Chairman's Message

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!

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.

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.

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 (EIIR) and other cutting-edge intelligent technologies while making breakthroughs in intelligent

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!

Chairman: Zhao Limin

April 2026

HANGCHA

1956	1.31	8

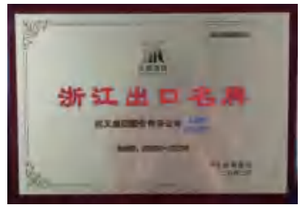
National Service-oriented Manufacturing Enterprise

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 in Investor Relationship Management

2025 Green & Low-carbon Pioneer

EcoVadis Assessment

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.

V

Communication with Stakeholders

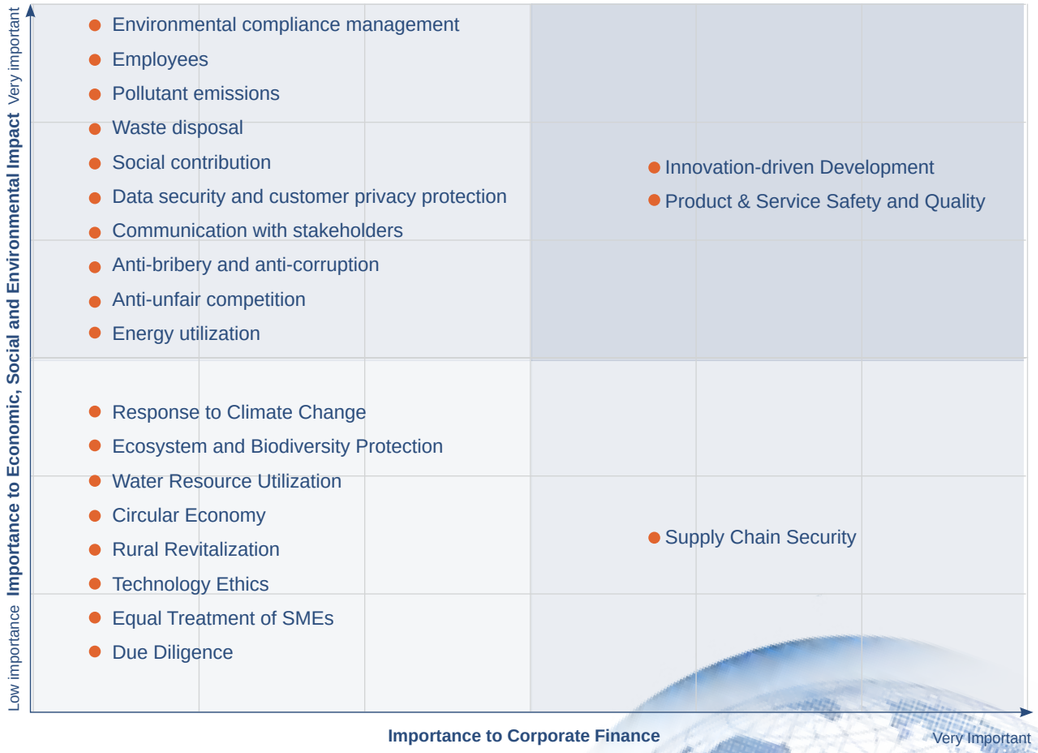
The Company takes stakeholders' key concerns as a core direction for sustainable development. It fully identifies stakeholder groups that may or have exerted significant impacts on business and operations, and continuously optimizes communication mechanisms to timely respond to expectations and demands,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

