in Competitiveness, National Single-item Champion Demonstration Enterprise in Manufacturing, and National May 1st Labor Medal. It has been recognized as a Zhejiang Future Factory, winner of the Zhejiang Provincial Government Quality Management Innovation Award, and listed as a Core Leading Factory under Hangzhou's Future Factory initiative.

The Company strives to optimize its global operation and service system and drive dual growth in domestic and overseas markets. It has established more than 20 directly-owned subsidiaries in Germany, the United States, Canada, Mexico, Australia, Brazil, the Netherlands, Thailand, Japan, Indonesia and other regions, enabling its self-owned marketing service network to fully cover key global industrial vehicle markets across Europe, North America, South America, Australia and Southeast Asia. Currently, the Group operates over 100 direct sales branches and more than 700 authorized dealers worldwide, delivering high-quality, high-efficiency, full-value-chain services to global customers.

Aside from dedicating itself to the mission of "Making Handling Easier", Hangcha Group persists in its development strategy of "Specialized Production, Brand-oriented Operation, Group-based Management, International Integration". The Company focuses on six core business segments namely new energy vehicles, smart logistics, aftermarket services, construction machinery, core components and cleaning equipment. Upholding the corporate spirit of "Enterprising, Pragmatic, Innovative, Harmonious", Hangcha creates value, gives back to society, and strives to fulfill its vision of "Becoming the World's Strongest Forklift Enterprise".



1956

Hangcha Group was founded in 1956

RMB 1.31 billion

Registered Capital: RMB 1.31 billion

8

Hangcha Group ranks 8th in the world.

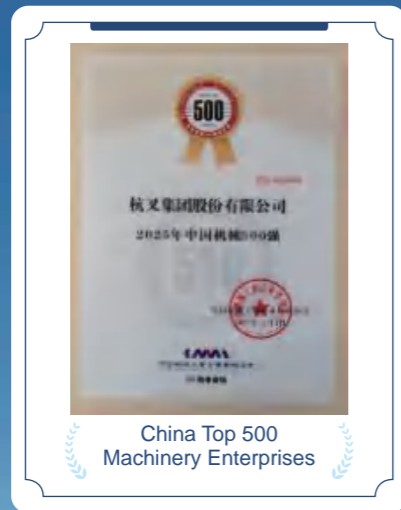
Corporate Culture

Corporate Mission	Making Handling Easier
Development Strategy	Specialized Production, Brand-oriented Operation, Group-based Management, International Integration
Core Sectors	New Energy Vehicles, Smart Logistics, Aftermarket Services, Construction Machinery, Core Components, Cleaning Equipment
Corporate Spirit	Enterprising, Pragmatic, Innovative, Harmonious
Corporate Vision	To become the world's strongest forklift enterprise

Major Honors in 2025



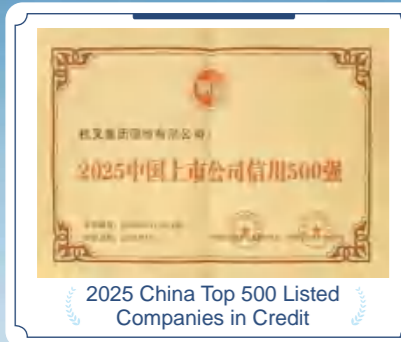
National Service-oriented Manufacturing Enterprise



China Top 500 Machinery Enterprises



World-Class Machinery Enterprise



2025 China Top 500 Listed Companies in Credit



14th Top 100 Main Board Listed Companies by Corporate Value



Zhejiang Famous Brand in Export



Holcim ESG Assessment Certificate



16th Tianma Award for Chinese Listed Companies and Investor Relationship Management Award



2025 Green & Low-carbon Pioneer



EcoVadis Fast Mover

During the reporting period, the Company, by virtue of its outstanding strengths and innovative achievements, earned a host of honors across multiple fields, demonstrating robust industrial competitiveness and social influence. It has been accredited as a national service-oriented manufacturing enterprise and listed among the 2025 Top 500 Chinese Machinery Enterprises and World-Class Machinery Enterprises. Other honors include Zhejiang Famous Brand in Export, 2025 Top 500 Creditworthy Listed Companies in China, the 14th Top 100 Main Board Listed Companies by Corporate Value, the 16th Tianma Award for Chinese Listed Companies in Investor Relationship Management, and the “2025 Green and Low-Carbon Pioneer” issued by Sino-Securities Index. In addition, the Company actively participated in the EcoVadis Assessment and won the “EcoVadis Rapid Progress Medal for Sustainable Development”. It also passed ESG assessment accreditation by its global key client Holcim, proving that its environmental, social and governance practices comply with Holcim’s supplier code of conduct and international standards. This has further enhanced the Company’s green competitiveness and customer recognition within the global supply chain.

Besides these awards, the Company continued to make steady progress in core areas including product R&D, market expansion, smart manufacturing and digital transformation, accordingly building a multi-dimensional and coordinated innovation system. By deeply integrating technological innovation with industrial upgrading, the Company expedited the commercial application of new technologies and products. With coordinated development in domestic and overseas markets, the Company achieved new breakthroughs in business landscape. What’s more, with the overall improvement of its capability in smart manufacturing and digital management, the Company has injected new momentum into its operational and administrative efficiency, further consolidating its leading position in the global industrial vehicle industry.



Key ESG Performance 2025



Operating Revenue of RMB **17.74** billion, representing a year-on-year increase of **5.90%**
 Net Profit Attributable to Parent of RMB **2.19** billion, representing a year-on-year increase of **8.87%**
 Total Tax Payment of RMB **1.04** billion (approximate number), representing a year-on-year increase of **35.13%**



Environmental training of **4,917** hours, with **119** person-times of participants involved
 Renewable energy installed capacity of **15.76**MW; clean energy consumption of **9.67** million kWh
 Total afforestation area of **163,761.62** m²



Labor contract signing rate & social insurance coverage: **100%**
 Cumulative public welfare donations: RMB **2.21** million (approximate number)
7,000 beneficiaries from poverty alleviation, rural revitalization, donation and public welfare projects



4 General Meetings,
13 BOD Meetings,
4 BOS Meetings
6 Audit Committee Meetings;
 Independent director ratio: **33.3** %

Analysis of Issue Importance

Based on its line of business, the expectations of internal and external stakeholders, and other practical needs, Hangcha Group regularly identifies issues that affect the Company's creation of comprehensive economic, social and environmental values as well as stakeholder evaluation on the Company. Through online questionnaires, management meetings, expert reviews and other channels, the Company conducts due diligence and stakeholder engagement to identify, analyze sustainability issues, and conduct double importance analysis.

Analysis of Double Importance

The Company assesses important issues from two dimensions: financial importance and impact importance. Issues with either financial or impact importance are defined as important issues.

Issue Assessment Process	Analysis Methodology
Step 1 Learn about the background of corporate activities and business relations	By reviewing national policies and regulatory requirements, analyzing business models, development strategies, daily operations, financial conditions, operating results and market value, and referring to media reports and peer benchmark analysis, the Company identifies internal and external stakeholders, including governments and regulators, shareholders and investors, customers, employees, suppliers and partners, local communities and other parties.
Step 2 Establish the issue list	The Company formulates its issue list based on the 21 issues specified in the <i>Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainable Development Report (For Trial Implementation)</i> .
Step 3 Assess and confirm issue importance	Impact importance assessment is used to evaluate sustainability information related to external factors of corporate business. The process includes defining assessment factors, conducting stakeholder research, setting judgment thresholds and making assessment conclusions. Financial importance assessment identifies risks and opportunities that may affect business operation, financial status, operating performance and cash flow, and evaluates their potential financial impacts. The process includes defining assessment factors, conducting stakeholder research, setting judgment thresholds and making assessment conclusions.
Step 4 Integrate results of impact and financial importance	The Company sums up assessment results of impact importance and financial importance to establish a double importance matrix.

Communication with Stakeholders

The Company takes stakeholders' key concerns as a core direction for sustainable development. It fully identifies stakeholder groups that may or have exerted significant impacts on business and operations, and continuously optimizes communication mechanisms to timely respond to expectations and demands, so as to create sustainable value together.

Stakeholders	Main Concerns (Issue-related)	Communication Methods	Responses
 Shareholders & Investors	<ul style="list-style-type: none"> Information disclosure Continuous and stable business growth Future strategies Corporate governance Risk management 	<ul style="list-style-type: none"> Shareholders' meeting Periodic reports and announcements Company website Performance briefing sessions E-interaction, phone calls, emails Strategy meetings Roadshows and reverse roadshows 	<ul style="list-style-type: none"> Improving corporate governance Enhancing profitability and maintaining good dividends Strengthening risk control Improving the quality of information disclosure Strengthening communication and exchanges with investors
 Customers	<ul style="list-style-type: none"> Customer service and satisfaction Product quality and safety 	<ul style="list-style-type: none"> Customer satisfaction survey Handling of customer complaints Interaction on the Company website and social media 	<ul style="list-style-type: none"> Product quality control and innovation Improve service process Customer communication and relationship maintenance
 Employees	<ul style="list-style-type: none"> Legal employment Training and development Employee welfare and security Occupational health and safety 	<ul style="list-style-type: none"> Internal communication meetings Employee complaints and feedback Internal and external training Corporate culture dissemination Employee care activities 	<ul style="list-style-type: none"> Improving the salary and welfare system Focusing on physical and mental health Improving the training and promotion mechanism Employee communication and feedback
 Government/Regulatory Agencies	<ul style="list-style-type: none"> Lawful operation Tax payment as per laws Business ethics Provision of job opportunities 	<ul style="list-style-type: none"> Information disclosure Daily communication and reporting Supervision and inspection Reception of visits 	<ul style="list-style-type: none"> Observing laws and regulations Paying taxes as per laws Providing job opportunities Accepting supervision and inspection
 Suppliers and Partners	<ul style="list-style-type: none"> Honest operation Mutual benefits and win-win Supply chain management Response to supply chain risks Product quality and safety 	<ul style="list-style-type: none"> Project procurement Supplier contracts and agreements Supplier audit and evaluation Supplier support and cooperation Other supplier exchange activities 	<ul style="list-style-type: none"> Open and fair procurement Good faith performance of contracts Supply chain management Industry cooperation and exchanges
 Environment	<ul style="list-style-type: none"> Energy use and management Green production and transportation Water resource management Emission management 	<ul style="list-style-type: none"> Disclosure of environmental data Regular release of ESG reports Cultivation of users' low-carbon awareness 	<ul style="list-style-type: none"> R&D of new-energy forklift technologies and products Product R&D Compliance discharge of waste Ecological protection, energy conservation and emission reduction
 Community	<ul style="list-style-type: none"> Launch of public welfare projects Community investment Volunteer activities 	<ul style="list-style-type: none"> Community activities Public welfare activities 	<ul style="list-style-type: none"> Helping with rural revitalization Supporting community public service Organizing volunteer public welfare activities
 Media	<ul style="list-style-type: none"> Transparency of information disclosure Compliance operation 	<ul style="list-style-type: none"> Press releases Exclusive media interviews Press conferences Interaction on the Company website and social media 	<ul style="list-style-type: none"> Investigation and visits Discussion and exchanges Announcements and news publicity

Issue Importance Analysis Conclusions

The issues with dual importance identified by the Company include innovation-driven product & service safety and quality. The matrix of issues with dual importance is shown as follows.

List of Issues





ESG Governance Arrangements

The Company's ESG Governance Arrangements

BOD's Statement

The Board of Directors (BOD) attaches great importance to sustainable development. It promotes the sustainable development in a top-down manner from the perspectives of governance, strategy and management, continuously improves the sustainable development governance mechanism and management system, and thoroughly integrates the concept of sustainable development into all links of business operation.

The BOD gives full play to its role in strategic deployment and decision-making guidance, gradually expands the scope of review and reporting on sustainable development issues, and further consolidates its governance function in supervising sustainability risks and opportunities. The BOD clarifies strategic goals, key tasks and management priorities for sustainable development, supervises and evaluates the implementation effect of relevant strategies, and reviews risk management policies and sustainable development information disclosure in line with sustainability requirements. Besides that, the BOD selects experts in the ESG field and organizes professional training on sustainable development, so as to steadily enhance the BOD's performance capability, professionalism and diversity in sustainability governance.

The Company comprehensively promotes and deepens the construction of the sustainable development management system. It defines overall sustainable development goals and formulates short-term, medium-term and long-term implementation plans covering disclosure preparation, management improvement and value realization. The Company assesses the importance of sustainability issues, advances the in-depth integration of sustainable development concept and institutional management, and steadily improves the management efficiency of environmental issues (e.g., environmental compliance), social issues (e.g., innovation-driven development, product & service safety and quality, supply chain security), as well as sustainable governance issues. During the reporting period, the BOD reviewed proposals concerning the corporate ESG report, carbon peaking and carbon neutrality initiatives, internal control evaluation, remuneration for directors and senior management, external donation arrangements, information disclosure and investor relationship management.

Governance Structure

The Company continuously optimizes a well-connected sustainable development governance architecture. The BOD undertakes overall strategic planning and decision-making governance, and has set up a Strategic Planning and Sustainability Committee under its jurisdiction. Under the committee there is a special sustainability working group headed by the BOD Secretary and committed to providing solid support for the BOD's sustainability governance decisions. The Audit Committee of the BOD oversees the performance of the BOD and management in sustainable development work. The management team is responsible for the implementation of key sustainability issues, ensuring the efficient delivery of sustainable development decisions and objectives.



The BOD is the leading and decision-making body for ESG management and information disclosure. It is responsible for deliberating and approving the Company's ESG strategic planning, plans, and implementation schemes, deliberating and approving the Company's ESG governance structure and management system, deliberating and approving the Company's ESG report, deliberating and approving the information disclosure involving the Company's major ESG information, and deliberating the response plans for ESG-related risks and major negative ESG events that have a significant impact on the Company.

The Strategic Committee of the BOD serves as the research and guidance organ for ESG work. It is responsible for researching and making suggestions on the Company's ESG goals, strategic planning, governance structure, and management system, identifying and monitoring ESG-related risks and opportunities that have a significant impact on the Company's business, guiding the management team to take appropriate response measures for ESG risks and opportunities, and reviewing the Company's ESG-related reports and submitting them to the BOD.

The ESG Promotion Group is the coordination and execution organ for ESG work. It consists of the ESG Leadership Group and the ESG Working Group, which jointly promote the implementation of the Company's ESG development strategic goals. The Company has established an internal reporting mechanism for sustainable development information. The reporting methods include special reports and progress statements, etc., and the reporting is made on an annual basis, ensuring that personnel at all levels of the governance structure have a timely access to relevant information. The Company has established a sustainable development supervision mechanism, by which it discloses the information of relevant institutions and personnel in supervising and managing the formulation of sustainable development-related goals, the implementation of strategies, and the progress of goal achievement, for example, internal control rules, supervision procedures, supervision measures, and assessment results, etc.

Governance Competence of the Governing Body

Diversity

The Company has formulated policies concerning BOD nomination and BOD diversity, specifying its position on BOD diversification and relevant ongoing measures. BOD diversity is regarded as a key factor in achieving strategic objectives, maintaining competitive edges and advancing sustainable development. When appointing BOD members, the Company takes full account of diversity in terms of talent, professional skills, industrial experience, cultural and educational background, gender, age and other dimensions.

Professionalism

The BOD comprises professionals from various fields, including industrial specialists, international trade experts, mechanical scholars, as well as talents in finance, economics, accounting, risk management, corporate governance and sustainable development, which greatly strengthens the BOD's decision-making and strategic management capabilities. BOD members have extensive experience in ESG-related areas such as innovation-driven development, product & service safety and quality, and supply chain security, so that they provide clear and professional guidance for the Company's sustainable development.

BOD Members	Position	Industrial Experience
Mr. Zhao Limin	Chairman	Senior Economist. Mr. Zhao has long overseen the Company's overall strategy and operation. He leads the Company to continuously strengthen the control of product & service safety and quality, optimize the supply chain security management system, and advance the implementation of sustainable development strategies and the industry's green transformation with his keen insight.
Mr. Fang Xiang	Vice Chairman	By virtue of abundant experience in information technology and intelligent management, Mr. Fang promotes the deep integration of digital technologies and industrial green development, empowers green finance through innovation, and offers professional decision-making support for the Company's environment-friendly and low-carbon development driven by technology.
Mr. Qiu Jianping	Director	As the actual controller of the Company and a director of multiple listed companies, Mr. Qiu boasts profound experience in corporate operation and governance. In major corporate decision-making process, he emphasizes the overall assessment of environmental and social risks, continuously optimizes the corporate governance structure with far-sighted management vision, and promotes the integration of the ESG concept into the Company's management system.

Capacity Improvement

The Company continuously enhances the professionalism of its governing body in sustainable development. Directors participate in various professional training programs at regular intervals to keep abreast of national strategic directions, economic trends and industrial evolution, so as to elevate the overall governance capacity of the BOD. In 2025, the Company organized special training for directors, supervisors and senior management, focusing on the implementation of policies. The training helped management personnel accurately understand the connection between new quality productive forces and high-quality development, and improved their professional performance capabilities. Directors also took online courses covering the revision of the Company Law, integrity development, corporate governance and other sustainability-related issues.

Information Reporting, Supervision and Assessment Mechanisms

Information Reporting Mechanism

The Company has established an internal reporting system for sustainable development information. The BOD reviews the progress of annual sustainable development goals and strategy implementation, examines the Sustainability Report at regular intervals, and hears reports on sustainability-related impacts, risks and opportunities at irregular intervals.



Supervision Mechanism

A supervision system for sustainable development has been established, with clear sustainability governance duties of the BOD and its special committees stipulated in the Company's Articles of Association. By reviewing or hearing documents and reports on target setting, strategy implementation, target fulfillment, comprehensive risk management, internal control, internal audit and sustainability disclosure, the BOD and its special committees supervise the overall progress of sustainable development work.



Assessment Mechanism

The Company incorporates sustainable development indicators into the performance appraisal system for senior management. Remuneration is linked to performance results, in order to improve corporate governance, incentive and restraint mechanism, and give full play to the incentive and restraint role of remuneration in sustainable development.





Environmental issues

Environmental Issues

Hangcha Group actively responds to the national "Dual Carbon" strategic goal and deeply integrates the concept of sustainable development into the entire chain of corporate operation. By planning the new-energy technology R&D, environment-friendly material application, and circular economy pattern in advance, the Company has built a life-cycle emission reduction system covering product design, manufacturing, and energy management. By adopting leading energy-saving processes and clean production technologies, the Company continuously reduces the energy consumption per unit of output value and the carbon emission intensity, promotes the upgrading of the forklift and logistics equipment industry towards low carbon and intelligence, and provides the industry with reproducible green transformation solutions.

Response to Climate Change

The Company attaches great importance to the issue of climate change. It actively responds to national policies to cope with climate challenges. By formulating sustainable development strategies and promoting the application of innovative technologies, the Company deals with climate impacts and opportunities in advance, keeps strengthening corporate resilience, and makes contributions to global efforts in addressing climate change.

Climate Risk Management

In face of global climate challenges, Hangcha Group actively implements the "Dual Carbon" policy. In 2025, we took the lead in making the utilization rate of clean energy exceed 55.01% in the production process. Relying on the "Photovoltaic Power Generation Energy Saving Project", we brought down carbon emissions to a large extent. On the supply chain management side, we established a "Supplier Evaluation System" and urged more than 300 core suppliers in the upstream and downstream to complete green process transformation, with a view to jointly building a new green and low-carbon ecosystem.



The proportion of clean energy used in production has exceeded

55.01%



That drives more than 300 core suppliers to complete green process transformation.

300 core

Climate Risk Response Strategies

Risk Type	Specific Risk	Risk Description	Countermeasures
Transition Risks	Policy and Regulatory Risk	Amid the backdrop of the implementation of "Carbon Peaking" and "Carbon Neutrality" goals, the government may enact more stringent carbon emission policies and energy consumption standards to address climate change, which likely increases the Company's compliance costs and operational pressure. In case of failure in making timely adjustment, the Company may face legal risks and a decline in market competitiveness.	Keep a close eye on the changes of domestic and overseas policies and regulations related to climate change, and adjust the Company's strategies and production&operation plans in a timely manner. Take an active part in industry associations and policy formulation, feed back the enterprise's real needs and difficulties, and strive for favorable policy support. Formulate internal carbon reduction goals and action plans, reduce the carbon emission intensity on a gradual basis, and improve the Company's environmental compliance and sustainable development capabilities.

