

Environmental, Social and Governance Report

About This Report

(1) Reporting Scope

This report covers “PATEO CONNECT Technology (Shanghai) Corporation”. Unless otherwise specified, the organizational boundary of this report includes PATEO CONNECT Technology (Shanghai) Corporation and its subsidiaries. The report covers the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”).

(2) Abbreviations

For ease of expression and reading, the Company and its subsidiaries are collectively referred to as “PATEO”, “the Company” or “we” in this report.

(3) References

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.

(4) Reporting Principles

- **Materiality:** The Company focuses on the concerns of its core stakeholders and analyzes the impact of its operational activities on the environment, society, and the economy to identify material ESG issues, which are disclosed in the annual Environmental, Social and Governance Report.
- **Quantitative:** The data disclosed in this report is derived from the Company’s internal official documents, statistical data, and relevant public information. In relevant sections, this report provides explanations of the calculation standards and methods for key performance indicators.
- **Balance:** The Company adheres to the principle of balance, presenting PATEO’s ESG performance impartially to avoid statements that might inappropriately influence stakeholder decisions.
- **Consistency:** The Company follows the principle of consistency, using uniform statistical methods in the report to ensure the comparability of the information presented.

(5) External Assurance

We have engaged Shanghai QingshanWay Technology Co., Ltd. (an external independent assurance body) to verify this report, to ensure that the information and data provided herein are accurate and comply with the reporting standards. In accordance with the AA1000AS v3, it has been confirmed that the scope of the report and the information and data presented therein comply with the aforementioned standard. The independent assurance statement is available on our company’s official website.

(6) Disclaimer

Certain statements in this report may be forward-looking. Due to the influence of external variable factors, actual future developments and results may differ from those statements. PATEO assumes no obligation to update any forward-looking statements contained in this report.

ESG Governance

Statement of the Board

The Company complies with the listing regulatory requirements of the Hong Kong Stock Exchange and has established an ESG governance structure supervised and led by the Board of Directors. The Board of Directors oversees management in conducting assessments of material ESG issues, prioritizes these issues based on stakeholder concerns and the Company's environmental, social, and economic impacts, formulates the Company's ESG strategy, and continuously improves the Company's ESG management system.

The Board of Directors reviews the Company's annual Environmental, Social, and Governance (ESG) report, assesses the progress of the Company's annual ESG initiatives and the implementation of its ESG objectives, provides guidance to management on the development and adjustment of ESG work plans, actively promotes the integration of ESG principles with business operations, and facilitates the Company's sustainable development.

ESG Governance Structure

PATEO understands its responsibilities in areas such as pollution control and resource conservation, climate change response, occupational health and safety, employee rights protection, compliance operation, and social responsibility. The Board of Directors is responsible for formulating the Company's overall ESG vision, goals, and strategy; annually reviewing the Company's ESG policies to ensure their effectiveness; fostering a corporate culture that adheres to core ESG values and principles; and overseeing and identifying environment-and society-related risks and opportunities affecting the Company, guiding management in formulating the Company's environmental, social, and governance policies, strategies, and targets.

Our management is responsible for formulating the Company's ESG strategy, policies, and initiatives, including assessing and managing environment-and climate-related risks, under the supervision of the Board of Directors. Our management is specifically responsible for: (i) appointing a representative to define the responsibilities and authorities of department heads regarding ESG matters; (ii) approving our environmental targets and employee training plans; (iii) ensuring adequate resources are available for establishing, implementing, and maintaining the environmental management system; (iv) regularly assessing and reducing our ESG risks; and (v) taking action to address potential environmental incidents.

We have established an Environment, Health and Safety Management Committee (hereinafter referred to as the "**EHS Management Committee**") at the business level, responsible for formulating the Company's EHS decisions, convening EHS Management Committee meetings, discussing and approving personnel changes, revisions to responsibilities, and the establishment of policies within the EHS Committee.

Stakeholder Engagement

We place great importance on engaging with a wide range of stakeholders, establishing effective communication channels for different stakeholders. We regularly analyze the ESG issues and concerns raised by key stakeholders, regarding the opinions of key stakeholders as an important reference for enhancing the Company's ESG governance in the future, promoting the optimization of ESG decision-making, and achieving sustainable development.