Stakeholders	Main Concerns (Issue-related)	Communication Methods	Responses
Shareholders & Investors	• Information disclosure Continuous and stable • business growth • Future strategies • Corporate governance • Risk management	• Shareholders' meeting Periodic reports and announcements • Company website • Performance briefing sessions • E-interaction, phone calls, emails • Strategy meetings • Roadshows and reverse roadshows	• 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	• Customer service and satisfaction • Product quality and safety	• Customer satisfaction survey Handling of customer complaints • Interaction on the Company • website and social media	• Product quality control and innovation • Improve service process • Customer communication and relationship maintenance
Employees	• Legal employment • Training and development • Employee welfare and security • Occupational health and safety	• Internal communication meetings Employee complaints and feedback • Internal and external training • Corporate culture dissemination Employee care activities	• 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	• Lawful operation • Tax payment as per laws • Business ethics • Provision of job opportunities	• Information disclosure Daily communication and reporting • Supervision and inspection Reception of visits	• Observing laws and regulations • Paying taxes as per laws • Providing job opportunities • Accepting supervision and inspection
Suppliers and Partners	• Honest operation • Mutual benefits and win-win • Supply chain management Response to supply chain risks • Product quality and safety	• Project procurement • Supplier contracts and agreements • Supplier audit and evaluation • Supplier support and cooperation Other supplier exchange activities	• Open and fair procurement Good faith performance of contracts • Supply chain management Industry cooperation and exchanges
Environment	• Energy use and management Green production and transportation • Water resource management Emission management	• Disclosure of environmental data • Regular release of ESG reports • Cultivation of users' low-carbon awareness	• R&D of new-energy forklift technologies and products • Product R&D • Compliance discharge of waste Ecological protection, energy conservation and emission reduction
Community	• Launch of public welfare projects • Community investment • Volunteer activities	• Community activities • Public welfare activities	• Helping with rural revitalization • Supporting community public service • Organizing volunteer public welfare activities
Media	• Transparency of information disclosure • Compliance operation	• Press releases • Exclusive media interviews • Press conferences • Interaction on the Company website and social media	• 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

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.

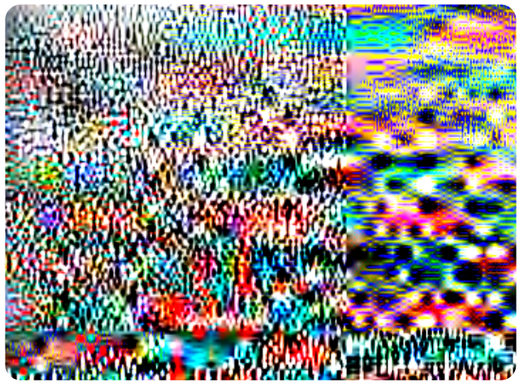
Assessment Mechanism

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

2025					
		1,150.015		/	/
		895.24		/	/

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.



2025

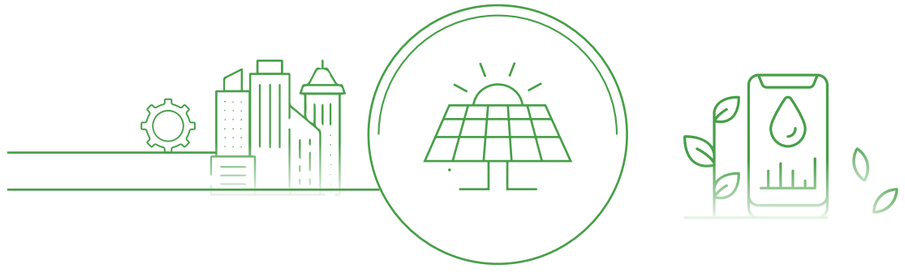
4,526

197,634

0.023

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



智慧未来 匠心筑梦

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

1,005.8 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.

Rooftop PV

2025

4,403.72

163,761.62

Social Issues

/		
	220.583	
	0.8	
	219.783	
	7,000	

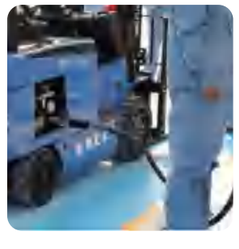
杭叉集团新能源产品合集
智慧杭叉 绿色领航
Smart Hangcha, Green Leadership
杭叉新能源