Risk Type	Specific Risk	Risk Description	Countermeasures
Transition Risks	Technical Risk	Amid the backdrop of the implementation of "Carbon Peaking" and "Carbon Neutrality" goals, the forklift industry has to deal with technical requirements for "Electrification" and "Low Carbon". As social attention to climate change continues to increase, the market demand for low-carbon and environment-friendly products keeps rising. If the Company fails to keep up with the market trend on time, it may suffer a decline in market share and damage to brand value.	Increase R&D investment, develop low-carbon and environment-friendly forklift products to meet the market demand for green logistics equipment. Strengthen brand building and market promotion, publicize the Company's environmental protection philosophy and product advantages, and improve the brand awareness and reputation. Exploit emerging markets and seek new business growth points, such as new-energy forklift leasing and after-sales services, as a way to adapt to market changes and trends.
	Market Risk	Extreme weather events and long-term climate change trends caused by climate change may affect the supply stability of key raw materials such as steel, rubber and electronic components. For example, under the influence of disasters such as rainstorm and flood, raw material manufacturers might suspend production, and transportation routes are likely blocked, thereby affecting the Company's raw material procurement and production plans. As global attention to carbon emissions increases, the carbon emission level of suppliers may become a factor affecting the stability of the supply chain. If suppliers cannot meet carbon emission requirements, it may lead to supply interruption or confined cooperation.	Establish in-depth partnership with suppliers, and jointly formulate supply chain strategies against climate change, such as establishing a raw material inventory alarm mechanism and preparing key raw materials in advance. Expand the sources of raw material supply, reduce dependence on a single supplier and a single region. Optimize the supply chain planning and choose region less subject to climate change as raw material procurement site and production base. Conduct carbon emission assessment on suppliers, and prefer suppliers with low carbon emissions. Formulate carbon reduction plans together with suppliers, provide technical support and training to help them bring down carbon emissions. Establish a supply chain carbon emission management system, monitor and report supply chain's carbon emissions at regular intervals, and ensure compliance with relevant policies®ulations and the Company's sustainable development goals.
Physical Risks	Extreme Weather Events	Extreme weather conditions such as flood, hurricane and rainstorm may damage the Company's production facilities, interrupt the supply chain, affect normal production and operation, increase operating costs and maintenance expenses, in turn affecting the Company's profits.	Evaluate the production facilities' disaster-resistance ability, and reinforce and transform key facilities to improve their ability to withstand extreme weather. Establish an extreme weather alarm mechanism, adjust production plans and make emergency preparations in advance to reduce disaster losses. Purchase relevant insurance for transfer of the risk.
	Long-Term Climate Change	Long-term climate changes such as rising temperature and change of precipitation pattern may affect the Company's energy consumption, raw material supply and product performance, thus increasing operating costs and market competition pressures.	Analyze climate change scenarios, evaluate the impact of long-term climate change on the Company's business performance. Optimize energy management, improve energy utilization efficiency, and reduce energy costs. Cooperate with suppliers to jointly address the raw material supply risks brought by climate change and ensure the stable supply of raw materials. Develop products that adapt to climate change and improve the product performance and competitiveness under different climate conditions.

Greenhouse Gas Emissions

Greenhouse Gas Scope (Unit: TCO ₂ e)	2025	2024	Accounting standards and methodologies
Scope 1 Greenhouse Gas Emissions	1,570.26	1,506.17	In accordance with the principles of ISO 14064-3:2019, an independent third-party verification was conducted to assess whether the greenhouse gas statement from the audited party complies with ISO 14064-1:2018.
Stationary source emissions	524.74	437.63	
Mobile source emissions	919.85	938.10	
Industrial process emissions	-	-	
Fugitive emissions	125.67	130.44	
Scope 2 Greenhouse Gas Emissions	3,933.29	9,152.44	
Total Greenhouse Gas Emissions	5,503.55	10,658.61	

Note: The data only covers the parent company of Hangcha Group. Data source: the Greenhouse Gas Verification Report of Hangcha Group Co., Ltd. (January - December 2025).

According to the verification report, the Company's total greenhouse gas emissions in 2025 decreased by 48.37% compared with 2024. This reduction was mainly attributable to the recognition of on-site photovoltaic power for 2025 as green power environmental credits that are calculated as zero carbon emissions.

Pollutant Emissions and Waste Disposal

Wastewater Management | Basic Introduction

The Company's wastewater mainly comes from industrial wastewater and domestic sewage. Herein, Industrial wastewater includes pre-treatment and cleaning wastewater from the powder-spraying line, and cyclonic wastewater from the paint-spraying booth, etc.; domestic sewage includes sewage generated from staff dormitories, canteens, mop pools and shower rooms within the industrial park. The Company strictly observes the *Procedure for the Management of Wastewater* to monitor the treatment and compliant discharge of domestic sewage and industrial wastewater. Industrial wastewater is discharged into the industrial wastewater outlet pipeline of the park after being subjected to the treatment at the park sewage treatment station. Domestic sewage is settled through facilities such as septic tanks and oil separators, then discharged into the Company's pipeline network. The Company actively optimizes the production process to reduce the output of industrial wastewater. For example, it extensively adopts powder-spraying tech in the coating process, so that paint-containing wastewater will not be produced. Besides, dry spray booth is used as the coating spray booth, which effectively reduces the amount of wastewater. In 2025, the Company carried out emergency response work against abnormal wastewater discharge in accordance with the *Procedure for Emergency Preparedness and Response*. It controlled water quality data in real time through online monitoring. During the reporting period, the Company's compliance rate in wastewater discharge hit 100%, exemplifying the Company's strict and effective management over wastewater, and ensuring the fulfillment of its environmental protection responsibilities and commitments.

Industrial Wastewater Discharged

Category	UOM	2025	With verified annual total allowance (Yes/No)	Verified annual total allowance	Excessive discharge
Total wastewater discharged	Tons	33,451.08	Yes	120,610	No excessive discharge
Chemical Oxygen Demand (COD)	Tons	0.388	Yes	4.825	No excessive discharge
Ammonia Nitrogen	Tons	0.0085	Yes	0.241	No excessive discharge
Total Phosphorus	Tons	0.0036	No	/	/

Note: The 2025 industrial wastewater data only covers the parent company of Hangcha Group.



Waste Gas Management | Basic Introduction

The Company's waste gas emissions mainly come from particulate matter generated during the shot ball-blasting and grinding process of the coating powder-spraying line, volatile organic compounds (VOCs), nitrogen oxides, sulfur dioxide generated during the powder curing process, and other pollutants generated during the paint-spraying process in the paint line. The Company strictly follows national and local laws/regulations and relevant norms to ensure that waste gas emission management complies with the procedures. For waste gas arising from newly-built, expansion, and reconstruction projects, the Company conducts environmental impact assessments (EIA) in accordance with the Procedure for the Management of New, Expanded and Reconstructed Infrastructure, in order to ensure legality and compliance of waste gas emissions. As of the end of the reporting period, 100% of the Company's waste gas emissions complied with national and local standards. The Company keeps improving the construction of waste gas treatment facilities, and installs treatment facilities in strict accordance with the requirements of EIA. In the Company's coating and painting workshop, multiple processes such as filter cotton, zeolite rotor adsorption and catalytic combustion are adopted for harmless treatment of waste gas. In addition, the Company has also installed an online waste gas monitoring system to keep abreast of the emission status and ensure the waste gas emissions are transparent and under control. For particulate matter generated during the grinding process, it is discharged at a height of 15 meters after being subjected to dust removal by high-efficiency film-coated bag. VOCs generated during the powder curing process are discharged at a height of 15 meters after being subjected to a four-unit combustion process. This effectively alleviates the impact on the environment, mirrors the Company's rigorous attitude and efficient implementation in waste gas management, and makes positive contributions to environmental protection and sustainable development.

Waste Gas Emission

Category	UOM	2025	With verified annual total emission (Yes/No)	Verified Annual Total Emission	Excessive Emission
Nitrogen Oxides	Tons	3.516	Yes	9.837	Compliant, no excessive emission
Sulfur Dioxide	Tons	0.85	Yes	1.126	Compliant, no excessive emission
Particulate Matter (PM)	Tons	7.129	Yes	14.855	Compliant, no excessive emission
Volatile Organic Compounds (VOC)	Tons	4.526	Yes	11.544	Compliant, no excessive emission

Note: The 2025 waste gas data only covers the parent company of Hangcha Group.

Solid Waste Management | Basic Introduction

In strict accordance with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the Company has established a responsibility system for the prevention and control of environmental pollution by general industrial solid wastes, domestic garbage and hazardous wastes. In the whole process of the generation, collection, storage, utilization and disposal of industrial solid wastes, the Company has adopted a series of measures to effectively prevent solid wastes from polluting the environment. General industrial solid wastes and domestic garbage are classified and recycled by the source departments, and then transported by qualified agencies to compliant garbage treatment plants. For hazardous wastes, the Company entrusts qualified enterprises to handle them, and inspects the disposal sites at regular intervals to ensure the standardization and safety of the treatment process. As of the end of the reporting period, the Company did not suffer any environmental pollution or safety accidents caused by improper waste disposal. In addition, the Company is committed to controlling emissions at the source. By adopting clean production processes (such as dry cutting), renewable resource processes (such as activated carbon regeneration), and environment-friendly and low-risk coating processes (such as change from paint line to powder-spraying line), the Company actively fulfills its environmental protection responsibilities, promotes green operation, and does its bit for sustainable development.

Solid Waste Emission

Category	UOM	2025	With verified annual total emission (Yes/No)	Verified Annual Total Emission	Excessive Emission
Hazardous Waste	Tons	1,150.015	No	/	/
General Waste	Tons	895.24	No	/	/

Note: The 2025 hazardous waste data only covers the parent company of Hangcha Group, and the general waste data only includes the disposal data of (solid waste generated from other industrial production processes) in the park.

Ecosystem and Biodiversity Conservation

Hangcha Group has always incorporated biodiversity conservation into the core of its corporate sustainability strategy because the Group has a deep understanding of the symbiotic relationship between industrial manufacturing and natural ecosystems, thus it strictly abides by the ecological environment zoning control system. As of the end of the reporting period, no incidents damaging biodiversity have occurred in the Company.

Environmental Compliance Management

Environmental Management System

Based on the framework of ISO14001:2015 standard, the Company has established a complete institutional matrix covering the Procedure for the Management of Environmental Factors, the Procedure for the Management of Sewage, the Procedure for the Management of Exhaust Gas and Dust, the Procedure for the Management of Noise, and the Procedure for the Management of Solid Waste. Driven by both institutional integration and technological innovation, the Company achieves the in-depth coupling between environmental management requirements and business processes. By the end of the reporting period, the Company had completed the system certification of the headquarters and 10 controlled subsidiaries, and established a standardized and reproducible environmental management paradigm, ensuring that the environmental protection concept runs through the life cycle of products.

As the primary person responsible for the Company's environmental protection work, the chairman of the Company leads the formulation of the Company's environmental protection guidelines, policies, and strategies, and makes a variety of decisions on environmental protection work according to the corporate governance process. So far, the Company has established a three-level management system (namely, "Strategic Level - Executive Level - Operational Level") for its environmental protection work. The Development Department is responsible for coordinating daily environmental protection affairs, and it has established a cross-departmental coordination mechanism with core departments such as Technology R&D Dept., Production and Operation Dept., and Quality Control Dept. By establishing a system that links the environmental protection target responsibility with the performance appraisal, the Company ensures that the environmental protection strategy is assigned to each business unit, achieving closed-loop management.



Emission Reduction

Pollutant Type / Name

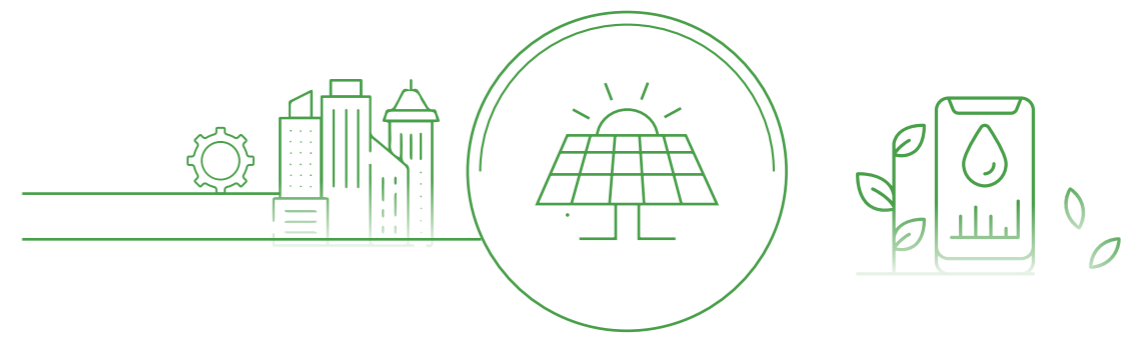
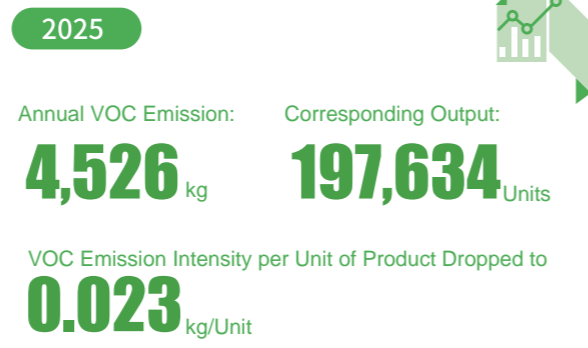
Emission Reduction Measures Adopted During the Reporting Period

Progress Achieved During the Reporting Period

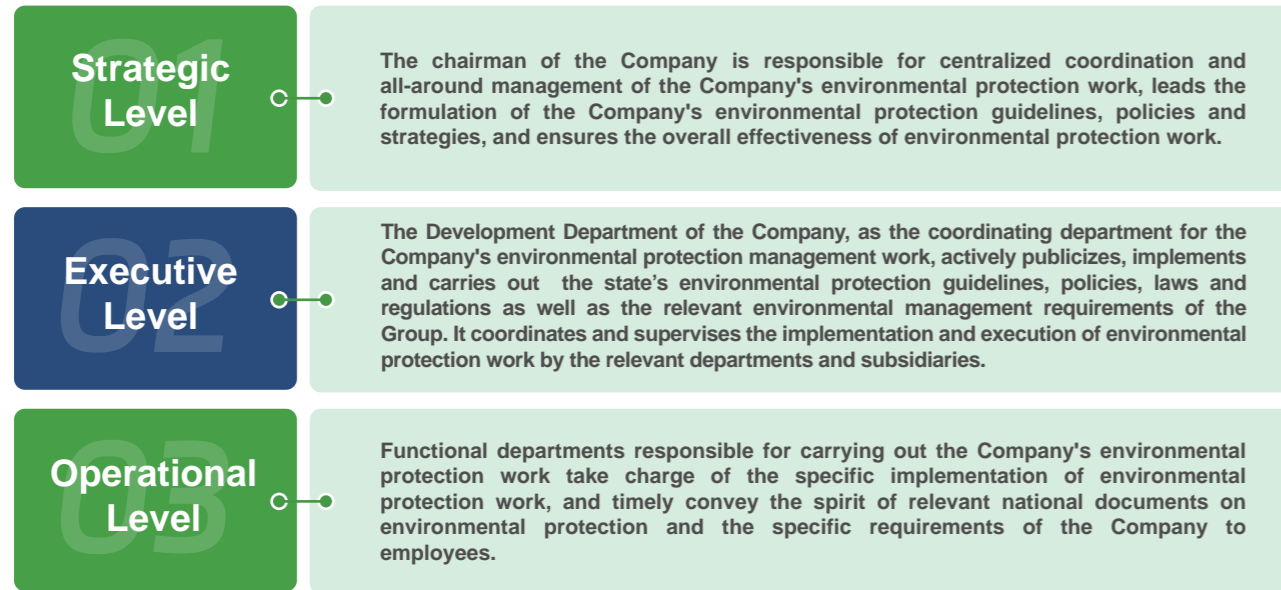
Air Pollutants (including Nitrogen Oxides, Volatile Organic Compounds (VOCs))

Focusing on green manufacturing and low-carbon development, the Company continuously deepens the whole-process comprehensive treatment of VOCs. Remarkable VOC emission reduction results have been achieved through multiple measures including adopting raw & auxiliary materials with low VOC content at the source, optimizing production processes and closed collection, and improving the operational efficiency of terminal treatment facilities. All treatment measures are stable and effective with waste gas discharging steadily up to standard. The generation and emission of VOCs are reduced at the source, environmental quality is continuously improved, corporate ESG environmental performance is effectively enhanced, providing solid support for green, low-carbon and high-quality development.

In 2025, the Company newly installed RCO catalytic combustion devices, greatly improving VOC treatment capacity. The annual VOC emission was 4,526 kg, corresponding to an output of 197,634 units. The VOC emission intensity per unit of product dropped to 0.023 kg/unit, implying a significant decrease compared with the level before treatment, achieving the dual control over total emissions and intensity.



Three-Level Management System for Environmental Protection



The Company has formulated the Rules for the Assessment of Park Environmental Management to implement a dual-track verification mechanism of "Internal Audit + External Certification" and conduct evaluations on the achievement of environmental management objectives at regular intervals. In light of the Rules, the Company focuses on verifying key indicators such as the compliance of environmental impact assessment procedures for new projects, the compliance of the implementation of pollutant discharge permits, the compliance rate of the discharge of "Three Wastes" (waste gas, waste water and solid waste) in monitoring, and the effectiveness of environmental protection facilities. By establishing a digital monitoring platform and connecting it with the local government's supervision system, the Company achieves real-time dynamic monitoring of data and early warning of abnormalities, ensuring that the environmental performance complies with national, industrial and local standards. During the reporting period, the Company and all controlled enterprises maintained a record of zero environmental pollution penalty.

Green Operation

While promoting the improvement of environmental management capabilities, the Company attaches great importance to the organization and implementation of environmental protection training. With a view to enhancing employees' awareness on environmental protection and guiding them to actively take environmental protection actions in work and life, the Company does its bit for creation of a green and sustainable future.

As of the end of the reporting period, the Company organized environmental training with a total duration of 119 hours, and the number of employees in the training totaled 4,918 person-times.

In December 2025, the Development Department integrated the environmental protection skills competition into the Company's skills competition platform. By means of theoretical examination and practical skills competition, the Development Department further enhanced employees' understanding and application ability of environmental protection knowledge. Such measure not only diversifies employees' learning forms but also improves the team's practice level in environmental protection, laying a solid manpower foundation for the Company's green development.



Total Duration of Environmental Training by the Company:

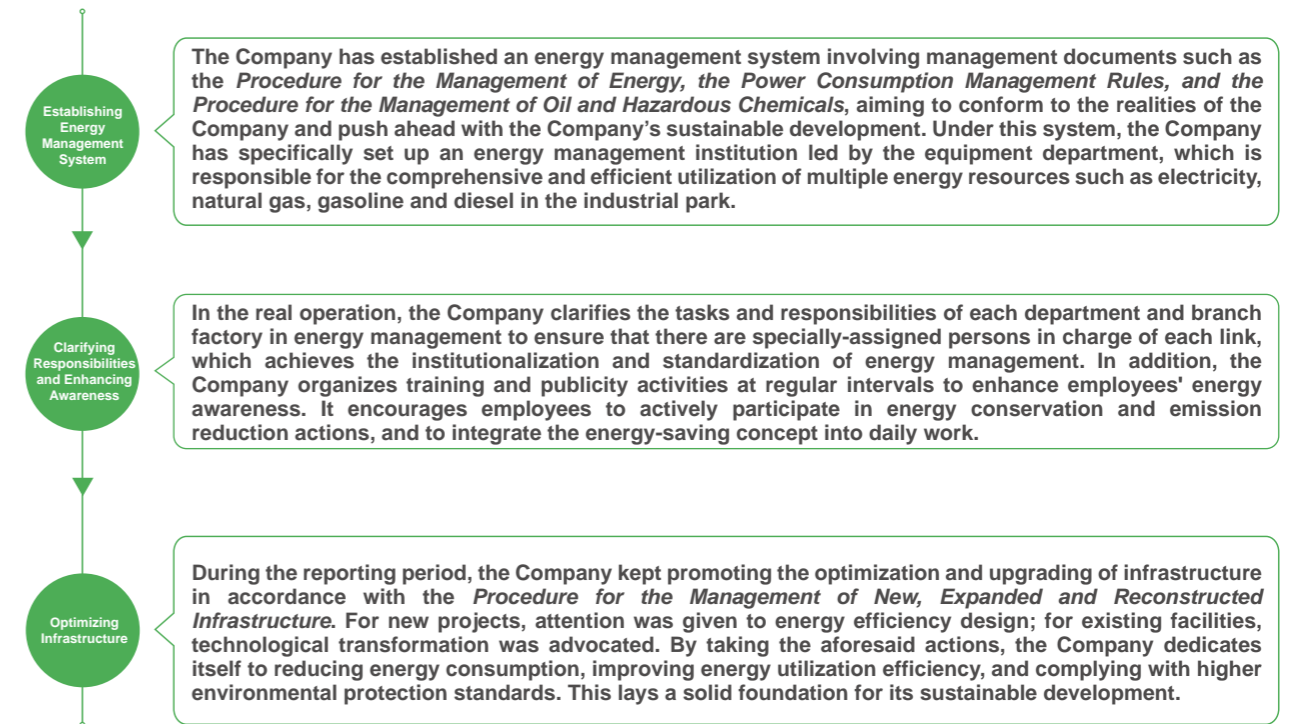
119 hours

Cumulative Number of Participants in Environmental Training:

4918 person-times

Energy Utilization

Energy Management



Energy Consumption Statistics

Disclosure Item	UOM	Specific Data	Parameter Source / Basis
Basic Information on Energy Utilization			
Direct Energy Consumption	Ton of Standard Coal	4,341.19	Details of the Company's Energy Purchase, Consumption and Inventory
Indirect Energy Consumption	Ton of Standard Coal	6,054.12	
Total Energy Consumption	Ton of Standard Coal	10,395.31	
Comprehensive Energy Consumption per Unit of Revenue / Product / Output Value	Ton of Standard Coal per Output Unit (Ton of Standard Coal / Ten Thousand Yuan)	0.0047	Comprehensive Energy Consumption of Industrial Output Value

Among them, the Company's clean energy consumption in 2025 was 1,188.29 tons of standard coal, accounting for 11.43% of the total energy consumption.