Key Stakeholders	Expectations and Concerns	Communication and Response
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> • Communication and transparent governance • Compliance and business ethics • Effective risk management • Sustainable development strategy 	<ul style="list-style-type: none"> • Regular reports • Company annual and quarterly results briefings • Shareholder meetings • Investor engagement activities
 <p>Government and Regulatory Authorities</p>	<ul style="list-style-type: none"> • Tax compliance • Compliance operation • Economic development 	<ul style="list-style-type: none"> • Paying taxes according to law • Conducting information disclosure according to law • Receiving visits from senior officials • Daily management • Supervision and inspection
 <p>Customers</p>	<ul style="list-style-type: none"> • Product and service quality • Product compliance • Research and development (R&D) and innovation • Information and data security 	<ul style="list-style-type: none"> • Conducting customer relationship management • Establishing quality management procedures • Establishing information security management systems • Signing confidentiality agreements
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Fair and transparent procurement • Fair competition • Building Sustainable Supply Chains 	<ul style="list-style-type: none"> • Meetings and exchanges • Establishing business ethics management systems • Establishing fair supplier evaluation mechanisms • Performing contracts according to law
 <p>Employees</p>	<ul style="list-style-type: none"> • Employee rights and benefits • Fair promotion and training • Occupational health and safety 	<ul style="list-style-type: none"> • Employee representative meetings • Employee exchange meetings • Corporate culture activities • Occupational health and safety training • Fair career development mechanisms

Key Stakeholders	Expectations and Concerns	Communication and Response
 <p>Community</p>	<ul style="list-style-type: none"> • Supporting local economy • Community investment 	<ul style="list-style-type: none"> • Community charity • Local employment and local procurement • News and reports

Materiality Assessment

We have established an assessment process for material ESG issues based on the requirements of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 Listing Rules published by the Hong Kong Stock Exchange. The Company regularly prioritizes the significance of ESG issues based on this materiality assessment process, subsequently formulating and adjusting ESG strategies to effectively manage potential environmental, social, and governance risks.

Our material ESG issue analysis process is as follows:

- Step 1** Identification of ESG issues
- Research and analyze market trends in the automotive industry, including dynamics of peers and upstream/downstream players;
 - Analyze the Company’s financial performance, assess future business strategies;
 - Analyze the impact of policy regulation, climate change, and ecological environment based on the geographical location of the Company’s operations;
 - Construct a list of ESG issues referencing the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange;
 - Collect ESG issues of concern to internal and external stakeholders through surveys and various communication channels.

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Step 2	Assessment of issue materiality	<ul style="list-style-type: none"> • Conduct impact materiality assessment, aggregating and analyzing key stakeholders' ESG concerns. Assessment factors include the scale of impact, scope of impact, and likelihood of the impact occurring; • Conduct financial materiality assessment, analyzing the degree of impact of ESG issues on financial performance and the likelihood of occurrence. Financial performance includes operating expenses, capital expenditures, financing costs, operating income, market capitalization, stock price, and other metrics; • Combine the conclusions of impact materiality and financial materiality assessments to comprehensively rank the materiality of ESG issues.
Step 3	Confirmation of assessment results	<ul style="list-style-type: none"> • Management confirms and verifies the analysis results of material ESG issues; • The Board of Directors supervises and reviews the prioritization of ESG issues, determining those that have a material impact on the Company's sustainable development.

In 2025, the Company identified the following material ESG issues across the environmental, social, and governance dimensions.

Material

Environmental Issues

- Climate change management
- Environmental compliance management
- Pollution control and resource protection

Material Social Issues

- Occupational health and safety
- Employee rights
- Product quality management
- Information security and customer privacy protection
- Innovation and R&D
- Intellectual property protection

Material Governance Issues

- Business ethics
- ESG governance

During the reporting period, through continuous investment and active practice in environmental, social, and governance areas, the Company received the following honors and recognition. These honors affirm the Company's commitment to sustainable development and inspire us to assume greater social responsibility in the future, actively supporting community development and the industry's low-carbon transition to achieve high-quality development.

List of Honors Received by the Company in 2025

- Shanghai Design Innovation Center
- Top 100 Shanghai Manufacturing Enterprises
- Top 100 Most Influential Brands in the Yangtze River Delta
- Top 100 Shanghai Core Technology Enterprises
- Top 100 Shanghai Emerging Industry Enterprises
- Most Valuable Artificial Intelligence Company
- Forbes China Family Office Investment Value Enterprise
- Global AI Most Valuable Investment Enterprise Top 50
- 2025 Fujian Provincial Advanced-Level Smart Factory
- CMMM Smart Manufacturing Capability Maturity Level 3 Certification
- Top 50 Xiamen Private Manufacturing Enterprises



Shanghai Design Innovation Center



Global AI Most Valuable Investment Enterprise Top 50



Most Valuable Artificial Intelligence Company



Forbes China Family Office Investment Value Enterprise



Top 50 Xiamen Private Manufacturing Enterprises

Risk Management

The Company attaches great importance to enterprise risk management. We have formulated the “Risk Management System” based on regulatory requirements and established a “three-tire” risk management framework.