108

3.5

30

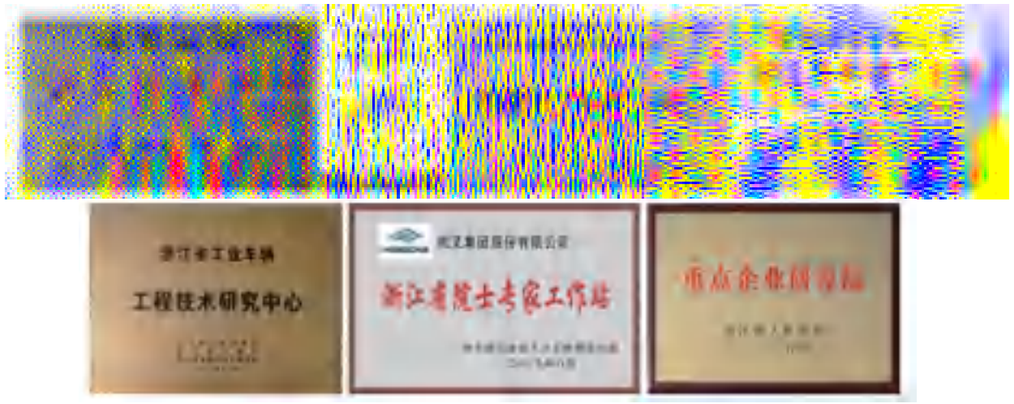
200,000



The Company accurately identifies the sustainable development impacts, risks and opportunities in the

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

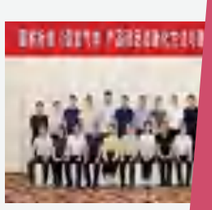
Completion of Core Indicators in 2025

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



GB/T 35205.1-

GB/T 38055.1

GB/T 26949.3

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.

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.

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 subsidies 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.

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.

ESG ASSESSMENT
CERTIFICATION OF COMPLETION
The Company
Hangcha Group Co. Ltd, China
has successfully completed the ESG assessment process.
HOLCIM

21° WORKSHOP
FORNECEDORES E
PRESTADORES DE SERVIÇOS
100%
HANGCHA BRASIL LTDA
Coca-Cola
ANDINA

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.

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

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.

The Company's

professional service teams such as the Marketing Department, VIP Customer Department and User Service Department

have established

A service governance mechanism with clear rights and responsibilities, standardized processes and efficient response

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.

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.

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.

01

1992

1995

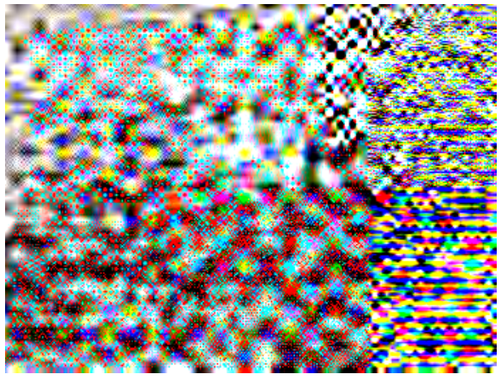
2024

198

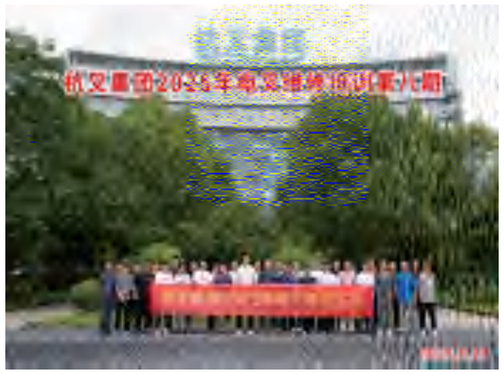
02

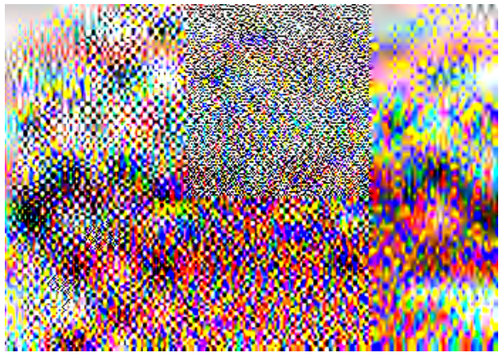
03

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.