Energy Saving Measures

Measure Type	Measures Adopted in the Reporting Period	Key Effect Indicators
Energy-Saving Production Equipment	Give priority to the procurement of key power equipment such as high-efficiency motors, frequency converter-driven air compressors, water pumps and fans that comply with national energy efficiency grade standards (e.g. GB18613); select equipment with advanced energy-saving technologies (e.g. permanent magnet synchronous, IE4/IE5 super high efficiency grade) for new projects or equipment upgrading.	Two sets of newly installed 55kW air compressors with national first-class energy efficiency adopt high-efficiency motors and optimized pneumatic system design, with significantly improved energy efficiency compared with traditional air compressors. After the project is put into operation, the compressed air system operates stably with reduced energy consumption, effectively bringing down power consumption in the production process and supporting energy conservation and carbon reduction on the production side. Compared with traditional air compressors, the annual electricity saving is estimated at about 80,000 kWh
Energy-Saving Lighting Equipment	Completely phase out incandescent lamps and fluorescent lamps; promote LED lamps in factory areas, office buildings, workshops and warehouses; apply light-sensitive / voice-controlled / timing / zoned intelligent control systems.	A comprehensive energy-saving renovation was carried out on the lighting system of factory workshops, with 2,400 sets of new LED lamps put into use, 3,500 sets of traditional lamps replaced with LED lamps, and 5,000 sets of LED lamps installed in offices, implying 10,900 sets of lamps were renovated in total. As a result, the power of each lamp is reduced by 50%, meaning that on the premise of ensuring the illumination meets production and office requirements, the energy consumption of the lighting system is greatly reduced, and the greening and energy-saving level of the factory area are significantly improved. Annual electricity saving estimated at about 3.717 million kWh
Energy-Saving Temperature Control Equipment	Adopt high-efficiency air conditioners such as magnetic suspension water chillers and variable frequency multi-split units; apply high-efficiency heat pumps in heating and ventilation systems; install intelligent temperature control systems for key equipment.	Lin'an Park completed the commissioning of 342 sets of air conditioners with first-class energy efficiency (including multi-split, wall-mounted and cabinet units), with a total installed power of 2,400kW. All equipment meets the national first-class energy efficiency standard with higher cooling & heating efficiency and lower energy consumption, realizing efficient and low-carbon operation of air conditioning systems in office and auxiliary areas and further reducing the overall power consumption of the park. Annual electricity saving estimated at about 300,000 kWh

Water Resource Utilization

Overview of Water Resource Utilization

The Company attaches great importance to water resource management and regards it as a key link in operation. By strictly implementing measures such as the *Water Consumption Management Rules*, the Company dedicates itself to improving the efficiency of water resource utilization and achieving the rational utilization and sustainable development of water resources.

Category	UOM	2025
Total Water Resource Consumption	Tons	328,915
Water Resource Consumption Intensity	Tons/Unit	0.975

Note: The 2025 water resource data only covers the parent company of Hangcha Group.

Water Resource Conservation Goals, Specific Measures and Water Resource Recycling & Utilization

The Company actively takes various measures to promote water resource conservation. On the one hand, by posting water-saving slogans and organizing water-saving publicity activities, the Company creates a water-saving atmosphere, in which it guides employees to cultivate water-saving awareness and stimulates employees' enthusiasm for active water conservation. On the other hand, during the inspection process, the safety officers of each department and the Security Department will timely report problems such as abnormal water meters to the Equipment Department in order that measures can be taken swiftly to resolve the problems and reduce water waste.

For water resource recycling and utilization, the Company actively promotes rainwater collection and utilization project. During the reporting period, the Hengfan Phase IV Project newly built 193.28 cubic meters of rainwater collection tanks, and the total volume of rainwater collected by the Group reached 1,005.84 cubic meters. The collected rainwater is used for afforestation and irrigation, which effectively reduced the demand for tap water, promoted the sustainable utilization of resources, and achieved a win-win in economic and environmental benefits.

2025

Hengfan Phase IV Project Newly Built a **193.28** m³ Rainwater Collection Tank

The Group's Total Rainwater Collection Volume Reached **1,005.84** m³

Circular Economy

Roof-mounted Distributed Solar PV Power Station

The Company actively promotes the application of renewable energy. It has built distributed solar photovoltaic power stations on the roofs of factory buildings in the park, in order to adopt solar photovoltaic power generation. During the reporting period, the Company's installed capacity of renewable energy facilities totaled 15.76MW, an increase of 59.19% from 2024. Its total power generation in 2025 reached 12.9399 million kWh, effectively reducing the Company's dependence on traditional electric energy, bringing down carbon emissions, and promoting the optimization of the Company's energy structure.



» Afforestation Projects and Carbon Absorption

During the reporting period, the newly-added afforestation area of the Company reached 4,403.72 square meters, and the total afforestation area of the Group was as high as 163,761.62 square meters. This helped effectively absorb the carbon dioxide emitted by the Company and improve the ecological environment quality of the park. The Company sponsored afforestation maintenance to ensure the continuity and effectiveness of afforestation projects.

2025 **The Company's Newly Added Afforestation Area:**
4,403.72 m²
The Group's Total Afforestation Area:
163,761.62 m²



Ecological Environment of the Park

» Regeneration and Recycling of Hazardous Waste Activated Carbon

To ensure the disposal compliance and regeneration professionalism of waste activated carbon, the Company strictly selects and entrusts third-party institutions with hazardous waste disposal qualifications and mature activation and regeneration technologies to promote the whole-process recovery and regeneration processing of waste activated carbon. Relying on the technical reserves, disposal equipment and compliant operation system of the third-party professional team, the Company has built a complete closed loop of "Waste carbon recovery - professional regeneration - qualified reuse", thoroughly getting rid of the traditional mode "One-time Use, Incineration & Landfill" and realizing life-cycle management over hazardous waste activated carbon.

During the reporting period, the Company completed a total of 113.9t hazardous waste activated carbon regeneration by entrusting professional third-party disposal. Supported by the technical strength of the Activated Carbon Sustainable Laboratory of Xingyu Carbon S&T Co., Ltd., this model achieves efficient recycling: each ton of regenerated activated carbon drives 3 tons of resource recycling and reuse, with each ton of regenerated carbon helping reduce 3.66 tons of CO2 equivalent emissions. The Company's total carbon reduction reached 416.874 (113.9×3.66) tons of CO2e, approximately 417 tons of carbon dioxide equivalent.



Through this activated carbon regeneration and recycling model, the Company effectively eliminates a large number of virgin carbon production and waste carbon incineration disposal links, significantly improving resource utilization efficiency, and providing solid support for the development of corporate circular economy and the achievement of the "dual carbon" goals.

» Emission Reduction Measures for Vehicles in Service

The Company actively promotes green logistics. During the reporting period, the Company adopted new energy forklift as in-plant transportation vehicles, with coverage ratio hitting 100%. For out-of-plant transportation vehicles, 90% of them met the emission standards of National V and above. For shuttle bus, the Company only adopted new-energy electric vehicle. The Company set up environmental protection monitoring equipment in the dedicated logistics passages to collect data of transportation vehicles in real time, which effectively enhanced the transportation enterprises' awareness on environmental protection, promoted the development of green logistics, reduced pollutant emissions during the transportation process, and improved the overall environmental protection level in transportation.

» Supplier Packaging-Free Distribution Practice

Packaging Replacement and Optimization

To thoroughly practice the concept of circular economy and green low-carbon development, the Company vigorously promotes the reform of supplier packaging-free distribution. It replaces traditional disposable cartons with recyclable plastic turnover boxes and special tooling appliances, which brings down packaging material consumption at the source, reduces logistics costs and improves online distribution efficiency, achieves the triple value of cost reduction, efficiency improvement and carbon reduction, and injects strong momentum into corporate ESG sustainable development.



Parts Unpacking Optimization

For parts such as air filters, mufflers and exhaust pipes, the Company fully implements a special tooling distribution plan to realize zero unpacking time, greatly reduce ineffective operations, optimize on-site operation processes and significantly improve overall production & operation efficiency.



Plastic Reduction at the Source

Through supplier packaging-free distribution practice, the Company effectively reduces the generation of disposable packaging waste and drives the supply chain to upgrade towards greening, light weight and recycling. While reducing operating costs and improving production efficiency, the Company continuously shores up ESG environmental performance and embarks on a green logistics development path that balances economic and ecological benefits.



» Paint Sludge Hazardous Waste Reduction Practice

Hangcha Group's subsidiary Axle & Gearbox Company focuses on the difficulties of hazardous waste management in the coating process, and implements a plate filter press reduction disposal process for paint sludge waste generated in spray booths, removing free moisture inside paint sludge deeply through professional filter press equipment and accurately optimizing the material form of paint sludge. Through process optimization and actual measurement prediction, the moisture content of paint sludge can be reduced from 90% under traditional extensive disposal to 60% or below, greatly lowering the moisture content and outward transportation workload of paint sludge hazardous waste, completely changing the traditional extensive mode of direct external transportation and disposal of paint sludge, and realizing "Source Reduction, Efficient Management" of hazardous waste.

With the significant drop in moisture content, the outward transportation workload of paint sludge hazardous waste is greatly reduced, which not only effectively downsizes the land occupation for hazardous waste storage, reduces the outward transportation and disposal costs and environmental transportation risks of hazardous waste, but also lowers energy consumption and carbon emissions in the terminal disposal process of hazardous waste, further extending the Company's circular economy chain, achieving multiple benefits of hazardous waste reduction, cost control and green prevention & control, and effectively fulfilling corporate environmental responsibilities.

» Circular Reuse Renovation of Frame Transport Pallets

Hangcha Group's subsidiary Sheet Metal and Welding Company vigorously promotes recyclable and reusable packaging carriers, focuses on implementing special carbon reduction practices in the logistics link of core materials, eliminates traditional disposable wooden pallets for frame transportation scenarios, customizes special metal circular pallets for internal repeated use, completely puts an end to the one-time consumption mode, and practices the concept of circular economy. Relying on this renovation measure, nearly 20,000 disposable wooden pallets can be saved every year, which not only greatly cuts consumable costs and resource consumption, but also reduces the generation of wood waste, achieving a two-way win-win of cost reduction, efficiency improvement and green low-carbon development in the logistics link.





Social Issues

Social Responsibility

While making profits and fulfilling legal responsibilities to shareholders and employees, the Company, with a sense of mission and responsibility, takes the initiative to assume responsibilities to consumers, communities and the environment. It does not take profit as the only goal, but gives more attention to humanistic care in the production process and the improvement of human value. Besides, the Company continuously practices corporate social responsibility, dedicates itself to promoting the improvement of employee value, boosting environmental protection and enhancing social welfare, and does its bit for sustainable development. In 2025, the Company actively fulfilled social responsibilities with a total donation of 2.20583 million yuan in social public welfare. Details of social responsibility work are as follows:

Poverty Alleviation and Rural Revitalization Project	Quantity// Content	Description
Total Investment (Ten Thousand Yuan)	220.583	
Including: Funds (Ten Thousand Yuan)	0.8	Pairing Assistance
Material Value Conversion (Ten Thousand Yuan)	219.783	Purchasing Agricultural Products for Poverty Alleviation
Beneficiary Population (Person)	7,000	

Rural Revitalization

Overview of the Company's Major Achievements in Poverty Alleviation and Rural Revitalization Assistance:

Poverty Alleviation by Industry

The Company further implemented the mechanism of pairing with townships, focused on supporting Zitong Township of Chun'an County, pushed ahead with the collective economic income increase project in Fushi Village, established a dual-drive mode of "Eliminating Weaknesses, Increasing income + Art Industry", and boosted rural sustainable development through industrial driving.

Poverty Alleviation by Employment

The Company capitalized on the "Tianmu Common Prosperity Alliance" co-construction mechanism to drive the development of rural industries in Guifangqiao Village of Lin'an District, etc. As a result, the Company created more than 200 job opportunities, and promoted farmers' income growth and prosperity through industrial development.

Poverty Alleviation by Education

Every year, the Company carried out pairing assistance and welfare visit activities with co-construction units such as Sinopec Zhejiang Lubricant Branch, extending care to student He Yun in Yuqian Town, Lin'an District.

Public Welfare Assistance

In response to the "Ten Thousand Enterprises Help Revitalize Ten Thousand Villages" campaign, the Company deepened the counterpart support from Lin'an to Baiyu, and helped rural revitalization through the Living Environment Improvement Project. It is worth pointing out that the Company's continuous investment in social responsibility has gained social recognition, so that it has been rated as one of the "Top 100 Leading Private Enterprises of Zhejiang in Fulfillment of Social Responsibilities" for two consecutive years.

In 2025

The Company actively responds to the call of the Hangzhou Municipal Government and is one of the first organizations to become a member of the Hangzhou Assistance Group. From "49100" to "Pairing with Townships", the Company has paired with and assisted "Zuokou Township" and "Zitong Township" of Chun'an County and Tianmushan Township of Lin'an District in succession since 2000. Thanks to nearly 20 years of efforts, the Company has provided assistance funds and materials worth more than RMB 16 million.

In 2025, relying on the "Tianmu Common Prosperity Alliance" platform, the Company further deepened the co-construction mechanism of "Alliance and Industry". Meanwhile, the Company expanded the breadth of enterprise-village cooperation through alliance co-construction, strengthened organizational leadership through co-construction, and drove industrial development through talent support. As a corporate representative of the "Tianmu Common Prosperity Alliance" in Lin'an District, Hangcha Group actively fulfills corporate social responsibility, contributes to the common prosperity of Guifangqiao Village in Lin'an District, and supports the implementation of the rural revitalization strategy.

Social Contribution

In 2025, the Company continued to make efforts in social responsibility and sustainable development. By virtue of its outstanding practices in environmental governance and green low-carbon transformation, the Company was successfully selected into the Sino-Securities Index "2025 Green and Low-Carbon Vanguard" list, with fewer than 30 enterprises nationwide winning this honor, fully demonstrating Hangcha Group's leading position in the field of sustainable development. In addition, Hangcha Group won the "Top 100 Excellent Debut ESG Reports of A-share Listed Companies 2025" of Sino-Securities Index.

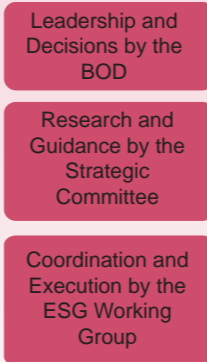


In the process of fulfilling social responsibilities, the Company attaches great importance to the integration of product safety and social value.

In June 2025, the Company was invited to the main venue event of the 2025 National Special Equipment Safety Day hosted by the State Administration for Market Regulation, with the theme of "Safeguarding Special Equipment Safety, Sharing a Better Life Together". The Company provided 3 new energy products (including high-voltage lithium-ion forklifts and hydrogen fuel cell forklifts) as demonstration vehicles for forklift skill displays, and organized a team for on-site demonstrations, fully showcasing Hangcha Group's strong sense of responsibility and mission as an industry leader in the cause of special equipment safety. In October, the Company globally debuted the X1 series humanoid logistics robot at CeMAT ASIA 2025, marking the completion of its strategic upgrading from a traditional industrial vehicle manufacturer to a full-scenario intelligent logistics solution provider. During the exhibition, the "Agent · New Ecosystem" Hangcha Group Embodied Intelligence Industrial Technology Innovation Forum was also held. Experts and scholars from Zhejiang University, MANYCORE Technology and other institutions, together with the Company's representatives, had in-depth exchanges on the "Industrialization Path of Embodied Intelligence".

In terms of the construction of the ESG governance system, the Company formulated and issued the *Sustainable Development (ESG) Management Rules* in April 2025, established an ESG management system under the leadership of the Board of Directors, clarified the responsibilities of the Board of Directors, Strategic Committee, ESG Working Group and all executing units, providing institutional support for the systematic advancement of ESG work. The Company continuously optimizes its global network planning and expedites the implementation of the "Localized Production + Globalized Market + Localized Services" strategy. For example, the Company's Thailand production base started construction, while its European leasing company, Vietnam subsidiary, Malaysia subsidiary, Indonesia subsidiary, US intelligent logistics company and other branches commenced operation one after another. So far, the Company has established 20-odd overseas subsidiaries, forming a global landscape for marketing, R&D, manufacturing and leasing.

Governance Hierarchy



Over the years, Hangcha Group has always upheld the core values of "Integrity as Foundation, Benefit First, Sustainable Development, Repaying Society", actively improved the working environment, fulfilled social responsibilities and optimized the governance system. The Company integrates social responsibility elements into its daily management and operation, striving to achieve harmonious and win-win development among the enterprise, the employees, society, and the environment. It seamlessly combines its own development with social development and fulfills the social responsibilities of a listed company with a win-win philosophy.

Next, Hangcha Group will take new steps in further fulfilling the concept of social responsibility, make new contributions to serving the high-quality development of Zhejiang, present a new look in fostering a social responsibility brand, and achieve new breakthroughs in enhancing corporate ESG governance capacity. It will continue to focus on the strategic directions of green development, intelligence and internationalization, quicken the pace to move toward the goal of ranking among the "World's Top Five Forklift Manufacturers", and do its bit for social sustainable development.

Innovation-driven Development

Governance

The Company has established a governance structure and internal institutional system adapting to innovation-driven sustainable development. Through the continuous optimization of technological innovation platform planning, R&D and innovation incentive mechanisms, standardization system and intellectual property management rules, the Company has achieved all-around management and supervision over the impacts, risks and opportunities related to innovative development.

R&D and Innovation Governance Framework

In line with the industrial vehicle industry's transformation and upgrading toward greening, intelligence and high-end development, the Company practices the philosophy of "Aiming at Benchmark, Surpassing Competitors, Developing the Best Forklift", and builds an efficient technological innovation system featuring "One Core, Two Wings and Overall Coordination".

Intellectual Property Governance System

The Company sets great store by the role of intellectual property in corporate development, and has formulated intellectual property-related management rules fit for the Company. It empowers innovative development through the following measures: 1) Deep integration: deeply integrate the intellectual property strategy into the technological development plan and formulate corporate standards such as the *Specification for Declaration of Sci-tech Achievements*; 2) Innovation incentive mechanism: formulate the corporate standard Measures for Rewarding Sci-tech Achievements to push ahead with R&D; 3) Value transformation: rely on the patent pre-examination mechanism to expedite the confirmation of innovation achievements, build core technological barriers, and provide strong support for the commercialization of products.

Standardization Governance Layout

The Company has built an industry-leading corporate standard system with unique characteristics in the industrial vehicle industry, driving the enterprise's innovative development powered by standardization construction. Technical experts with years of industry experience serve as Vice Chairman of National Technical Committee for Industrial Vehicles Standardization (TC332), standardization expert of China Construction Machinery Association, and registered expert of ISO/TC110, demonstrating the Company's profound foundation and extensive influence in the field of industrial standardization.

Strategy

Aside from dedicating itself to the mission of "Making Handling Easier", Hangcha Group persists in its development strategy of "Specialized Production, Brand-oriented Operation, Group-based Management, International Integration". The Company focuses on six core business segments namely new energy vehicles, smart logistics, aftermarket services, construction machinery, core components and cleaning equipment. Upholding the corporate spirit of "Enterprising, Pragmatic, Innovative, Harmonious", Hangcha creates value, gives back to society, and strives to fulfill its vision of "Becoming the World's Strongest Forklift Enterprise".

Green Development

The Company firmly implements the "New Energy Strategy" and builds a vertically integrated system of "Independent R&D and Manufacturing of Core Components + Full-series Product Matrix + Global Supply Chain Collaboration". Centering on new energy technologies such as batteries, electric drives and electronic control systems, the Company independently develops three vehicle platforms: battery, hydrogen fuel cell and hybrid power. It has established the most comprehensive new energy product system in the industry, with all product lines powered by new energy, for example, the Company replaced lead-acid batteries with low-voltage lithium batteries, and its high-voltage lithium batteries outperformed internal combustion engines. In addition, the Company was the first to launch multiple products including the 48-ton high-voltage lithium-ion forklift, 45-ton high-voltage lithium-ion container reach stacker, 48-ton hydrogen fuel cell forklift and high-voltage lithium-ion rough terrain forklift. Moreover, the Company took the lead in launching new flagship energy products such as dedicated lithium-ion forklifts, dedicated lithium-ion reach forklifts and high-voltage lithium-ion rough terrain forklifts. It continuously strengthens the development of new products and launches them onto the market, providing diverse "Hangcha Solutions" for customers to reduce carbon emissions. A joint venture was established with France's Manitou Group in order to focus on the high-end European lithium battery market and achieve the leap from "product export" to "technology and capital export". In-depth strategic cooperation was reached with EVE Energy to promote the integrated development of advanced battery technologies and intelligent equipment. With a complete new energy product portfolio as well as leading technology and performance, the Company maintains a top market share in the industry, leading the industry into the all-electric era through full industrial chain integration.



With years of intensive development in the hydrogen energy sector and by virtue of three core advantages (namely technological R&D, industrial chain collaboration and commercial practice), the Company has become a benchmark enterprise in China's hydrogen energy industrial vehicle sector. It took the lead in launching new products including solid-state hydrogen storage forklifts, dual hydrogen tank forklifts, dedicated fuel cell forklifts, fuel cell reach stackers, hydrogen energy tractors and hydrogen energy reach forklifts. Together with BMW Brilliance, the Company completed the closed-loop verification over the entire hydrogen energy industrial chain of "Production, Storage, Transportation and Application" at the Tiexi Plant, creating a reproducible zero-carbon logistics model with industrial demonstration significance. In addition, the Company reached a cooperation with JUST POWER for 108 units of 3.5t hydrogen energy forklifts, setting a record for the largest single delivery of hydrogen energy forklifts in China, and the products were successfully delivered in November 2025. At present, more than 400 fuel cell forklifts are running in nearly 30 cities across China, serving clients such as Yanshan Petrochemical, SINOPEC Hainan Petrochemical, Guangzhou Petrochemical, Ningbo Zhoushan Port and Foshan Lighting (FSL), and have been reported many times by CCTV and other media. The cumulative running hours of the Company's fuel cell forklifts have exceeded 200,000 hours. With the successive mass delivery and application of products, Hangcha Group's hydrogen energy forklift line has achieved a crucial leap from "Pilot Application" to "Massive Replication". As a result, the Company has won many industry awards such as the GG Golden Globe Award, TrendBank Future Award and Chinaforklift.com Jinli Award, and participated in multiple national and provincial key projects.

During the Reporting Period Cooperated with JUST POWER for

108 units of **3.5**t hydrogen energy forklifts

Cumulative running hours of fuel cell forklifts exceeding **200,000** hours

Over 400 fuel cell forklifts deployed in nearly **30** cities nationwide

Intelligent Development

Seizing the opportunity of industrial intelligent transformation, the Company builds a full-scenario intelligent logistics ecosystem centering on "Hardware + Software + Integration". So far, it has established an industrial pattern of coordinated development among four business clusters: Hangcha GUOZI Intelligence, Hangcha OKAMURA Intelligence, Hanhe Intelligence and GUOZI Robotics. The Company strives to create a full-category hardware matrix of "Unmanned Industrial Vehicles + Logistics Robots + Humanoid Robots" and provide intelligent logistics solutions covering AGV/AMR products, vertical storage and software integration systems, delivering full-cycle services from planning and design, product R&D to project implementation. The Company keeps consolidating its leading position in traditional advantageous industries such as food and rubber, and actively expands emerging fields including beverages, home textiles, lithium batteries and auto parts. Supported by top-tier client resources, the Company gradually extends to upstream and downstream industrial chains and peripheral markets, with line of business covering more than 20 industries such as PV, 3C electronics and pharmaceuticals. The Company has independently developed a millimeter-level navigation accuracy system combined with marker-less laser navigation technology, enabling precise operation in complex scenarios. The "Zhongce Future Factory" project undertaken by the Company was selected as a benchmark case in China's mobile robot industry, setting an example for the industrial intelligent transformation.



The proprietary X1-series intelligent logistics humanoid robot was grandly launched at CeMAT Shanghai in later October

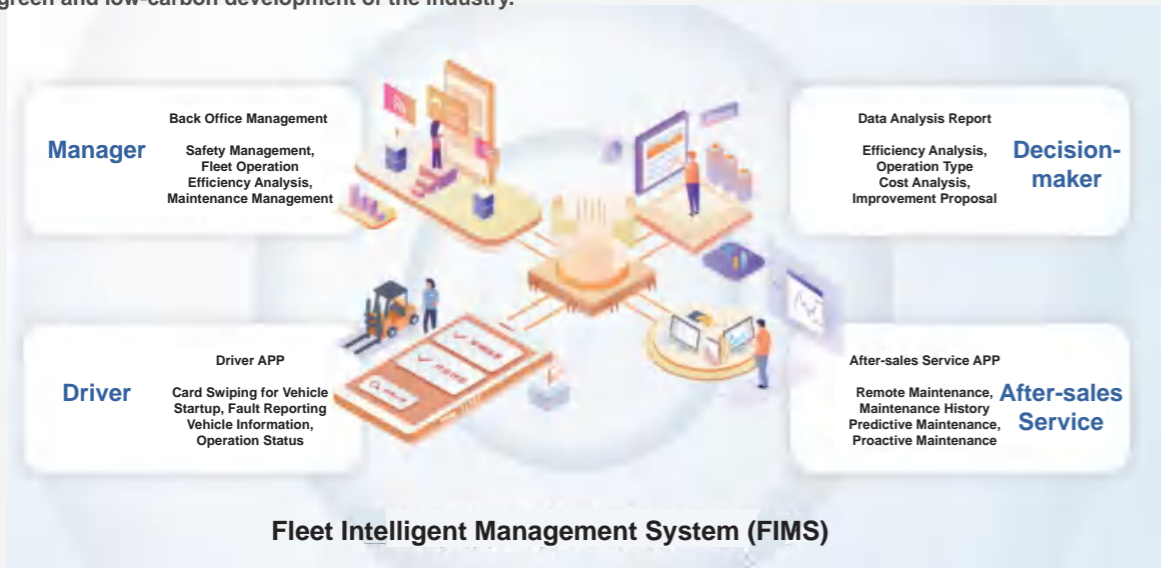
With a keen insight into development opportunities of future industrial ecosystems such as industrial internet and embodied intelligence, the Company, relying on its profound technological practices in the industrial vehicle industry and continuous investment in cutting-edge technologies (e.g., AI, cloud computing, big data, and IoT), focuses on the integrated application of AI and smart logistics scenarios, carries out R&D of intelligent logistics humanoid robots with material handling as the core function, and has formulated a clear industrial development plan. In addition, the Company has developed key technologies such as AI algorithms and multi-modal perception. The proprietary X1-series intelligent logistics humanoid robot was grandly launched at CeMAT Shanghai in later October, drawing widespread attention from the industry. The Company has creatively integrated an omnidirectional wheeled chassis with bionic dual-arm design, adopted a bionic structure with 22 independent degrees of freedom and multi-dimensional perception technologies (e.g., 3D cameras and 3D LiDAR), achieving 360° environmental perception and millimeter-level operation accuracy. Such design combines the efficient mobility of wheeled equipment with the dexterous operation capability of humanoid robots, capable of performing complex tasks such as carton/bin transportation, palletizing & depalletizing. This successfully shatters the rigid limitations of traditional automated equipment and provides flexible solutions for unstructured logistics scenarios. The Company took the lead in successfully applying for the "Humanoid Robot Machine with Precise and Dexterous Operation and Typical Industrial Application Demonstration" project under 2026 Zhejiang Province's "Pacesetter" Science and Technology Program.

Partial Product Display



Service-oriented Development

Following the service-oriented transformation trend of the global manufacturing industry, the Company independently developed the industrial vehicle cloud management system (FIMS) based on big data, taking the lead in building life-cycle service system in the industry to provide value-added services such as remote diagnosis and intelligent operation & maintenance for global warehousing, port and manufacturing scenarios. The system has connected more than 50,000 industrial vehicles, with a service network covering the EU, Southeast Asia and North America. The Company creatively built an intelligent protection system integrating ADAS driving assistance and FIMS remote management functions to monitor "personnel and vehicle status" in real time from two dimensions, effectively improving vehicle operation safety. Through service-oriented innovation, the Company is transforming from a traditional equipment manufacturer to a manufacturing service provider, building an intelligent service ecosystem covering the life cycle of equipment for global customers and continuously empowering the high-quality green and low-carbon development of the industry.



Technology Integration Opportunities

Grasp the opportunities arising from the integration of cutting-edge technologies (e.g., AI, cloud computing, big data, IoT, and embodied intelligence) and industrial vehicles, continuously invest in core technology R&D, overcome multiple key technologies and promote their practical application, and drive the coordinated innovation of products and technologies.

Global Market Opportunities

Relying on the full-series product matrix and core technological advantages, explore the global market, develop customized products for segmented markets such as North America, build a global collaborative supply chain system and service network, and increase the presence in international market.

Risk Identification and Response

Technological R&D Risk

In response to risks such as high difficulty in tackling core technologies and uncertainty in the return on R&D investment, bring down the risk of R&D failure by establishing a sound R&D innovation system, building professional R&D teams and conducting system-based R&D by virtue of state-level technological innovation platforms; formulate measures for rewarding scientific and technological achievements to stimulate R&D vitality, accelerate the transformation of innovation achievements and improve the return on R&D investment.

Intellectual Property Risk

In response to risks such as infringement of innovation achievements and slow-paced confirmation of intellectual property rights, build a comprehensive intellectual property management system, expedite right confirmation via the patent pre-examination mechanism, and set core technological barriers; integrate the intellectual property strategy into technological development plans to complete intellectual property planning and protection from the source of R&D.

Market Competition Risk

In response to the ever-increasing competition in the high-end and intelligent segments of the industry, take product greening, intelligence and high-end development as the direction, continuously launch new products and technologies to fill market gaps and enhance core product competitiveness; expand international high-end markets and build differentiated competitive edges through global promotion and technology & capital export.

Impact, Risk and Opportunity Management

The Company accurately identifies the sustainable development impacts, risks and opportunities in the innovative development of the industrial vehicle industry, and establishes system-based identification, evaluation, monitoring and management measures. Through technological breakthroughs, resource integration, market exploitation and ecosystem construction, the Company amplifies the positive impacts brought by innovation, avoids potential risks and seizes opportunities arising from industrial transformation.

Opportunity Identification and Seizure

Industrial Transformation Opportunities

Seize the opportunities arising from industrial transformation towards intelligence, greening, globalization and service-oriented development, gain a foothold in new tracks such as intelligent logistics, new energy industrial vehicles and humanoid robots, develop intelligent logistics total solutions, new energy products and intelligent equipment, and seize the development opportunities in high-end markets and cutting-edge fields.

Positive Impacts and Amplification Measures

Relying on the systematic advantages of technological innovation platforms at provincial level and above (including the National Enterprise Technology Center, National Accredited Laboratory, National Industrial Design Center, National Postdoctoral Research Station, Zhejiang Industrial Vehicle Engineering Technology Research Center, Zhejiang Academician Expert Workstation and Zhejiang Key Enterprise Research Institute), the Company focuses on the in-depth integration of cutting-edge technologies (e.g., AI, new energy, 5G and IoT) and industrial vehicle scenarios. It delves into technological fields including green intelligence, comfort and safety, high efficiency and reliability, intelligent logistics and digital R&D of industrial vehicles, continuously increases investment in the R&D of core industrial vehicle technologies, masters a series of key technologies for industrial vehicles and key components, and builds a full-range product system, with new energy and intelligent logistics products leading the industry.



Indicators and Targets

Product Innovation Indicators

Completion of Core Indicators in 2025

Keeping abreast of global market demands, the Company continuously carries out product R&D and innovation, and has built a full-range and diversified product portfolio covering 1t-48t internal combustion forklifts, 0.6t-48t electric forklifts, container reach stackers, empty container handlers, tractors and electric warehouse vehicles, with over 8,000 product types and tens of thousands of specifications.

During the reporting period

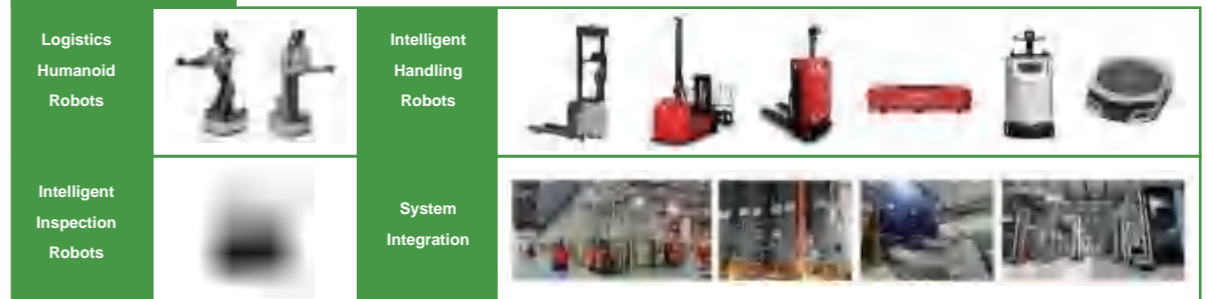
Over **8,000** product types

Tens of thousands of product specifications

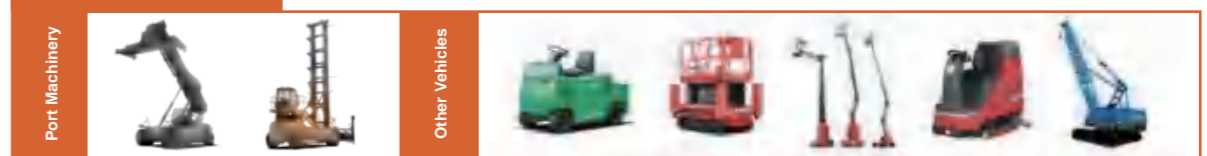
Forklift Sector



Intelligent Logistics Sector



Other Complete Vehicle Sector



Component & Parts Sector



Diversified Products of Hangcha Group

Gain a foothold in the new track, namely the intelligent logistics field, and develop intelligent logistics robots such as forklift robots, order picking robots, heavy-duty robots, latent lifting robots and transfer robots, as well as stackers, conveyor line systems and intelligent logistics management systems, providing users with customized intelligent logistics total solutions.



2025 Development

Focusing on the product development towards greening, intelligence and high end, the Company successfully launched more than 60 new products and technologies in 2025, many of which filled domestic and foreign market gaps, providing solid support for the implementation of the Company's "High-end, Globalized, and Diversified" strategies. Among them, the X-series hybrid forklift (5-10t), the world's first mass-produced 309V diesel-electric hybrid forklift, creatively adopts a dual-power architecture of "Diesel Power + Lithium Battery Energy Storage", bringing down fuel consumption by 40% compared with traditional internal combustion forklifts and filling the domestic market gap of related products. The high-voltage lithium-ion rough terrain forklift (1.5-1.8t) further expands the Company's high-voltage product portfolio, with performance comparable to internal combustion rough terrain forklifts, achieving massive application in scenarios such as mines and infrastructure construction. The four-point small wheelbase dedicated lithium-ion forklift (1.5-4t) is equipped with an unprecedented dedicated lithium-ion platform for small wheelbase models, featuring high efficiency, safety, reliability and comfortable driving, precisely meeting the demand of the North American segmented market. The XA series stand-on & sit-down pallet truck creatively achieves dual operation modes, balancing excellent operation performance and comfortable driving experience. The X-series omnidirectional side electric forklift (2-3t) has six driving modes, flexibly adapting to complex operation scenarios such as narrow aisles and dense warehousing, and greatly improving space utilization and operation flexibility.



The Company's technological innovation achievements have been highly recognized by the industry, and conferred multiple heavyweight sci-tech awards, demonstrating the Company's strong technological strength. Among them, the project "Key Technologies and Industrialization of High-performance High-voltage Electric Forklifts" was appraised by an academican-led appraisal committee as having "Overall Internationally Leading Technology", and conferred the Third Prize of Zhejiang Provincial Science and Technology Progress Award. The "45t High-adaptability High-voltage Lithium-ion Container Reach Stacker" was recognized as the first set of major technical equipment in Zhejiang Province. The "Research and Application of Key Technologies for 1.5t-2t Dedicated Lithium-ion Mini Pallet Truck" won the First Prize of Zhejiang Machinery Industry Science and Technology Award. The "X1 Series Wheeled Logistics Humanoid Robot" won the Zhejiang Robot Annual Product Award.



Award Certificates

Intellectual Property Indicators

Patent Category	Number of 2025 Applications	Number of 2025 Grants	Cumulative Number of Applications	Cumulative Number of Grants
Invention Patent	118	93	1,092	488
Utility Model Patent	12	52	1,151	1,145
Design Patent	12	16	211	202
Software Copyright	45	45	324	324
Overseas Patent	0	2	44	33

Note: The above intellectual property data cover Hangcha Group and its controlled subsidiaries.

R&D and Innovation Indicators

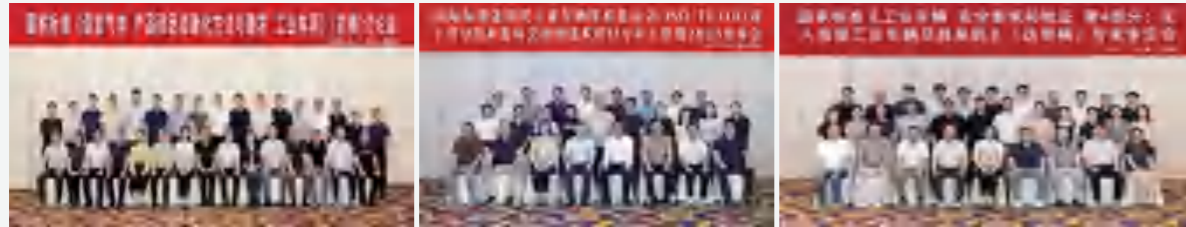
Item	R&D Investment Amount	Proportion of R&D Investment in Operating Revenue	Number of R&D Personnel	Proportion of R&D Technical Personnel in Total Employees	Number of Invention Patents
Indicator	RMB 858.9468 million	4.84%	1,337	18.48%	470

The Company seizes the strategic opportunities arising from the industry's transformation toward intelligence, greening and globalization, keeps abreast of the diversified demands of the global market, takes high technical content, high added value and high reliability as the core product positioning, and adopts the dual-driving path of "Technological R&D + Global Promotion". In the meantime, the Company focuses on the collaborative innovation of products and technologies, accelerates the release of innovation momentum, and achieves leapfrogged upgrading from "Single-point Breakthrough" to "All-around Leadership". Centering on technological fields such as new energy, intelligence and control experience, the Company keeps delving into core technological breakthroughs, overcomes and applies multiple key technologies including regional mode adaptive control system, high environmental adaptability on-board charger, localization of dual-drive transmission, VNA truck aisle safety control technology, steer-by-wire chassis technology, container reach stacker spreader safety detection system, general handheld unit, VCU popularization and application, EV electrical & electronic system architecture, and new-generation intelligent interactive instruments. In addition, the Company conducts continuous and efficient R&D and launches a series of new energy products and intelligent industrial vehicles onto the market, providing diversified green and intelligent solutions for global customers.



Standardization Indicators

In 2025, the Company presided over and participated in the formulation and revision of 1 international standard, 21 national standards, 22 industrial standards and 5 group standards, building a multi-level and multi-domain standardization matrix. Among them, the national standard *Quantitative Methods and Requirements for Greenhouse Gas Product Carbon Footprint - Industrial Vehicles* led by the Company is the first of its kind in China, providing a scientific basis for industrial carbon emission reduction and carbon trading, and demonstrating the Company's technological foresight in the green and low-carbon field. The Company won 2 Typical Cases for the Application and Promotion of Group Standards issued by the Ministry of Industry and Information Technology in 2024. Keeping up with cutting-edge technological trends and actively expanding new standardization fields, the Company successfully joined the Humanoid Robot Standard Working Group of the National Technical Committee on Robotics Standardization (TC591) in 2025 and participated in drafting 2 national standards of the *Technical Requirements for Humanoid Robot series*.



GB/T 35205.1-2025	Rough-terrain trucks - Safety requirements and verification - Part 1: Variable-reach trucks
GB/T 38055.1-2025	Rough-terrain trucks - Safety operation requirements - Part 1: Variable-reach trucks
GB/T 26949.3-2025	Industrial vehicles - Verification of stability - Part 3: reach and straddle trucks
GB/T 38055.2-2025	Rough-terrain trucks - Safety operation requirements - Part 2: Slewing trucks
GB/T 26950.1-2025	Explosive - proof industrial trucks - Part 1: Battery-operated industrial trucks
JB/T 3244-2025	Battery reach forklifts
JB/T 11037-2025	Rider-operated counterbalance forklifts of 10000kg~65000kg
GB/T 45561.1-2025	Industrial trucks—Sustainability—Part 1:Vocabulary
GB/T 45561.2-2025	Industrial trucks—Sustainability—Part 2: Factors and reporting
GB/T 42784.2-2025	Rough-terrain trucks—Visibility test methods and their verification—Part 2: Slewing rough-terrain variable-reach trucks
GB/T 6104.1-2025	Industrial vehicles - Terminology - Part 1: Types of industrial vehicles
GB/T 46909-2025	Forklift attachments - Design specifications
GB/T 26950.2-2025	Explosion-proof industrial trucks—Part 2: Internal combustion industrial truck
GB/T 5183-2025	Forklift trucks - Fork arms - Dimensions
JB/T 14948-2025	High-level order pickers
JB/T 3340-2025	Battery pallet stackers
JB/T 15091-2025	Forklift attachments - Three-way attachments
JB/T 15162-2025	Bi-directional and multi-directional traveling forklifts
JB/T 15163-2025	Three-way stacking forklifts

Core Goals of Innovative Development

Product and Technological Goals

Continuously focus on the development direction of greening, intelligence and high-end development, constantly launch new products and technologies to fill domestic and foreign market gaps, maintain the industry-leading technology and performance of new energy products and intelligent equipment, and realize the industrialization and massive application of cutting-edge products such as humanoid robots.

Intellectual Property Goals

Continuously increase the number of applications and grants for invention patents, strengthen overseas patent planning, further improve the intellectual property protection rules, build a more trustworthy core technological barrier, and promote the efficient value transformation of innovation achievements.

R&D Investment Goals

Continuously increase investment in core technology R&D, maintain a reasonable proportion of R&D investment in operating revenue, continuously expand the R&D team, raise the proportion of R&D technical personnel in total employees, and strengthen the systematic capability of technological innovation.

Market and Globalization Goals

Further increase the market share of new energy products and intelligent equipment, continuously expand the global market, and improve the global supply chain and service network.

Standardization and Industry Leadership Goals

Continuously predominate and participate in the formulation and revision of international, national and industrial standards in fields such as industrial vehicles and humanoid robots, improve the green and low-carbon standard system including industrial vehicle carbon footprint, and shore up the leading position in the field of industrial standardization.

Sustainable Development Goals

Further optimize the service system, expand the access scale and service scope of the cloud intelligent forklift management system; continuously promote product carbon emission reduction, help customers and the industry achieve green and low-carbon development, and lead the industrial vehicle industry into a higher stage of intelligent, green and sustainable development.