等保认证

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.

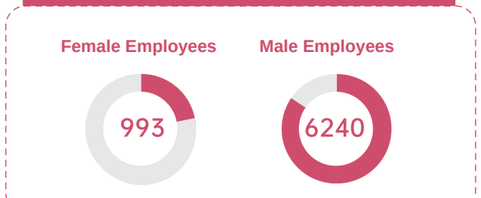
Employees

Equality and Diversity

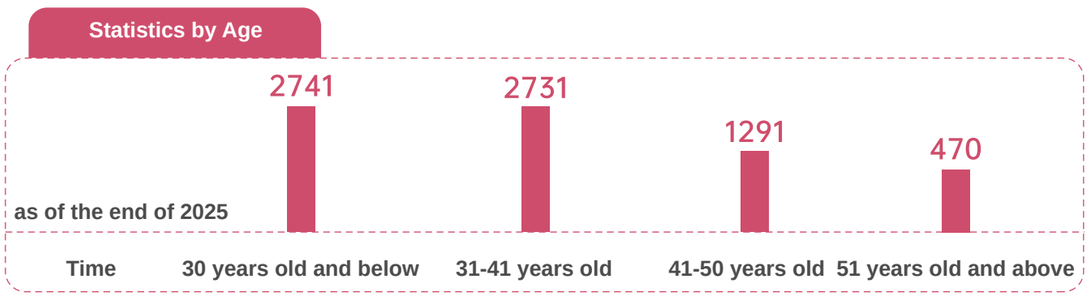
In 2025, based on the implementation of its talent strategy, the Company continued to deepen the improvement of the human resource management system, strictly observed national laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic 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

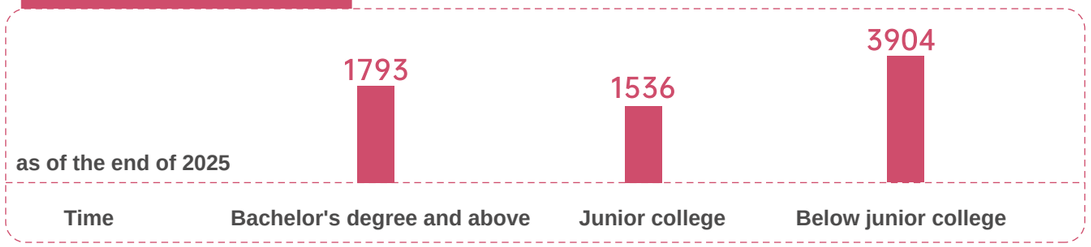
2025 Company Employee Gender Distribution



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

alent supply ahead of schedule.

order-based cultivation to plan

Middle-Aged Cadres

Talents

Managers

Young and

High-P

Tale

Salespersons

Internal Trainers

Production Interns

After-Sales Int

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 Te

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.