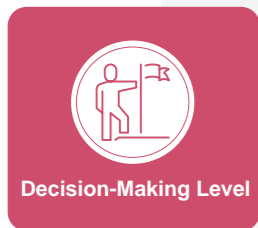
Technology Ethics

The Company attaches great importance to intelligent technology and technology ethics governance, taking “Safe, Secure, People Oriented, and Data-compliant” as the bottom-line principles for technological innovation. In the R&D and application of embodied intelligent products such as logistics humanoid robots, the Company strictly abides by the relevant national ethical norms and standards on artificial intelligence and robots, and focuses on physical safety, functional safety, data security and privacy protection to ensure that robots have clear behavioral boundaries, traceable decisions and controllable operations. Upholding the concept of human-machine collaboration, the Company takes advantage of technological empowerment to improve logistics efficiency and operational safety, promotes the healthy development of intelligent equipment on a compliant, responsible and sustainable track, and assists in the high-quality transformation of the industry through responsible innovation.

Supply Chain Security

Governance Top-Level Design and Right-Responsibility Architecture

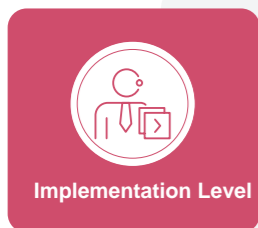
The Company's Board of Directors has set up a special ESG Working Group, and incorporated supply chain management into the entire chain system of the group's strategic decision and performance appraisal. In the field of supply chain security, the Company has established a three-level linkage governance mechanism of "Strategy-Management-Implementation", fully integrating sustainable development requirements into all links of procurement, and promoting the green, compliant and sustainable development of the supply chain ecosystem.



Decision-Making Level
The Strategy Committee of the BOD is responsible for identifying and supervising supply chain risks that have a significant impact on the Company's business, including geopolitical risks, trade barriers and key material supply disruptions. At the same time, the committee incorporates supply chain sustainable development into strategic considerations, adjusts the supply chain organizational structure as needed, and ensures that the construction of the Company's supply chain meets the needs of the Company's strategic development.



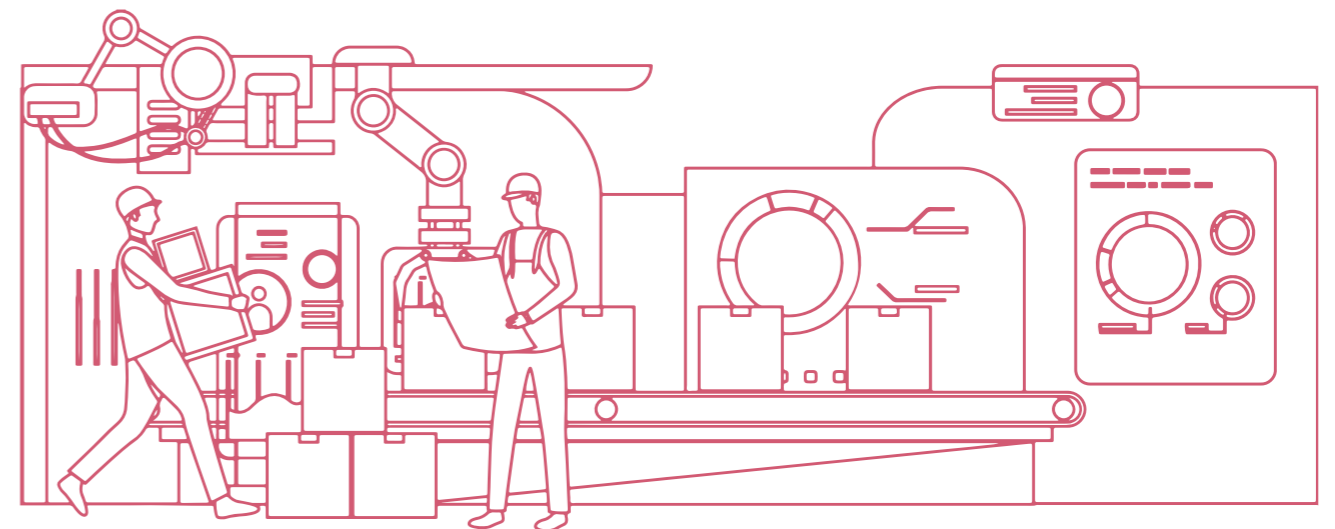
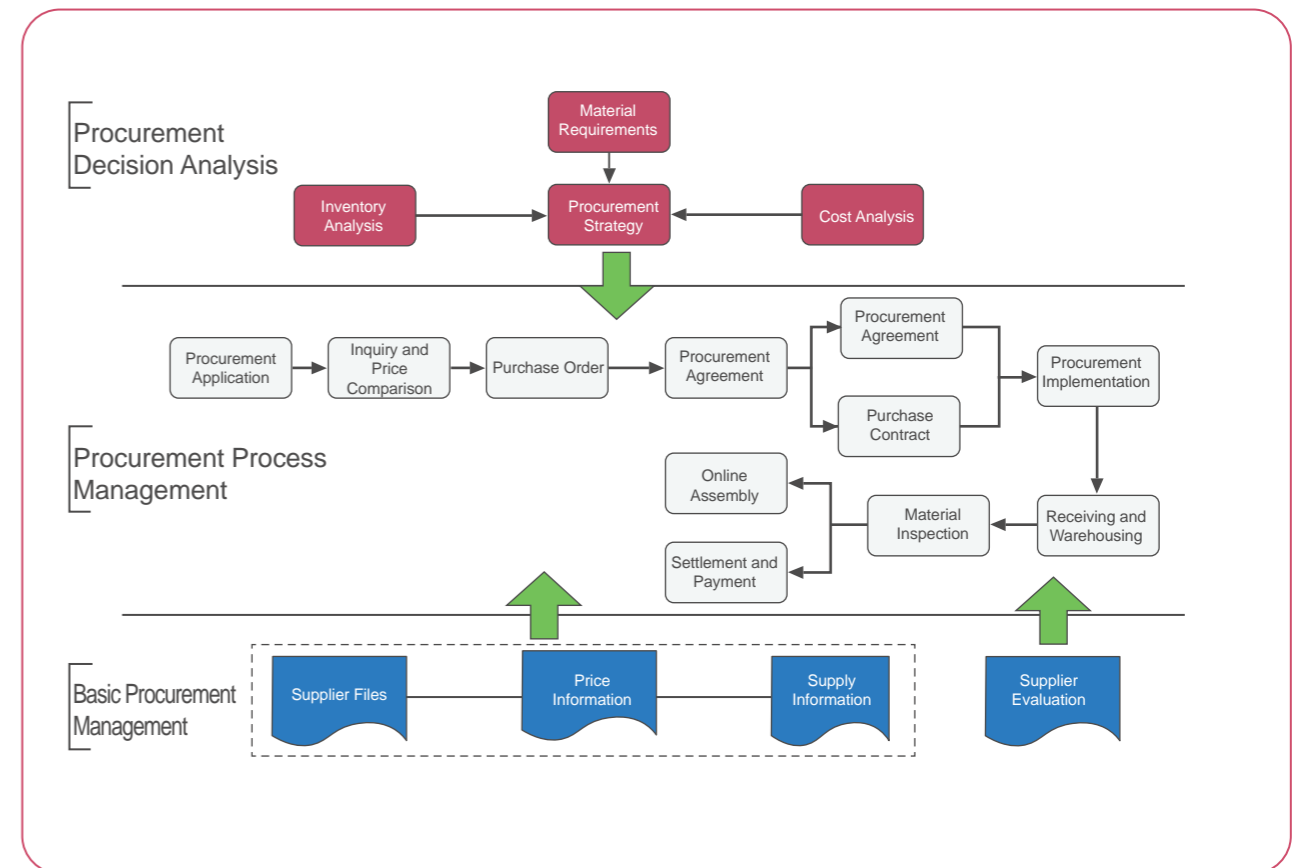
Management Level
The Company has established a Supply Chain Management Committee led by the Deputy General Manager in charge of supply chain, the Chief Engineer in charge of technology, and the Deputy Chief Engineer in charge of quality. Based on the operating objectives issued by the Board of Directors and in response to the Company's development strategy, the committee identifies key processes and risk points, divides the Company's procurement management into three major parts: basic procurement management, decision analysis management and procurement process management, and conducts management and control through system software such as SAP and SCM.



Implementation Level
Relevant supply chain departments carry out their work in accordance with the relevant system requirements of the Company's supply chain, do a good job in collecting, evaluating and introducing supply resources, sign supporting supply agreements to establish supply & marketing cooperative relations, effectively supervise and manage the relevant activities of suppliers during the cooperation period, make up for the shortcomings in the supply chain, and promote the development of the supply chain in line with the Company's strategy. In procurement practice, they strictly implement sustainable development requirements, integrating sustainable development considerations into the entire process from supplier selection, cooperation implementation to later evaluation.

2025

To ensure the standardization of the system (rules), the Company has formulated relevant documents such as the *Supplier Management Rules*, the *Supplier Level Evaluation Measures* and the *Manufacturing Department Bidding and Procurement Procedures*, to ensure the rational and orderly implementation of supply chain work and the safe, reliable and sustainable development of the supply chain.



Strategy Green as the Engine, Global Deployment, Control over Core

In face of the challenges from global industrial chain restructuring, Hangcha Group takes “Greening + Globalization + Localization” as its core strategy to ensure supply chain security, deeply embeds sustainable development requirements into procurement practice, and promotes the green upgrading and high-quality development of the entire supply chain.

Push ahead with Global Manufacturing and Localized Supply

To respond to trade protectionism and regional market fluctuations, the Company quickens its pace in going global. By establishing a manufacturing branch in Thailand and overseas subsidiaries and R&D centers in the Americas, Europe, Southeast Asia and other regions, the Company is committed to improving the localized supply capacity of its overseas divisions, leveraging regional free trade agreements to reduce tariff costs, thereby enhancing the resilience to cope with international trade barriers and supply chain disruptions. In its global procurement planning, the Company maintains clear relations with suppliers around the world, engages in open dialogues on procurement cooperation and sustainability requirements, and promotes localized suppliers to implement its sustainable procurement standards.

Deepen Supply Chain Collaboration for the “New Energy Strategy”

Centering on the “Dual Carbon” goals, the Company took the lead in proposing a full-series new energy development strategy in the industry, in order to not just strongly developing new energy on the product side, but also promote green manufacturing on the supply chain side. In the cooperation process, the Company endeavors to promote the new energy and dual carbon strategies from the dimensions of commercial contracts, product development, production process and material supply, aiming to drive core partners to complete process upgrading, reduce the carbon emission intensity of the entire industrial chain from the source, and jointly build a new green and low-carbon ecosystem. In procurement practice, the Company underscores the principle of resource efficiency first, giving priority to products and services that can reduce waste, carbon footprint and resource consumption. In the meantime, the Company collaborates with suppliers to carry out sustainable innovation and develop environment-friendly products and services, with a view to promoting the upgrading of green technologies and products on the supply chain side.

Master Core Component Technology for Differentiated Competition

The Company's path to build core self-control capabilities in the supply chain and foster differentiated competitiveness is as follows: independently produce differentiated core components to gain initiative; lock in technology sources through equity participation for professional and important components; achieve risk & benefit sharing through cooperative factory construction for global high-quality component resources; extensively carry out strategic cooperation with high-quality industrial resources to build a sustainable industrial ecosystem. In the procurement and cooperation for core components, the Company gives priority to suppliers with sound environmental management systems, conformity to ethical and labor norms and advocacy of social responsibility, and takes sustainable development capacity as one of the core considerations in cooperation.



Risk Management Full-Process Identification and Monitoring

The Company incorporates supply chain risk identification into the comprehensive risk management system, establishes early warning and response mechanisms for physical risks, policy & regulatory risks and technical risks, and includes sustainability compliance into the scope of risk monitoring, ensuring the sustainability and compliance of procurement practice through multi-dimensional management.



Supplier Selection and Evaluation

The Company strictly selects suppliers, establishes and implements a credit evaluation system, guards against commercial ethics risks and supply quality risks from the source, and incorporates sustainable development indicators (e.g., environmental management, labor rights and social responsibility) into the core dimensions of supplier selection and evaluation. For key materials and core components, it implements classified and hierarchical management over suppliers, conducts annual comprehensive scoring of suppliers from different dimensions (e.g., external inspection qualification rate, assembly qualification rate, quality improvement, on-time delivery rate, after-sales service, supply price, quality management capacity, R&D capacity and sustainable development capacity), identifies annual supply hazards based on the scores, and provides assistance and countermeasures. Simultaneously, the Company advocates a supply landscape of at least three suppliers for each part category, as a way to reduce dependence on a single source.



Rights Protection and Compliance Review

The Company attaches great importance to the rights and interests of suppliers, strictly abides by the requirements of laws and regulations, rigorously controls the payment time within the given scope, and establishes a rapid response mechanism for disputes. Meanwhile, the Company gives priority to the timely payment of undisputed funds to ensure the healthy and stable capital flow at the supply chain. The Company has established a Compliance Working Group, which conducts compliance review of customer orders as per compliance requirements of major global markets, sorts out the compliance requirements of the supply chain for relevant markets, and ensures the compliance of sales & purchase orders. Simultaneously, the Company conducts compliance monitoring over procurement activities, regularly evaluates whether procurement activities comply with its sustainable procurement policies and relevant laws & regulations, and timely identifies and rectifies non-compliance issues.



Integrity Supply Chain Construction

Through the sunshine procurement platform and clean-fingered practice management, the Company strictly monitors commercial bribery activities, creates a fair and healthy business environment, provides a clean and fair cooperation premises for sustainable procurement practice, and ensures the effective implementation of sustainable procurement policies.

Indicators and Targets Quantitative Tracking and Continuous Improvement

Through specific quantitative indicators and annual targets, the Company measures and drives the improvement of supply chain management performance, incorporates the achievements of sustainable procurement practice into core assessment indicators, and promotes the continuous improvement of supply chain sustainability capacity through quantitative tracking, training and continuous optimization.

Supplier Empowerment Goals

In 2025, the Company organized 62 supplier exchange and training activities of various kinds, received more than 155 supplier visits, with more than 300 participants and a total duration of more than 3,000 hours for these activities, aiming to improve the overall quality and efficiency of the supply chain through technical empowerment. Herein, the sustainable procurement policy was included in the core training content, and training and education work was carried out to promote the effective implementation of the sustainable procurement policy by internal procurement employees and relevant supplier personnel, hereby improving the understanding and implementation of the entire chain for sustainable procurement. Besides, the Company continuously provides sustainability-related guidance to suppliers, helping them improve their environmental management systems, implement ethical and labor norms, and enhance the sustainability level of the entire supply chain.

Green Supply Chain Goals

By the end of the reporting period, the Company has driven more than 50 core partners to convert fuel-powered vehicles in their factories to lithium battery new energy forklifts. At the same time, the Company has vigorously promoted the recyclable turnover box project in the supply chain system, effectively reducing the waste of packaging materials. So far, the recycling rate of packaging materials has exceeded 85%, which is an important practical achievement of the Company in implementing the principle of resource efficiency first. In the future, the Company will gradually improve supply chain carbon footprint management, require core suppliers to cooperate in low-carbon process transformation, and jointly reduce the carbon emission intensity of the industrial chain. The Company will continue to deepen its communication with suppliers, clarify the specific requirements and cooperation directions of carbon footprint management and low-carbon transformation, further strengthen compliance monitoring, regularly evaluate the effectiveness of suppliers' low-carbon process transformation and the implementation of resource conservation, and link the evaluation results with suppliers' cooperation level and procurement share. The Company will continue to promote sustainable innovation, work with suppliers to develop low-carbon and environment-friendly materials, processes and products, and keep improving the green development level of the supply chain.

During the reporting period

Received more than
155 supplier visits

Total duration of more than
3,000 hours



Fulfilling Commitments with Actions:
The Company passed the ESG accreditation by Holcim Group, an international VIP customer, and practiced global supply chain compliance requirements

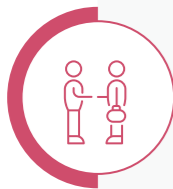


Fulfilling Commitments with Actions:
Hangcha Brazil, a subsidiary of the Group, passed 100% qualification accreditation by Coca-Cola's supplier Embotelladora Andina S.A., implying its supply chain sustainability management was recognized.

Equal Treatment of SMEs

The Company attaches great importance to the value of small and medium-sized enterprises (SMEs) in the supply chain ecosystem, and takes equal treatment of SMEs as an important principle for supply chain construction. In strict accordance with national laws and regulations in favor of the development of SMEs, the Company upholds the principle of fairness and impartiality throughout the cooperation process, creates a good cooperation environment for SMEs, and achieves reciprocal and win-win development with SMEs.

Loan Payment



- In such links as supplier access, selection and evaluation, and order allocation, no discriminatory thresholds have been set for SMEs. In view of development characteristics of SMEs, the Company has established differentiated evaluation dimensions, with a focus on innovation capacity and product characteristics, in order to provide supply chain cooperation opportunities for competitive SMEs.
- In terms of payment for goods, the payment time is strictly controlled within a given scope, and the payment process is optimized according to the capital flow characteristics of SMEs. The Company gives priority to the payment of undisputed funds, and has set up an exclusive rapid dispute response mechanism to efficiently resolve cooperation problems and protect the legitimate rights and interests of SMEs.

Cooperation Links

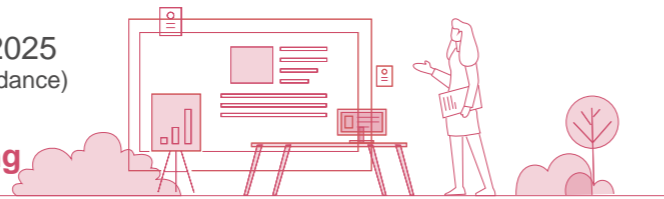


- The Company fully incorporates SMEs into the supplier empowerment system. All of the 62 supplier exchange and training activities organized in 2025 are open to SMEs, providing them with professional guidance on technology, quality, sustainable development and other aspects, targeting to help SMEs promote green manufacturing and low-carbon transformation, and assist them in improving their all-around development capacity.
- In the future, the Company will continue to improve the equal cooperation mechanism, expand the cooperation with SMEs, tap their innovation potential, promote in-depth collaborative development, and build an inclusive, diverse and sustainable supply chain ecosystem.

Supplier Empowerment

62 exchange & training activities in 2025
(technology/quality/sustainable development guidance)

Assistance in Green Manufacturing and Low-Carbon Transformation

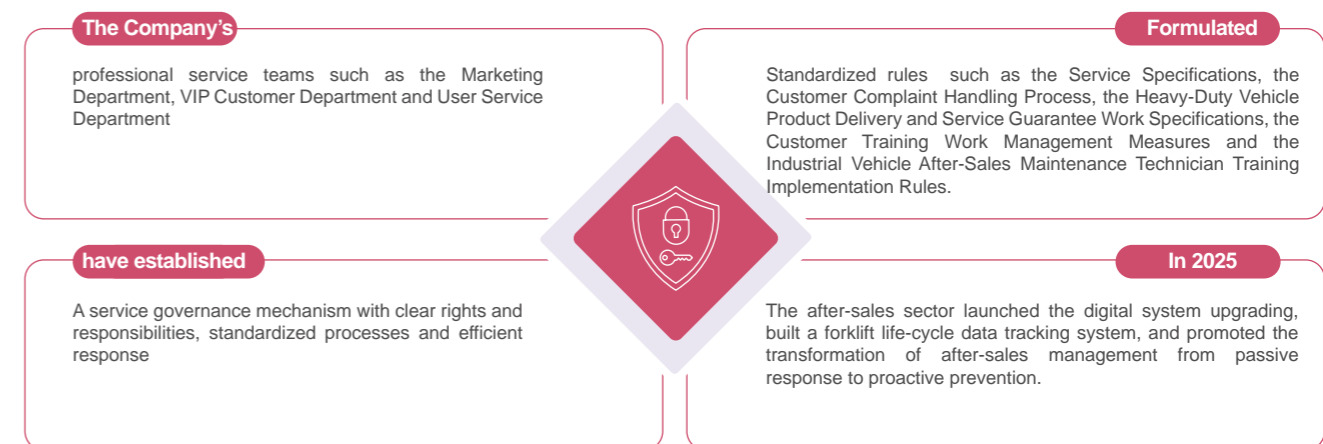


Product & Service Safety and Quality

Governance Management System, System Construction and Organizational Guarantee

The Company has established a systematic and standardized product and service quality management structure, as well as a three-level management system including the *Quality Manual*, *Quality Management System Procedure Documents* and *Quality Management System Guidelines*. Also, it has set up an independent quality control department to build a quality control network covering the product life cycle. The Company strictly implements relevant quality management rules, and assigns quality responsibilities to the entire chain of R&D, procurement, production, quality, sales and service, in order to ensure the effective operation and continuous improvement of the quality management system.

At the after-sales service governance level, the Company has established professional service teams such as the Marketing Department, VIP Customer Department and User Service Department, formulated standardized rules such as the *Service Specifications*, *the Customer Complaint Handling Process*, *the Heavy-Duty Vehicle Product Delivery and Service Guarantee Work Specifications*, *the Customer Training Work Management Measures* and *the Industrial Vehicle After-Sales Maintenance Technician Training Implementation Rules*, leading to the formulation of a service governance mechanism with clear rights and responsibilities, standardized processes and efficient response. In 2025, the after-sales sector launched the digital system upgrading, built a forklift life-cycle data tracking system, and promoted the transformation of after-sales management from passive response to proactive prevention. Such a move helped systematically integrate service processes, embed functions such as AI Q&A to improve service efficiency, in addition to realizing the online management and visualization of maintenance/repair/parts management data.