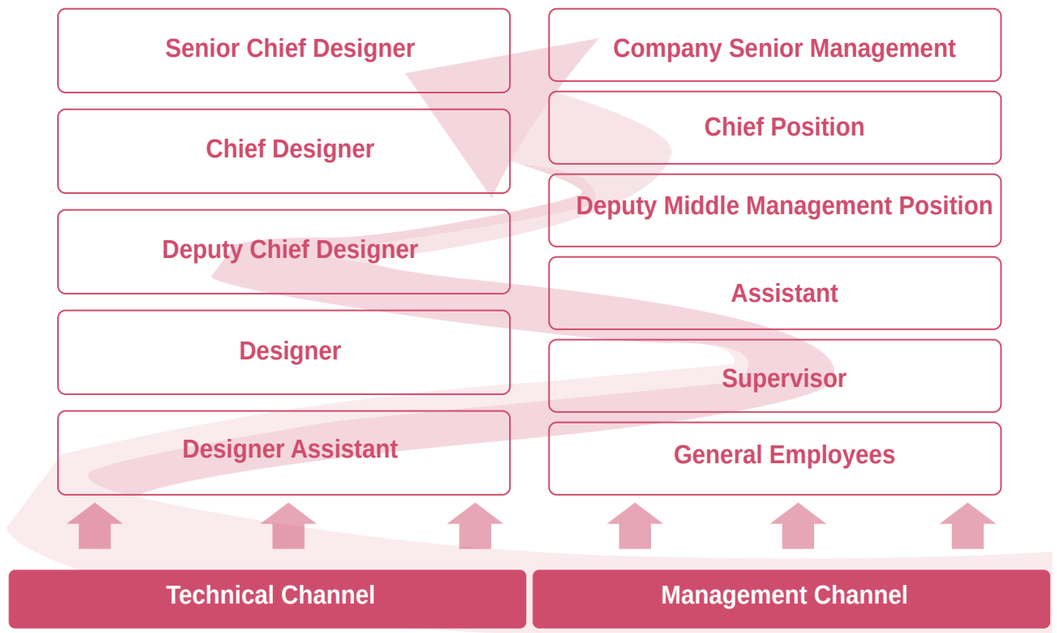
Capital Investment

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

Physical checkups and reexaminations for workers in toxic and harmful occupations totaled 680 person-times, with a coverage rate of	The participation rate of employees in annual physical checkup	The completion rate of the status quo evaluation of occupational hazards and the rectification rate of problems&hazards
100%	100%	100%

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.

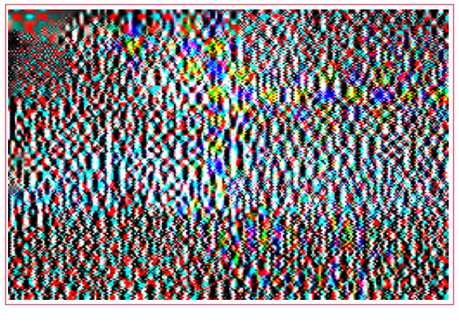
During the reporting period

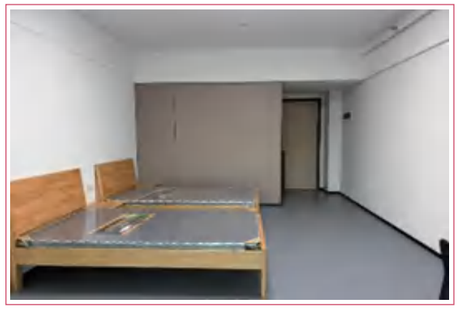
The Company's expenditure on compensation and benefits totaled RMB **1551.5766** million

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	

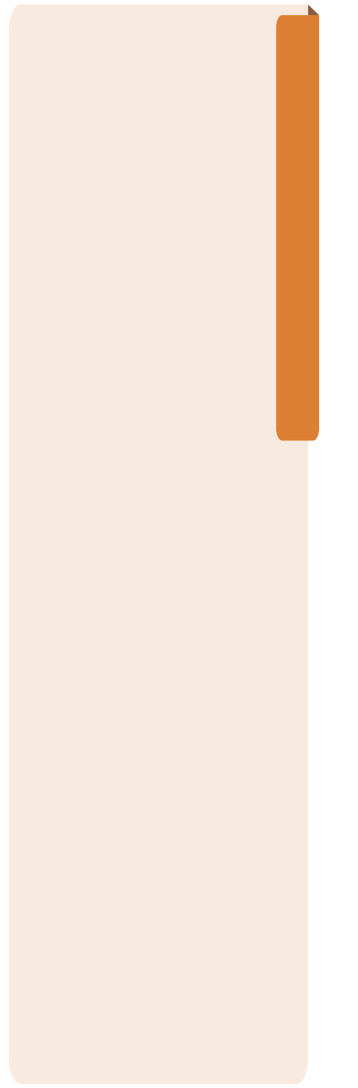
Structure of the Company's Compensation System	
Employee Compensation (in ten thousand yuan)	155,157.66
Wages, Bonuses, Allowances and Subsidies	118,643.06
	5,162.06
	22,359.70
	7,301.66
	1,691.18





2025年

Social Issues



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