Strategy Quality Philosophy, Management Model and Service Strategy

The Company upholds the development philosophy of "Quality as the Foundation, Innovation as the Driving Force", takes "Making Handling More Reliable" as the core value orientation, and deeply integrates modern management theories such as life cycle management and all-around quality management, in order to build a quality management model with Hangcha characteristics. The Company implements a dumbbell-shaped quality management model of "Strong at both ends and Refined in the Middle", strengthens the capabilities of R&D design and sales service, refines the production and manufacturing process control, and implements "Customer Orientation, Process Control, Full Participation and Continuous Improvement" through the entire operation process, with a view to establishing a competitive quality culture system. At the service level, the Company insists on the "Customer-centered" strategy to build a nationwide after-sales service network. It advocates service strategies such as rapid response, refined service, customized solutions and long-term strategic cooperation, and enhances market competitiveness and improves customer satisfaction and brand trust through high-quality services.

Impact, Risk and Opportunity Management

Impact: Quality Achievements, Certifications & Qualifications, Service Results

01 Comprehensive System Accreditation

The Company has implemented a quality management system since 1992. It took the lead in passing the ISO9001:1994 accreditation in the industry in 1995, and passed the ISO9001:2015 re-review in 2024. Its measurement management system has continuously maintained high standards, for example, the Company passed the third-level measurement assessment in 1985, established a complete measurement and testing system in 2007, obtained the Measurement Management System AAA Certificate in 2011, and passed the re-review again in 2024 to renew the qualification.

1992
Implementing Quality Management System

1995
Taking the lead in passing ISO9001:1994 accreditation in the industry

2024
Passing ISO9001:2015 Re-review

1985
Passing the Third-Level Measurement Assessment

2007
Establishing a Complete Measurement and Testing System

2011
Procuring the Measurement Management System AAA Certificate

2024
Passing the Re-review Again and Renewing the Qualification



(Accreditation Certificate)

02 Product Safety and Compliance

All the Company's products have been conferred special equipment manufacturing licenses, and some products have passed EU CE accreditation, North American UL accreditation, explosion-proof accreditation, etc., reaching high-end industry safety and quality standards; exported lithium battery forklifts and lithium batteries comply with the relevant certification requirements for the transportation of dangerous goods.

03 Quality and Safety Performance

In 2025, the Company did not have any major safety and quality liability accidents related to products and services, and its product quality and operational safety remained stable and controllable.

04 Product Recall

The Company has formulated special enterprise standards such as the *Unqualified Product Recall Management Procedure* (QS287002) and the *Customer Complaint Handling Process* (Q/HCC G0513). In 2025, the Company did not have any major safety and quality liability accidents related to products and services, no product recall incidents, and the product recall system remained in effective operation. In 2025, the Company received a total of 229 customer complaints, with a 100% complaint handling completion rate and an average handling duration of 1.5 working days. The Company quickly responded to customer demands through a standardized complaint handling process, effectively safeguarding the legitimate rights and interests of customers.

05 Service Impact

The Company has established a nationwide one-stop after-sales service network and made clear service promises:

For mainstream mid-to-high-end products, provide a 2-year/4,000-hour warranty. For some products, offer a warranty of up to 3 years/6,000 hours. On-site response is available within 8 hours in the same city, 24 hours outside the city, and 48 hours in remote areas. Through refined services, regular follow-up visits, customized solutions and strategic cooperation, the Company increased its customer satisfaction rate to 88.06, which is significantly higher than the industry average.

In 2025

For mainstream mid-to-high-end products,

Provide 2-year **/4,000** -hour warranty

For some products, provide a warranty of

up to 3 years **/6,000** hours

06 Training Empowerment Impact

The Company organizes systematic training for customers and internal after-sales teams:

In 2025, it conducted 146 training sessions for customers, covering 2,653 person-times of trainees. In the meantime, it organized 51 sessions of after-sales technical training, with total trainees reaching 1,459 person-times, which continuously improved customers' operation capabilities and the after-sales team's professionalism, and enhanced brand influence and customer trust.

In 2025

In 2025, conducted

146 training sessions

covering

2653 person-times

Domestic Customer Training



Domestic After-sales Technical Training



Overseas Customer Training



Overseas Customer Training



Risk and Opportunity Management

Quality Risk Control



The Company adopts multiple mechanisms such as life-cycle quality management, independent quality inspection department, three-level document system, refined process control, factory inspection and compliance certification to identify, prevent and control quality and safety risks in advance across the links of product design, production, delivery and use, ensuring that no major quality & safety liability accidents occur.

Compliance Risk Control



The Company strictly abides by the regulatory standards for special equipment, measurement, export certification, dangerous goods transportation, etc., and continuously maintains qualifications such as ISO9001, Measurement Management System AAA, CE, and UL to ensure compliant operation in domestic and international markets.

Complaint Risk Management



The Company has established a standardized complaint handling process and rapid response mechanism, in order to proactively identify and resolve customer dissatisfaction through on-site investigations, regular follow-ups, customer training, and service network sinking, bring down service-related risks, and improve customer retention and corporate reputation.

Development Opportunities



The stable and reliable product quality and efficient service system have become important cornerstones for the Company's brand premium, market expansion, overseas business growth, and long-term cooperation with major customers. Continuous quality improvement and service innovation help the Company maintain a competitive edge in the industrial vehicle field and achieve synchronous improvement of brand value and social benefits.

Indicators and Targets

By setting quantifiable key performance indicators and targets, the Company measures quality management performance and drives continuous improvement.

Management Dimensions	2025 Key Performance Indicators (KPIs)	Target	Completion Status
Management System	Pass Rate in Quality Management System Accreditation	100%	Up to Standard
Product Compliance	Coverage Rate of Type Approval for Special Equipment Products	100%	Up to Standard
Quality Accidents	Major Product Quality Accidents	0	Up to Standard
Customer Satisfaction	Customer Satisfaction	≥84	Up to Standard (88.06)

Data security and customer privacy protection

Establishment, Operation and Specific Measures of the Data Security Management System, as well as the Certification

In strict accordance with the relevant laws and regulations such as the *Data Security Law of the People's Republic of China*, the Company has formulated data security rules and regulations such as the *Q/HCC G0137-2011 Rules for the Management of Computer Room*, the *Q/HCC G1504-2013 Corporate Network Management Regulations*, the *Hangcha Group Network Security Incident Emergency Plan* and the *Information System Emergency Plan*, and established an information security management framework to coordinate the overall strategic planning on the Company's information security and to promote the orderly implementation of information security work.



In 2025, no data security incidents occurred in the Company.

Establishment and Operation of the Customer Privacy Protection System and Rules

In strict accordance with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China* and the *Information Security Technology - Personal Information Security Specification*, the Company has formulated the *Rules of Hangcha Group for the Management of Customer Privacy* to specify the compliant use of customer data and ensure the privacy security of its partners and customers. The Company has established an emergency plan for security incidents such as data leakage to ensure timely response and handling. Each department of the Company has set up data security officers who are responsible for data security and privacy protection in their respective departments. By virtue of technologies such as data encryption, data masking and access control, the Company ensures data security and strictly controls data transmission. Where relevant positions need to retrieve the data of partners and customers for external use, photocopying or electronic transmission and other purposes, they must obtain the approval of relevant responsible persons and complete filing. In 2025, the Company achieved a 100% encryption coverage rate for customer privacy data and a 100% desensitization rate for sensitive data. For information leakage, the Company will take punitive measures as per regulations to effectively ensure data security.

In 2025, no customer privacy security incidents occurred in the Company.

In 2025, the Company carried out 13 data security emergency plan drills, covering 80 person-times of employees from relevant departments such as information technology, operations, and sales, effectively improving the data security emergency response capability of all employees.

Employees

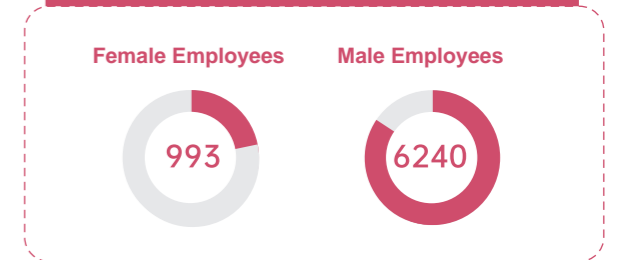
Equality and Diversity

In 2025, based on the implementation of its talent strategy, the Company continued to deepen the improvement of the human resource management system, strictly observed national laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* as well as industry standards, adhered to the bottom line of employment, explicitly prohibited the employment of child labor and forced labor in any form, and resolutely eliminated all types of rule-breaking employment behaviors. The Company equally treats candidates of different genders, ages, ethnic groups, cultural backgrounds and religious beliefs, providing equal competition opportunities and development platforms for all candidates who meet the job requirements. Aside from that, the Company standardizes the rules for employees' labor contracts, leave, overtime, etc., and effectively protects the legitimate rights and interests of employees, demonstrating its corporate social responsibility and humanistic care, and continuously optimizing the talent introduction and cultivation environment.

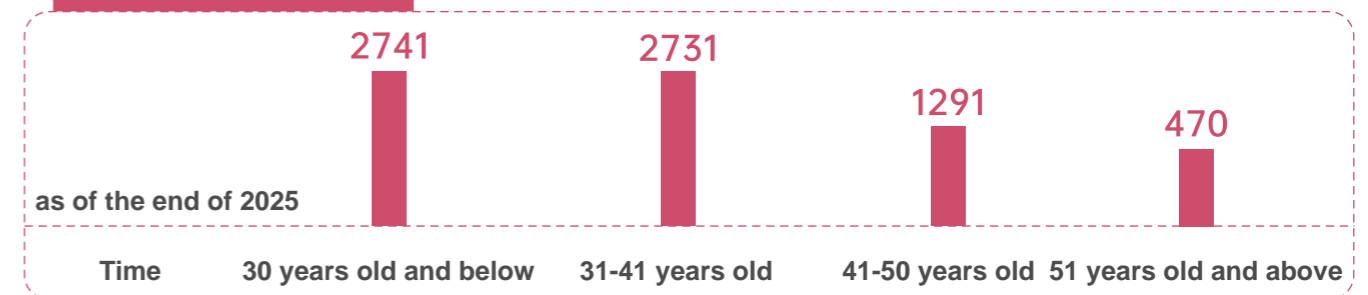
2025 Company Employee Statistics



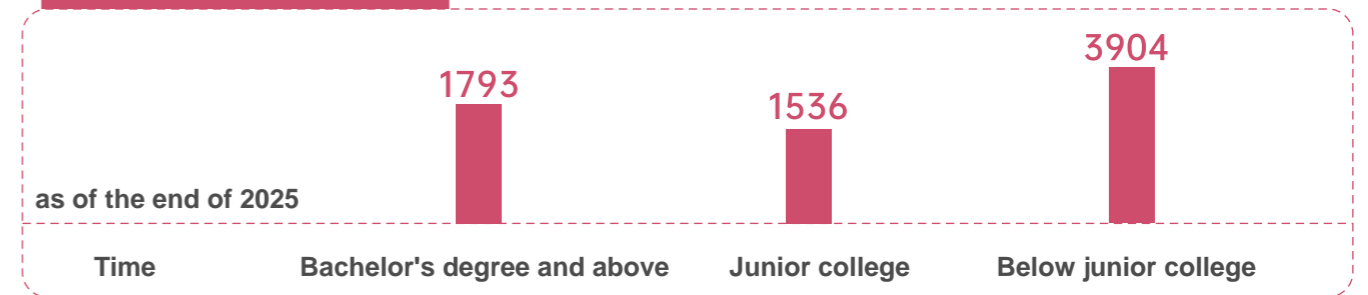
2025 Company Employee Gender Distribution



Statistics by Age



Statistics by Education Level






Statistics by Professionalism

Time	Total Employees	Technical Personnel	Administrative Personnel	Production Personnel	Sales Personnel	Financial Personnel
As of the end of 2025	7,233	1,739	125	3,228	1,959	182

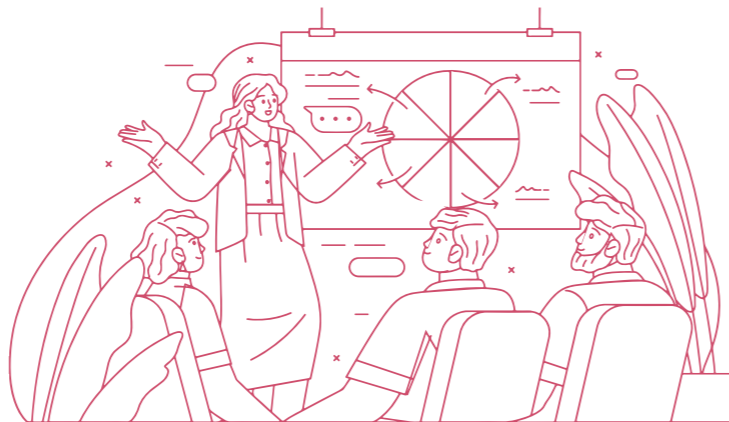
Talent Attraction

The Company continuously improves the Employee Recruitment Management Measures, further refines recruitment standards, standardizes recruitment processes, optimizes recruitment channels, and strives to optimize a market-oriented, standardized and professional talent selection & employment mechanism to ensure that talent introduction is synchronized and accurately matched with the Company's strategic development. The Company continues to deepen school-enterprise cooperation and industry-education integration, and adopts multiple measures to promote the precise matchmaking between talent cultivation and industrial needs.

<p>The Company deepens its cooperation with universities, promotes the industry-university-research collaboration in education</p> <p>The Company has established in-depth school-enterprise cooperation with Zhejiang University of Science and Technology, Zhejiang University City College, and School of Information Engineering of Hangzhou Dianzi University and other universities. By means of co-construction of courses, joint research on topics, and joint cultivation of talents, the Company optimizes its professional training system, achieves the in-depth integration of industry, university, and research, and accurately introduces outstanding graduates into the Company.</p> 	<p>The Company implements order-based cultivation to plan talent supply ahead of schedule.</p> <p>It has established the "Hangcha Order Class" with Hangzhou Polytechnic to focus on two training orientations such as logistics and after-sales services, and to supply talents urgently needed by the enterprise. The retention rate of the first batch of students exceeded 81%, and 58 students were recruited in the second batch, living up to the seamless connection from campus to post.</p> 	<p>The Company leads the innovation in skilled worker education and empowers the AI-based talent cultivation.</p> <p>As a council member unit of the "Artificial Intelligence +" School-Enterprise Cooperation Alliance of Technician Colleges in Zhejiang Province, the Company actively participates in the formulation of the standards for cultivation of high-quality skilled talents, explores the innovative path for "Artificial Intelligence + Skill Education", and provides talent support for the digital transformation of the industry.</p> 
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The Company earnestly practices the concept of humanistic care, takes the initiative to provide all-around guidance for eligible new employees, accurately implements relevant government policies, and assists them in applying for various special government subsidies such as living subsidies and rental subsidies for fresh graduates, with a total application amount of about 1.8 million yuan, effectively alleviating the living pressure of new employees and enhancing their sense of belonging and happiness.

In addition, the Company actively responds to the national policies on stabilizing employment and promoting development, and implements the application requirements for various government support policies. So far, the Company has successfully obtained a number of policy funds including stable post subsidies, one-time subsidies for staff increase, and corporate subsidies for independent talent introduction within the district, with total amount reaching approximately 908,000 yuan. This not only effectively brings down the enterprise's human resource operation costs, but also provides strong policy and financial support for the Company to continuously deepen talent introduction and training, stabilize the employee team, and achieve high-quality development.



During the reporting period

The total amount of various special government subsidies obtained for fresh graduates was about

1.8 million yuan

Funds in response to support policies were about

908,000 yuan

Talent Training and Development

Focusing on its strategic development needs, the Company has established a unique "Navigation" series training system with Hangcha characteristics. In view of the development characteristics of employees at different levels and in different sequences, the Company has rolled out twelve special training programs, and fostered a learning and development ecosystem that covers all employees and runs through the career cycle.

Lighthouse Program Senior Managers	Pilot Program Young and Middle-Aged Cadres	Voyage Program High-Potential Talents	Sail Program R&D and Production
Competition Program Salespersons	Spark Program Internal Trainers	Escort Program Highly Skilled Talents	Kickoff Program New Employees
Navigation Program Production Interns	Starry Sky Program After-Sales Interns	Blue Ocean Program Academic Education	Hangcha Lecture Hall All Employees

Talent Team Construction

The Company continuously strengthens the construction of its talent team. It takes strategic development as the orientation to build a diversified talent echelon, with a view to establishing a "Three-In-One" training pattern for technical, skilled and interdisciplinary talents, and providing solid talent support for the high-quality development of the enterprise.



"Three-In-One" Talent Training Pattern

Construction of Technical Talent Team

The Company was successfully selected as one of the first 6 Hangzhou-based private enterprises with the independent evaluation authority for intermediate professional titles, and it took the lead in carrying out the independent evaluation for the intermediate professional title of "Special-purpose Equipment" engineers. Among 49 applicants in 2025, 40 applicants passed the evaluation, representing a success rate of 81.63%. The Company achieved remarkable results in professional title evaluation work. In 2025, a total of 1 talent with senior professional title, 11 talents with deputy senior professional title and 55 talents with intermediate professional title were qualified, indicating that the Company gave full play to the role of professional title evaluation in talent cultivation and incentive.

Construction of Skilled Talent Team

The Company was successfully approved as one of the first 10 Hangzhou-based enterprises with the independent evaluation qualification for the vocational skill level of first-level/senior technician, and the approved occupation category is industrial vehicle assembling & debugging worker. So far, the Company has obtained the independent evaluation qualifications for 7 occupations, covering 5 levels from first-level/senior technicians to fifth-level/junior workers. In 2025, the company organized independent evaluation of professional skill levels for 3 occupations including industrial vehicle assembly and commissioning worker, electrician and industrial vehicle maintenance worker. A total of 217 people were granted professional skill level certificates, including 140 junior workers, 36 intermediate workers and 41 senior workers.

Construction of Interdisciplinary Talent Team

In June 2025, the Company became one of the first Zhejiang-based enterprises with independent evaluation qualifications for "Direct Identification" of professional skill levels. In August, the first working meeting on independent evaluation of industrial vehicle assembly and commissioning workers (direct identification) was convened, and 150 employees from various production departments participated in this evaluation, covering three skill levels: junior worker, intermediate worker and senior worker. According to the expert evaluation results, a total of 109 employees were granted the industrial vehicle assembly and commissioning worker certificate in the end. The direct identification and evaluation model, which is "based on the post ability evaluation of multi-skilled workers and centered on work performance assessment", conducts a comprehensive evaluation from multiple dimensions such as professional ethics, work experience and ability & performance, gets rid of the limitations of traditional assessment, accurately mirrors the real level of employees, and helps with post ability assessment and risk identification. Through the setting of multi-dimensional scoring items, this model guides employees to actively participate in vocational skills competitions, technological innovation, "Five-small" innovations and other activities, fosters an innovative atmosphere of "Learning from, catching up with, and surpassing each other", fully inspires employees to actively improve their skills, and promotes the common development of the enterprise and employees.

Cultivation of High-Level Talents

In terms of high-level talent cultivation, 24 new high-level talents were identified throughout the year, including 1 Type C talent, 4 Type D talents and 19 Type E talents. Besides, 1 employee of the Company was selected into the Hangzhou Special Talent Program and rated as "Hangzhou Outstanding Engineer", demonstrating the Company's outstanding achievements in high-level talent cultivation.

Persist in Craftsman Cultivation, Deepen Training through Competitions

Skill competition has been a company-wide activity that Hangcha has kept organizing for more than 20 years, and served as a vital platform for the Company to discover, cultivate and motivate talents. In the 2025 Skill Competition, the Group uniformly organized competitions for 14 occupations, with more than 1,160 employees involved; each subsidiary also organized competitions for 27 occupations. Through layers of selection and fierce competition, a large number of technical experts and model employees stood out. The trend of promoting learning, training and work through competitions has predominated in Hangcha, effectively stimulating the enthusiasm of all employees to study technology and improve skills.

In addition, the Company hosted the Hangzhou Industrial System CNC Milling Worker Vocational Skill Competition in June 2025. In October 2025, the Company organized the Lin'an District Hoisting and Handling Machinery Operator (Forklift Driver) Vocational Skill Competition. By actively sponsoring various vocational skill competitions, the Company earnestly fulfills its corporate social responsibility, builds a platform for skill exchange and improvement, and helps the improvement of employees' skill level and local skilled talent team.



Case

"Pilot Program" Young and Middle-Aged Cadre Training Camp (Phase II)

A four-month "Pilot Program" (Phase II) training camp was organized, with 31 newly-appointed young and middle-aged cadres involved in. Centering on the training goal of "1 transformation + 2 Skills + 3 Abilities", this training camp creatively adopted the "Internal & External Dual-drive" curriculum model to build an all-around ability improvement system. The students not only completed a lot of course learning and reading activities, but also successfully summed up 31 high-quality work cases and 27 enterprise micro-courses, effectively achieving the mindset transformation and ability improvement from an "Executor" to a "Manager".



Case

"Kickoff Program" New College Student Training Camp

For newly-recruited college students, a 3-month training program was further launched in 2025, and the program covered theoretical learning of multiple general courses and professional courses, and modular workshop practice & training. After the training period expires, college students at their respective departments will be guided by professional mentors, helping them grow rapidly.



Case

College Students' Internship and Practice in Enterprises

The Company undertakes students' production cognition internship tasks from a lot of universities such as Zhejiang University of Technology, Zhejiang University of Science and Technology, Zhejiang University City College, and Hangzhou Polytechnic, and actively builds a school-enterprise collaborative education platform. In 2025, it received a total of 9 batches of intern and visiting students (450 people in total), providing strong support for the universities' practice-based teaching and fulfilling corporate social responsibility with practical actions.



Capital Investment

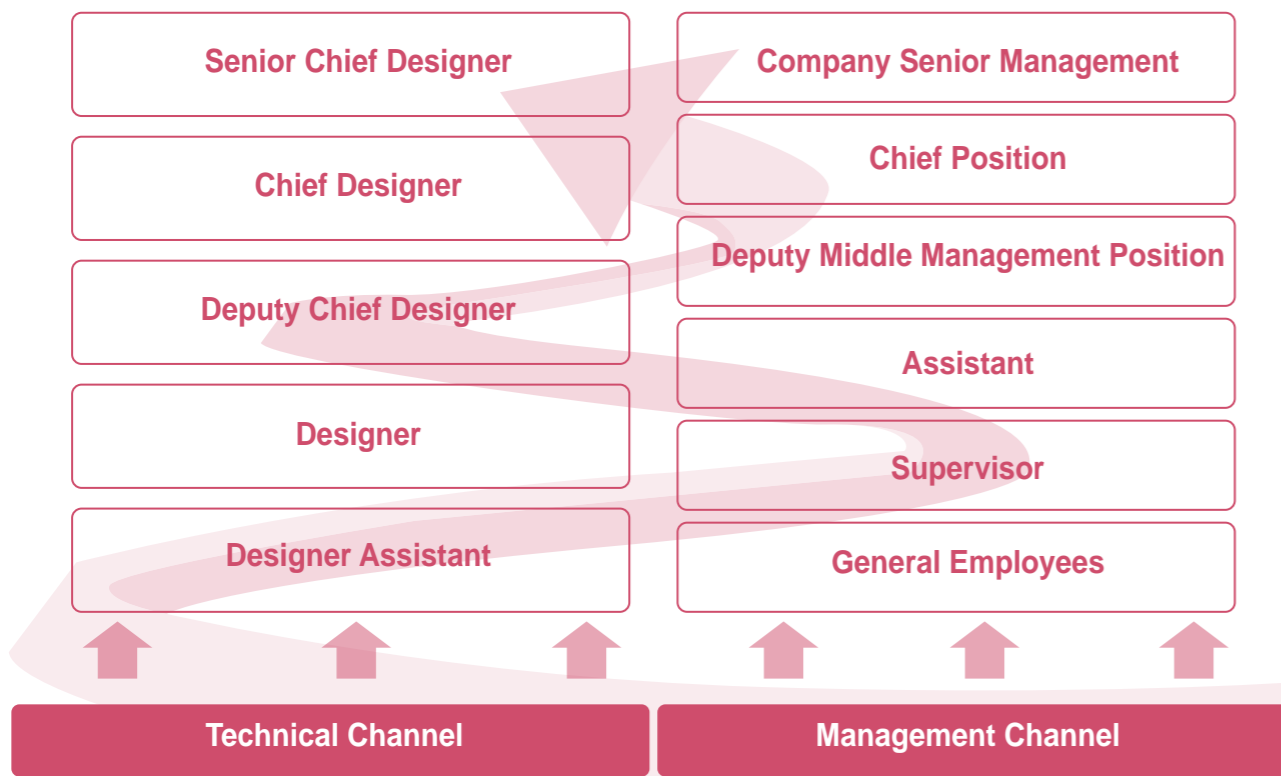
During the reporting period

the Company invested a total of **5.166** million yuan in employee training and development in 2025

Training Coverage Rate **100%**



Company Position System Setting and Employee Promotion, Selection and Career Development Mechanism



Talent Development Channel

To build and improve a scientific talent management system fit for the Company's strategic development and enhance the core competitiveness of talents, the Company, based on the needs for diversified business development and the employees' appeal for individualized growth, has systematically established four core career development channels respectively for technical series, management series, production series and marketing series, achieving the full coverage of position series, clear path for growth, and strong support for development. Upholding the talent development concept of "People-oriented, Student-centered Teaching", the Company accurately devises differentiated career promotion paths for employees of different series according to their ability characteristics, professional advantages and career demands, shatters the barriers in single-path promotion, and advocates a parallel and flexible promotion mode with multiple channels. This allows technical elites to delve into their domains and become experts, allows management talents to coordinate management and lead development, and allows production and marketing talents to base themselves on their positions and make breakthroughs, striking a balance and achieving win-win between employee value and enterprise development. To activate the creativity of talents and tap the potential of top-notch ones, the Company has opened a special promotion channel for core talents with outstanding performance and excellent abilities, which helps simplify the promotion process, optimize the evaluation standards, shatter the hierarchical restrictions, and expand the growth space. All in all, the Company makes every effort to create a sustainable ecosystem for "Attracting, Cultivating, Retaining and Using Talents", in order to cultivate a steady stream of talents for the high-quality and sustainable development of the enterprise.

Occupational Health and Safety Management

The Company attaches great importance to occupational health and work safety management and has established a full-fledged management system. For occupational health management, the Company has formulated a series of rules such as the *Procedure for the Management of Occupational Health and Safety* and the *Procedure for Hazard Source Identification, Risk Assessment and Control* to safeguard the employees' health rights and interests in an all-around manner. For work safety management, the Company has formulated such rules as the *Work Safety Inspection Rules*, the *Procedure for the Control of Accidents (Incidents)* and the *Procedure for Emergency Preparedness and Response* to effectively guard against all kinds of safety accidents. To ensure the effective implementation of these rules, the Company has specially set up the Security Department, which works as a specialized management organ to coordinate core functions such as occupational health monitoring, safety hazard investigation, and response to emergencies. Through the organic combination of system norms and organizational guarantees, the Company continuously promotes the steady improvement of its occupational health and safety management level.

By the end of the reporting period, all production subsidiaries of the Company had passed the ISO45001 Occupational Health and Safety Management System Certification, achieving 100% coverage and effectively improving the occupational health and safety management level.



Review of the Occupational Health and Safety Management System of Hangcha Group in 2025

Internal Review

- 19 internal audit working groups composed of 38 internal auditors audited 44 departments of the Company.
- 0 serious non-conformity items, 17 general non-conformity items (including 5 in quality, 0 in environment and 12 in occupational health and safety) and 16 recommended follow-up items were found.
- Each responsible department rectified the non-conformity items, and each group verified and tracked the responsible department's rectification effect.

*All the above items have been rectified.

External Review

- WIT Assessment Co., Ltd.'s System Audit Team conducted on-site audits on the continuous effectiveness, standardization, adequacy and applicability of the Company's quality, environment and occupational health and safety management systems in operation, and a total of 35 departments were sampled.
- During the reporting period, the Company successfully passed the external audits.

In 2025, the Company's investment in occupational health and safety management totaled RMB 7.49 million.

(*Note: The above data only covers the parent company of Hangcha Group.)

Work Safety

The Company has established an all-around safety prevention and control mechanism that comprises management systems such as the *Safety Risk Hierarchical Management and Control System* and the *Work Safety Inspection System* as well as management processes such as the *Procedure for Hazard Source Identification, Risk Assessment and Control*. Also, the Company has made every effort to promote the implementation of relevant rules and processes, and carried out risk and hazard investigation actions at regular intervals to comprehensively screen potential risks and hazards, living up to preparedness before challenges arise.

The Company's work safety performance in 2025

No accidents of serious injury or above occurred

The injury rate per thousand people was **5‰**

The Company carried out **3** special safety inspections and **12** safety investigations, with a completion rate of **100%**

2 on-site disposal plan drills and 3 emergency plan drills were organized, with a coverage rate of **100%**

The Company's main safety training activities

Safety Training Activity	Training Content
Safety Training for Intermediate Management Personnel	The Company invited safety experts to train all intermediate management personnel on the criteria for determining major safety hazards in industrial and trade enterprises, which achieved good results.
Safety Training for Team Leaders	The Company invited safety experts to train all team leaders on team safety construction, which effectively improved the safety management level of team leaders.
Safety Month All-employee Training	Providing important instructions of Xi Jinping on work safety, video materials related to work safety, and materials for the Work Safety Month activities. Also, the Company organized an all-employee safety examination through DingTalk, and all employees passed the examination.
Special Safety Training	According to the principle of hierarchical and classified training, the Company organized special safety training on dangerous chemicals, explosive dust, confined space and other contents for the safety officers of each department, as a way to improve the Company's work safety management level.
Work Safety Standardization Training	Organizing the safety managers of each department and subsidiary to participate in the work safety standardization training class organized by the superior department, aiming to improve the safety management level through theoretical learning and practical operation exercises.

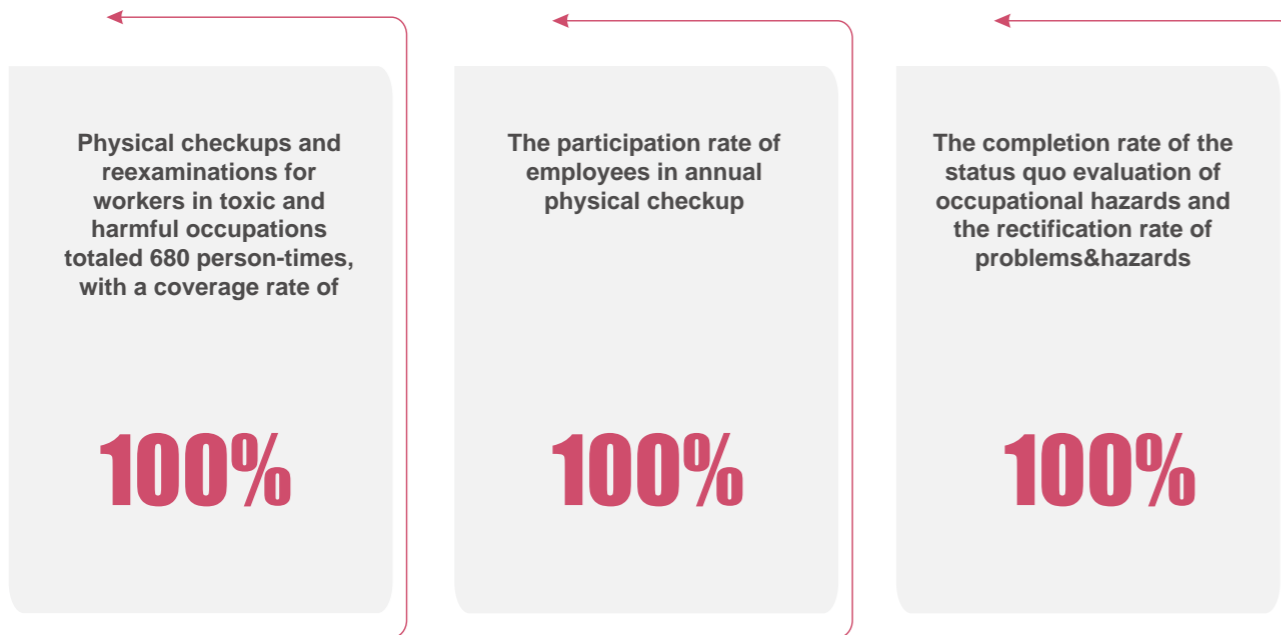
The Company's main occupational health and safety risk factors and preventive measures

Process Flow	Possible Consequences	Preventive Measures
Coating Line	Fire, explosion mechanical injury object strike vehicle injury poisoning pneumoconiosis	Engineering measures: Explosion-proof equipment, ventilation equipment, gas detection and alarm devices Management measures: Formulating operation procedures, strengthening on-site management, conducting occupational health examinations Training measures: Providing regular safety training Personal protection: Wearing protective gloves, masks, shoes and uniforms Emergency response: Establishing emergency response plans and conducting regular drills
Gas Station, Oil Tanker	Fire, explosion	Engineering measures: Explosion-proof equipment, ventilation equipment, gas detection and alarm devices Management measures: Strictly controlling the fueling operation procedures Training measures: Providing training on employees' safety awareness and emergency handling Personal protection: Wearing anti-static work uniforms Emergency response: Installing fire extinguishing equipment and conducting regular drills on emergency evacuation and fire handling
Hazardous Chemicals Warehouse	Fire, explosion	Engineering measures: Explosion-proof equipment, ventilation facilities, gas detection and alarm devices Management measures: Formulating operating procedures, strengthening on-site management Training measures: Providing regular safety training and drills Personal protection: Wearing anti-static work uniforms Emergency response: Establishing emergency response plans and conducting regular drills
Power Distribution Room	Electric shock, explosion	Engineering measures: Installing leakage protectors, insulation facilities Management measures: Conducting regular electrical safety inspections, arranging dedicated operators Training measures: Providing training on electrical safety knowledge Personal protection: Wearing insulating gloves and shoes Emergency response: Setting up signs and operation guides for emergency power cut-off
Powder-spraying Line	Fire Explosion Pneumoconiosis	Engineering measures: Anti-static devices, ventilation equipment, explosion-proof and explosion-venting devices, safety alarm devices, automatic sprinkler systems Management measures: Formulating operating procedures, strengthening on-site management Training measures: Providing regular safety training and drills Personal protection: Wearing protective gloves, masks and fireproof uniforms Emergency response: Establishing emergency response plans and conducting regular drills
Vehicle Assembling Line	Mechanical injury Electric shock Noise	Engineering measures: Protective fences, protective nets, emergency stop switches Management measures: Safety operation specification management, occupational health examinations Training measures: Providing mechanical operation training, occupational health training Personal protection: Wearing safety shoes, safety helmets, earplugs Emergency response: Conducting emergency rescue training, setting up first aid facilities and medicines
Natural Gas Pipeline and Facilities	Fire, explosion	Engineering measures: Gas detectors, automatic cut-off devices Management measures: Establishing a safety inspection system Training measures: Providing training on natural gas safety knowledge Personal protection: Communication equipment, mobile gas detectors Emergency response: Establishing a natural gas leakage emergency plan, implementing drills and rehearsals
Environmental Protection Facility - Catalytic Combustion	Fire, explosion	Engineering measures: Gas detectors, automatic monitoring systems installing appropriate explosion-proof equipment, setting up emergency fire extinguishing systems Management measures: Safety regulations in line with the standards Training measures: Providing equipment operation training Personal protection: Wearing protective gloves Emergency response: Establishing an environmental protection accident reporting and emergency response mechanism

Occupational Health

The Company has formulated such management rules as the *Occupational Disease Prevention and Control Management Rules* and the *Procedure for the Management of Occupational Health and Safety*, and it is committed to safeguarding the employees' rights and interests in occupational health. Besides, the Company has worked out the Occupational Health Goal and Indicator Management Plan to clarify the assessment elements in various dimensions of occupational health. The Company organizes physical checkups for workers with occupational hazards, and conducts on-site occupational health detection and status quo evaluation, so as to effectively prevent and control the hazards of occupational diseases. The Company has not only purchased basic medical insurance for employees but also put in place the *Implementation Measures for Mutual Medical Assistance of Employees*. As a result, the Company has built a multi-level health guarantee system. As of the end of 2025, the Company has purchased the "Hangzhou Mutual Medical Assistance Insurance for In-service Staff" for 7,233 employees, providing them with a stronger health guarantee and safeguarding the employees' happiness and well-being.

The Company's occupational health performance in 2025

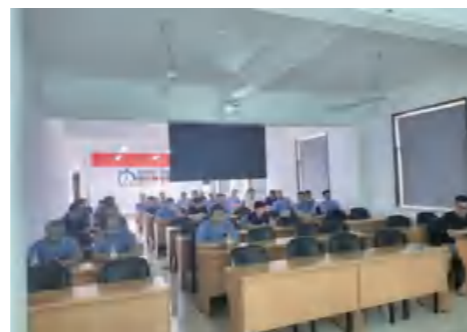


Occupational Health and Safety Culture

During the reporting period, employees of the Company participated in a total of 5 training sessions related to work safety and occupational health, with an average training duration of 8.2 hours per person and covering a total of 2,050 person-times of trainees.



▶ Employee Physical Checkup



▶ Employee Training

Compensation and Benefits

In strict accordance with the relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Minors*, the Company has formulated internal rules such as the *Employee Handbook*. It insists on lawful and compliant employment, and has purchased endowment insurance, work-related injury insurance, unemployment insurance, medical insurance and maternity insurance for employees in accordance with the provisions of the Ministry of Human Resources and Social Security and the relevant laws and regulations of the places where each subsidiary is located. Also, the Company has implemented the housing provident fund system. In 2025, the Company's total expenditure on compensation and benefits was RMB 1551.5766 million and the social insurance paid for employees totaled RMB 223.5970 million.

During the reporting period

The Company's expenditure on compensation and benefits totaled **RMB 1551.5766 million**

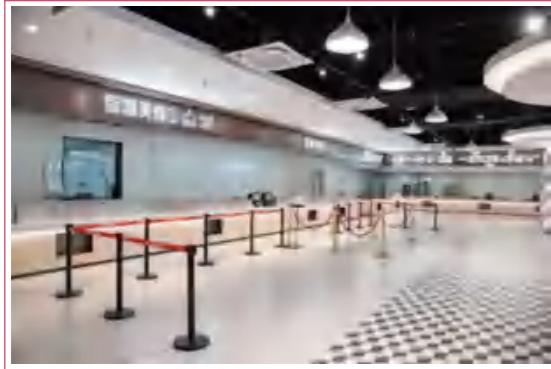
The social insurance fees paid for employees totaled **RMB 223.5970 million**

Employee Benefits	
Multi-dimensional Incentives	Interest-free housing purchase loans, allowances (including professional title allowances, vocational qualification allowances, technical post allowances, and mentor allowances), subsidies (including rental subsidies, transportation subsidies, and living subsidies), and rewards (including sci-tech achievement rewards, cost reduction rewards, and special rewards).
Leave Benefits	Providing employees with statutory leaves, including annual leave, sick leave, marriage leave, maternity leave, nursing leave, parental leave and other welfare leaves.
Other Benefits	Free work meals, free shuttle buses, expatriate subsidies, annual physical checkups, talent apartments, consolation allowances, high-temperature subsidies, beverage subsidies, winter skin-care product subsidies, newspaper and book subsidies, spring outings, autumn outings, team building activities, allowances for festivals such as May Day, Mid-Autumn Festival, National Day, and Spring Festival, and living expenses for sick personnel and dependents.

Structure of the Company's Compensation System	
Employee Compensation (in ten thousand yuan)	155,157.66
Including	
Wages, Bonuses, Allowances and Subsidies	118,643.06
Welfare Benefits	5,162.06
Social Insurance Premiums	22,359.70
Social Insurance Premiums	7,301.66
Trade Union Funds and Employee Education Funds	1,691.18

Staff Living Facilities

Staff Canteen



Staff Canteen



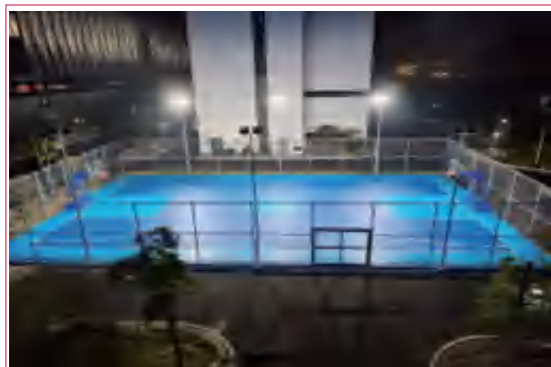
Park Environment



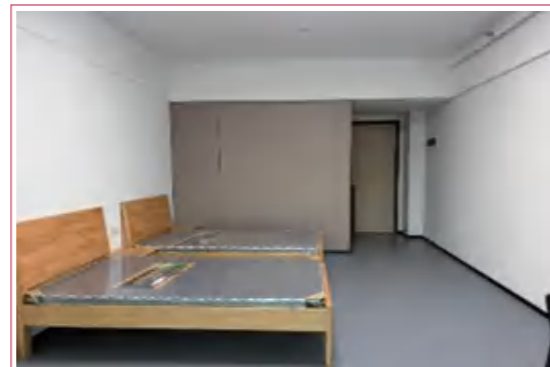
Staff Dormitories and Supporting Facilities



Supporting Basketball Court



Dormitory Facilities



Trade Union Management

The Company has formulated rules related to trade union, for example, AS344613 Female Employee Protection Rules, and AS344614 Trade Union Management Rules. In 2025, the Company organized 2 sessions of the workers' congress, with a cumulative expenditure of RMB 7.7037 million on trade union activities.

During the reporting period

The Company held a total of **2** workers' congress sessions

Total expenditure on trade union RMB **7.7037** million

Trade Union Management Structure: The trade union consists of 1 chairman, 1 vice-chairman, 13 members, 1 officer, 1 accountant, and 1 cashier. Under the trade union there are 10 branches and one fund review committee. The Company's employees spontaneously join the trade union, whereas the trade union strictly performs its safeguarding, building, participating, and educating functions, representing and safeguarding the employees' legitimate rights and interests.

Trade Union Activities



Trade Union Name	Award Name	Conferred by
Hangcha Group Trade Union	The Second Batch of Provincial-level Exemplary Units for Improving Staff Life Quality	Zhejiang Federation of Trade Unions
	"Independent Evaluation of Intermediate Professional Titles, Dynamic Development of Talent Activities" has been rated as a High-quality Project under Hangzhou's "One Association, One Brand" Initiative.	Hangzhou Federation of Trade Unions
	Xiao Juncheng was honored "Hangzhou Craftsman"	Hangzhou Federation of Trade Unions
	Winner Unit, Excellent Team and Outstanding Individual of the Safety & Health Cup	Hangzhou Federation of Trade Unions
	Energy-saving and Efficiency-enhancing Innovation Studio of No.1 General Assembly Plant and Entrepreneurship & Innovation Studio of Special Vehicle Branch won Excellent Innovation Achievements of Hangzhou Industrial System	Hangzhou Federation of Trade Unions
	The Five-small Innovation Achievements of the Company's employees (including Yang Quan, Ye Junchao, Zhang Yiming and Liu Ling) were rated as Cultivation Achievements of Hangzhou Industrial System	Hangzhou Federation of Trade Unions



Social Issues

Standardized Operation

Investor Relations

The Company has formulated the *Information Disclosure Management Rules and Investor Relations Management Rules*. It has always attached importance to balancing the sustainable development of the Company and shareholders' return on investment, successfully put in place the equity distribution plans for 2024 and the first three quarters of 2025, and brought handsome economic returns to investors. The Company sets great store by investor relations. Led by the Secretary of the Board of Directors (BOD), special personnel from the BOD Office are responsible for investor relations management. Through various means such as telephone communication, email exchange, online performance briefing, securities company investor strategy meeting, industry exhibition, SSE E-interaction, on-site communication, Listed Company Visit Activity, Collective Reception Day, roadshow and reverse roadshow, the Company gives an all-around and systematic introduction to its operating conditions to investors, answers investors' questions, keeps abreast of investors' views and suggestions on corporate governance and development, and improves the two-way communication mechanism between the Company and investors.

In 2025

The Company established an efficient investor communication system through diversified channels

Organized and participated in nearly **173** industry exchange meetings, covering more than **2,700** professional audiences

Maintained a **100%** reply rate to investor inquiries via the SSE E-interaction Platform



The Company successively held 2024 Annual, 2025 Semi-annual and Q3 Performance Briefings, interacted with investors in real time through SSE roadshow platform, conducted in-depth exchanges on core topics such as strategy, R&D, market, overseas business and logistics humanoid robots, continuously improved capital market transparency, and built a sound communication bridge.

Shareholder Return

The Company values shareholder returns and clarifies the dividend distribution policy in its *Articles of Association*. To maintain reasonable investment returns for public shareholders, the Company upholds the tenet of achieving sustainable development and safeguarding shareholders' rights & interests to keep the continuity and stability of the profit distribution policy.



Implementation Details of Cash Dividend Policy of the Company in 2025

Equity distribution implemented on May 28 and November 26, 2025

Total cash dividends distributed (tax included): RMB **916,868,434.30**

Cash dividend of RMB **7.00** per 10 shares (tax included)

Note: Only the annual total distribution plan is disclosed herein, and the specific amount of each single distribution is not listed separately.

Standardized Operation

In 2025, in accordance with relevant laws and regulations, the Company abolished the Board of Supervisors (BOS), and adjusted the institution name of "General Meeting of Shareholders" to "Shareholders' Meeting", and set up employee directors. In accordance with updated laws, regulations, exchange rules and in response to the reform of corporate governance structure, the Company revised five documents including the original *Articles of Association, Rules of Procedure for General Meeting of Shareholders, Rules of Procedure for the Board of Directors, Working Rules for Independent Directors and Rules of Procedure for the Audit Committee*, in addition to renaming *Rules of Procedure for General Meeting of Shareholders* to *Rules of Procedure for Shareholders' Meeting*. To strengthen market value management, further specify market value management behaviors, effectively protect the legitimate rights and interests of the Company, investors especially minority shareholders and other stakeholders, and enhance the Company's investment value, the Company formulated the Market Value Management Rules in accordance with the Company Law, the Securities Law, the SSE Stock Listing Rules, the Guidelines for Regulation of Listed Companies No. 10—Market Value Management and other relevant laws/regulations as well as the Articles of Association, and in light of the practical needs of the Company. This helps ensure the corporate governance rules keep pace with the times and adapt to regulatory requirements

In accordance with the requirements of Corporate Governance Guidelines for Listed Companies

the Company organized to convene **4** Shareholders' Meetings, **13** BOD Meetings, **4** BOS (abolished) Meetings and **6** Audit Committee Meetings.

In accordance with the norms and requirements for the three meetings of listed companies, the Company strictly implemented standardized procedures for drafting and sending meeting notices, preparing and releasing meeting materials, as well as regulations governing meeting proceedings, voting documents, resolutions and announcements. A total of **60** -odd announcements were released throughout the year, amounting to more than **90** official documents in total.

Risk Management and Internal Control

Taking 2-3 years as a cycle, the Company conducts all-around risk investigation on all operation modules through a mixed use of regular reports, internal audit, special investigation, internal control evaluation and other means, in order to keep improving the risk database. For identified risks, grade evaluation and priority ranking are carried out according to impact level and occurrence possibility, so as to ensure major and important risks are handled first. A special rectification and tracking mechanism is established to objectively evaluate the rectification effect. The Company has built an extensive, efficient and sensitive early risk warning system and deepened the sinking mechanism for risk identification and control. Grassroots risk management roles such as safety officers and internal control officers are set up at the headquarters, various departments, subsidiaries and manufacturing bases, acting as front-line sentinels responsible for daily risk monitoring, identification and initial response. As a result, the Company has built a bottom-up risk prevention and control network.

Internal Control and Audit Supervision

In accordance with the *Basic Norms for Enterprise Internal Control* and other provisions, the Company updated and improved the *Internal Control Management Rules*, built a concise and efficient internal control system, and integrated risk management into all links of operation and management. The Board of Directors, management team, internal audit department and compliance department jointly form a risk and internal control management organization to supervise and evaluate internal control management. Such organization is responsible for five aspects including internal environment, risk assessment, control activities, information and communication, and internal supervision. In 2025, the Company and its subsidiaries had no major violations or payment of major fines for violations. The Company hired Pan-China Certified Public Accountants (Special General Partnership) as the internal control audit institution for 2025 to evaluate the effectiveness of internal control of all functional departments at the headquarters and subsidiaries at all levels. Audit results show that no major deficiencies were found in the design and implementation of the Company's internal control throughout the year, and Pan-China Certified Public Accountants issued a standard Internal Control Audit Report with unqualified opinions. The Company timely discloses the Internal Control *Self-evaluation Report* every year.



Internal Communication and Reporting Mechanism

To improve risk management efficiency, the Company holds cross-departmental risk management coordination meetings at regular intervals to ensure that managers at all levels and key post personnel timely exchange risk information and share management experience.

By using internal enterprise communication platforms, knowledge management systems and other tools, the Company builds barrier-free information communication channels to quickly convey risk early warnings and response strategies to every employee. In addition, employees are encouraged to take the initiative to report potential risks or hidden dangers. By establishing an effective feedback mechanism and reward system, the Company stimulates the enthusiasm of all employees to participate in risk management, in order to jointly create an open, transparent and collaborative risk management culture.

Business Ethics

Anti-unfair Competition Law of the People's Republic of China

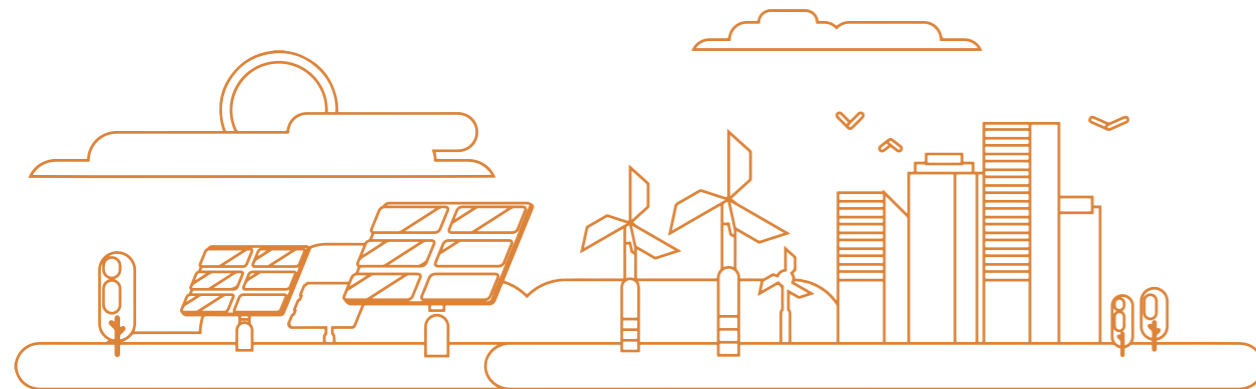
Anti-Monopoly Law of the People's Republic of China

Company Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Hangcha Group always regards compliant operation and integrity in contract performance as the cornerstone for corporate sustainable development. It attaches great importance to the development of business ethics and the maintenance of a fair competition environment, and strictly abides by national laws and regulations including the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*, as well as industrial regulatory requirements. The Group integrates the concepts of business ethics, clean-fingered practice and anti-unfair competition into the entire process of corporate governance, production & operation, market expansion, supply chain management and overseas business. It continuously improves the business ethics and compliance management system, and explicitly prohibits all illegal and rule-breaking acts such as commercial bribery, embezzlement, unfair competition, commercial fraud, money laundering, interest transfer, bid rigging, false propaganda, commercial defamation, infringement of trade secrets and improper benefit conveyance.

Hangcha Group strictly controls risks arising from interest conflict, and strengthens the identification, control and supervision of compliance risks in key links including procurement, sales, bidding & tendering, project cooperation and overseas market operation. During the reporting period, by optimizing internal management systems, standardizing codes of conduct for employees, conducting regular training on business ethics and compliance, and promoting integrity culture advocacy, the Group has steadily enhanced the compliance awareness and professional ethics of all employees and key post personnel. In external cooperation, the Group upholds the principles of openness, fairness and impartiality, and strengthens compliance management and due diligence over suppliers, distributors and business partners. It incorporates requirements for anti-commercial bribery, anti-corruption, anti-unfair competition, anti-commercial fraud, anti-money laundering and interest conflict control into cooperation due diligence procedures, in order to urge the whole industrial chain to abide by business ethics and fair competition rules, and safeguard a sound and orderly market environment and industrial ecosystem. The Group has established efficient channels for complaints and reporting, and improved the mechanisms of supervision, verification, rectification and accountability. It holds a zero-tolerance attitude toward any violation of the above business ethics, effectively protects the legitimate rights and interests of stakeholders including customers, partners, investors and the general public, and advances the long-term stable, high-quality and sustainable development of the enterprise through high-standard business ethics and compliant operation capabilities.



Business Ethics Governance System

The Company has established a top-down business ethics governance structure with clear rights and responsibilities, forming a governance system with hierarchical responsibilities and collaborative linkage among the Board of Directors, management team, compliance working group, compliance management department and each business unit, fully covering the total management over business ethics, anti-fraud, anti-money laundering and interest conflict.



Business Ethics Management Policies and Implementation

The Company strictly abides by relevant laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on Prohibiting Commercial Bribery Behaviors*. Based on the *Supplier Management Measures* and *Code of Employee Conduct*, the Company has formulated the *Anti-corruption and Anti-commercial Bribery Management Rules*, established a full-dimensional business ethics management policy system covering anti-commercial bribery & anti-corruption, anti-unfair competition, anti-fraud, anti-money laundering and interest conflict control, and implemented this system in a rigorous manner.

Code of Business Conduct and Professional Ethics

The Company clarifies the bottom line of employees' professional ethics, requirements for clean-fingered practice, and the declaration and avoidance rules for interest conflict, standardizing employees' professional behaviors in daily operation.

Anti-commercial Bribery and Anti-corruption Policy

The Company firmly opposes and explicitly prohibits embezzlement and dishonesty behaviors, strictly forbids any form of commercial bribery, rebates, improper interest transfer and corrupt behaviors, and strengthens the control over high-risk links such as marketing, procurement and bidding.

Whole-chain Prevention and Control

The Compliance Management Department took the lead in embedding prevention and control requirements in key links such as procurement, sales, bidding & tendering, and funds transfer. Before cooperation, suppliers are required to sign the Integrity Commitment Letter that explicitly prohibits commercial bribery and interest transfer. Performance is included in the annual compliance evaluation as an important basis for cooperation continuation and quota adjustment.

Key Link Control

Procurement Link: Standardize the procedures of supplier selection, tendering & bid evaluation and contract signing, clarify approval authority, and strengthen the interest conflict verification over procurement personnel.

Sales and Cooperation Link: Strictly prohibit business cooperation through improper interests, and monitor funds transfer such as sales rebates and project cooperation.

Fund Management Link: Strictly implement payment procedures, strengthen the review over large-sum and abnormal funds, prevent corruption and fund misappropriation, and carry out abnormal transaction verification in line with anti-money laundering requirements.

Supervision and Accountability

Carry out regular supervision through internal audit, special inspection, reporting verification and other means, insist on "Zero Tolerance" for discovered violations, impose penalties such as warning, demotion and termination of labor contracts according to the circumstances, transfer suspected illegal and criminal cases to judicial organs, and trace the source to make up prevention and control loopholes simultaneously.

Training and Culture Development

The Company has incorporated clean-fingered practice into regular training for all employees, in order to raise risk awareness through law interpretation, case studies and other forms. Leveraging the corporate training system, the Company invites internal and external experts at regular intervals to conduct risk management training covering employment safety, environmental protection, business ethics and anti-fraud, so as to strengthen risk prevention. Internal communication platforms and publicity boards are utilized to promote integrity culture, fostering a corporate atmosphere of honest operation and clean-fingered practice.

Anti-unfair Competition and Fair Competition Policy

The Company strictly abides by relevant anti-monopoly and anti-unfair competition laws and regulations, and prohibits behaviors such as false propaganda, bid rigging, commercial defamation and infringement of trade secrets. It has clarified the identification boundary, prevention and control path and rights protection mechanism for unfair competition behaviors.



Code of Conduct

The Company strictly abides by the Anti-Monopoly Law, Anti-Unfair Competition Law and other laws and regulations, explicitly prohibits behaviors such as monopoly agreements, abuse of market dominant position, false propaganda, commercial defamation, bid rigging and infringement of trade secrets. It specifies business activities such as market promotion and brand publicity, and focuses on preventing risks such as interest conflict and fraud associated with unfair competition behaviors.



Rights Protection and Prevention

The Company has established a regular rights protection mechanism to safeguard rights and interests through legal litigation, administrative complaints or other means targeting unfair competition behaviors such as brand counterfeiting, trademark infringement and confusing diversion. More than 30 civil rights protection cases were raised in 2025, including the "Hangzhicha" trademark infringement and unfair competition case, battery trademark infringement criminal case, etc., which helped effectively purify the market environment. The Company had no public record of major administrative penalties or criminal accountability.



Partner and Internal Management

The Company has incorporated anti-unfair competition requirements into the due diligence and annual evaluation of suppliers and partners, and taken measures such as warning, rectification and termination of cooperation against partners in breach of regulations. It standardizes the market behaviors of internal employees, improves the awareness of compliant competition through special training, and clarifies the accountability mechanism for violations.

Anti-fraud, Anti-malpractice and Internal Control Supervision Policy

反洗钱政策

The Company has established a mechanism for identification, prevention, investigation and accountability of fraud and malpractice risks, in order to guard against risks such as commercial fraud, financial malpractice, data falsification and illegal operation. It has clarified the definition scope, identification methods, prevention and control measures and accountability mechanism of commercial fraud behaviors, and integrated anti-fraud requirements into all business links such as procurement, sales, finance and project management. In addition, the Company prevents risks such as financial malpractice, contract fraud and business fraud through financial monitoring, business data verification, contract review and customer qualification verification. It carries out fraud risk investigation, and has established a fraud risk early warning mechanism. In 2025, no commercial fraud incidents occurred in the Company, and the anti-fraud and associated compliance prevention and control system was improved through internal audit and special inspection.

In strict accordance with relevant anti-money laundering laws and regulations, the Company has established core control mechanisms such as customer identity identification, transaction record retention, large-sum and suspicious transaction reporting, as a way to strengthen risk prevention and control in links such as fund management, overseas business and cooperative transactions. The Finance Department strengthens the anti-money laundering monitoring over capital flow, while the Information Technology Department provides technical support for transaction data traceability, and works with the Compliance Management Department to carry out special anti-money laundering inspections to guard against risks such as money laundering and illegal fund transfer. In 2025, no violations related to anti-money laundering occurred in the Company, and the requirements for reporting large-sum and suspicious transactions were strictly implemented.

Interest Conflict Management Policy

Supplier and Partner Compliance Policy

The Company has clarified the identification circumstances, declaration procedures, withdrawal requirements and disposal principles for interest conflict, established a dynamic management mechanism for interest conflict of employees and partners, and strictly prohibited seeking improper interests by taking advantage of position or cooperation convenience. Employees are required to declare interest conflict in accordance with regulations. The Company verifies and publicizes the declared information, implements measures (e.g., post adjustment and withdrawal from business) against personnel with interest conflict, carries out interest conflict control along with anti-commercial bribery, anti-fraud and anti-money laundering work, and guards against risks such as interest transfer and related violations. The Company conducts verification and management over interest conflict of suppliers and partners, strictly prohibits seeking improper interests for themselves and related parties by taking advantage of cooperation convenience, and ensures fair and compliant cooperation.

The Company requires partners to sign compliance and integrity commitments, conducts compliance due diligence, and incorporates business ethics requirements into supply chain management. In addition, the Company has incorporated anti-commercial bribery & anti-corruption, anti-unfair competition, anti-commercial fraud, anti-money laundering and interest conflict control into the partner compliance evaluation system.

The Company has formulated the Reporting and Complaint Management Measures, established confidential and efficient reporting channels, specified the acceptance, investigation, feedback and protection mechanism, and kept the reported information strictly confidential.

Reporting Overview	The Company attaches importance to the reporting management over incidents such as anti-commercial bribery & anti-corruption, anti-unfair competition, anti-fraud, anti-money laundering and interest conflict. It has set up a working group for the punishment and prevention of corruption as well as a compliance committee. Besides that, the Company gives attention to protecting the rights and interests of reporters during the investigation and handling of reported incidents. For the above behaviors verified to be true, in light of the seriousness of the circumstances, the Company shall impose penalties in accordance with its administrative regulations including the <i>Employee Reward and Punishment Measures</i> , the <i>Measures for the Investigation and Accountability of Liability for Wrongdoing Losses</i> , the <i>Measures for Administration of Integrity, Self-Discipline, Punishment and Prevention of Corruption</i> , the <i>Notice on Establishing the Management Principles of the "Five Major Red Lines"</i> . Those with serious circumstances shall have their labor contracts terminated; any party causing losses to the Company shall be held liable for compensation as per the law. Those suspected of criminal offenses shall be transferred to judicial authorities for handling. Where institutions and their employees having business dealings with the Company violate commitments under corporate regulations, their qualifications as suppliers, service providers, agents and distributors as well as their bidding eligibility shall be revoked. Those suspected of criminal offenses shall be transferred to judicial authorities for investigation and punishment.
Reporting and Complaint Management Policy	The Company has set up a reporting hotline and email box to accept real-name or anonymous reports from internal employees and external third parties. Report Hotline: 0571-88143257 Email: hcjw@zjhc.cn
Incident Investigation	The Company has set up a business ethics incident investigation team with the investigation scope covering anti-commercial bribery & anti-corruption, anti-unfair competition, anti-commercial fraud, anti-money laundering, interest conflict and other aspects. In addition, it has established the handling process for business ethics incidents, and clarified the responsibilities of personnel of each process.
Protection of the Reporter	Staff accepting reports and complaints or participating in investigations shall not arbitrarily provide any department or individual with relevant information of complainants and reporters or the contents of reports. Any illegal discrimination or retaliatory conduct, as well as hostile measures against employees participating in investigations, are prohibited. Any person who illegally discloses the information of informants or takes retaliatory actions against reporters shall be subject to dismissal and termination of labor contracts; those violating laws shall be transferred to judicial authorities for handling as per the law.

Training Statistics

Item	Number of Directors Receiving Anti-commercial Bribery & Anti-corruption Training	Proportion of Trained Directors	Number of Directors Receiving Anti-commercial Bribery & Anti-corruption Training	Proportion of Trained Management Personnel	Total Number of Employees Receiving Anti-commercial Bribery & Anti-corruption Training (Person)	Proportion of Trained Employees
2025 Fiscal Year	9	100%	15	100%	210	4%

Training Statistics

Item	Jointly carry out training activities on anti-monopoly and fair competition	Number of Participants in Anti-monopoly and Fair Competition Training	Total Duration of Anti-monopoly and Fair Competition Training
2025 Fiscal Year	1	160	4

Sustainable Development Report Index Table

Disclosure Requirements	Chapter in This Report
Response to Climate Change	Response to Climate Change
Pollutant Emissions	Pollutant Emissions and Waste Disposal
Waste Disposal	Pollutant Emissions and Waste Disposal
Ecosystem and Biodiversity Protection	Ecosystem and Biodiversity Protection
Environmental Compliance Management	Environmental Compliance Management
Energy Utilization	Energy Utilization
Water Resource Utilization	Water Resource Utilization
Circular Economy	Circular Economy
Rural Revitalization	Social Responsibility
Social Contribution	Social Responsibility
Innovation-driven Development	Innovation-driven Development
Technology Ethics	Technology Ethics
Supply Chain Security	Supply Chain Security
Equal Treatment of Small and Medium-sized Enterprises	Equal Treatment of Small and Medium-sized Enterprises
Product & Service Safety and Quality	Product & Service Safety and Quality
Data Security and Customer Privacy Protection	Data Security and Customer Privacy Protection
Employees	Employees
Due Diligence	Corporate ESG Governance Arrangements, Standardized Operation, Risk Management and Internal Control
Communication with Stakeholders	Communication with Stakeholders
Anti-commercial Bribery and Anti-corruption	Business Ethics
Anti-unfair Competition	Business Ethics

Feedback Form

Dear Readers:

To further improve the level of our ESG work and the quality of the report, we sincerely invite you to review this report and offer your valuable comments and suggestions. You are welcome to send us your feedback form by mail, email, phone and other means. We will strictly keep your personal information and submitted content confidential. Thank you!

1. Are you satisfied with this report? Please give your comments.

2. Do you agree that our social responsibility performance has been fully disclosed?

3. Is the information you expect to find fully covered in this report?

4. What suggestions do you have for improving this report?

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