The Board of Directors continuously oversees the Company’s risk management and internal control systems, assesses and determines the nature and level of risk the Company is willing to accept in achieving its strategic objectives, and ensures that the effectiveness of the risk management and internal control systems is reviewed at least once a year. The review covers management’s design, implementation, and oversight of the risk management and internal control systems, significant control failures or weaknesses that occurred during the reporting period, and the corrective actions taken in response to such failures or weaknesses, thereby facilitating a closed-loop management procedure and continuously enhancing the Company’s risk management standards.

PATEO Risk Management System

• First Line of Defense: Business Departments

- Each relevant department and business unit within the Company is directly responsible for risk management. They must regularly conduct risk assessments and self-inspections related to their own operations, promptly identify and address any deficiencies, and report any changes in risk to the Company's Internal Audit and Internal Control Department.

• Second Line of Defense: Internal Audit and Control Department

- The Company's Internal Audit and Control Department oversees and evaluates the risk management activities and performance of relevant departments and business units, conducts internal audits on key business processes, and monitors the implementation of corrective measures by the relevant departments.

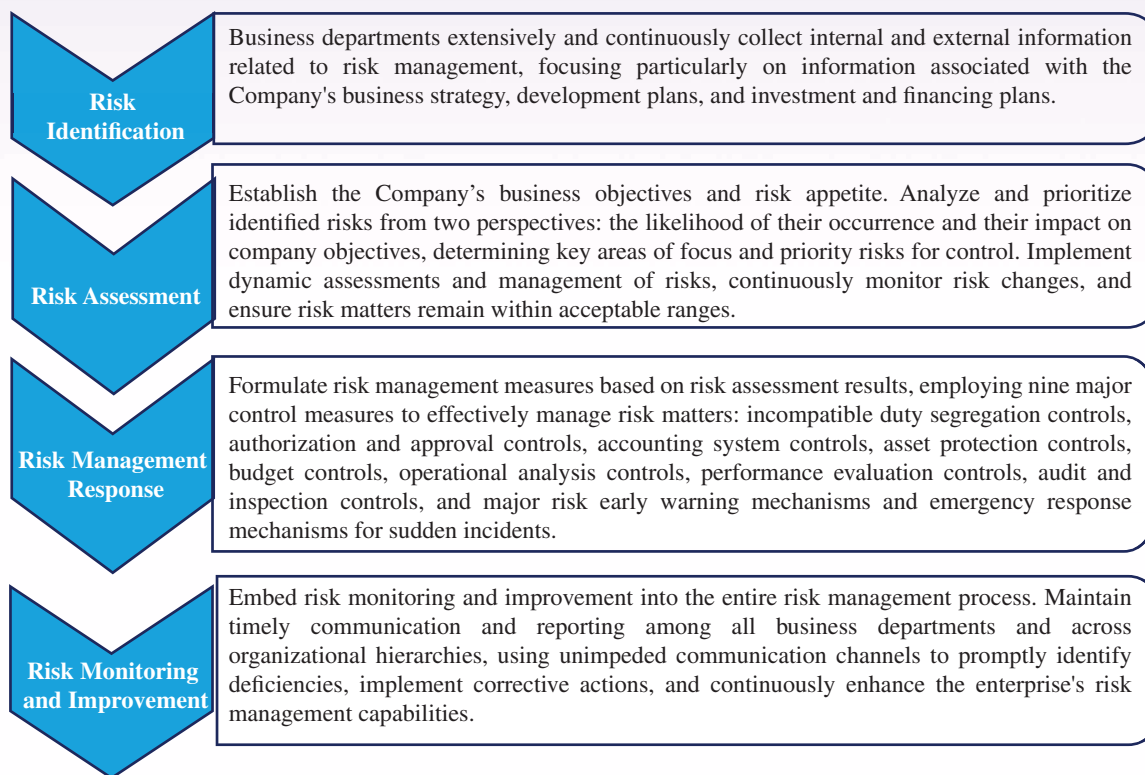
• Third Line of Defense: Board Audit Committee

- The Audit Committee of the Board reviews key investigation reports on risk management and internal control matters, discusses risk management and internal control system with management, and ensures that management has fulfilled its responsibilities in establishing effective systems.

Risk Management Process

To effectively implement various control measures for risk management, we have established a closed-loop management process comprising risk identification, assessment, management response, and monitoring and improvement. The Board of Directors and management regularly review the applicability of the risk management process, making dynamic adjustments based on regulatory requirements and business planning scenarios to continuously strengthen the Company's risk management level.

PATEO Risk Management Process



ESG Risk Management

The Company integrates environmental, social and governance risks into its enterprise risk management system. We assess potential and actual ESG risks based on the ESG materiality assessment process and formulate corresponding measures. We regularly review the applicability of the ESG risk list, adjusting ESG risk response strategies promptly based on stakeholder feedback and actual operational conditions to ensure the effectiveness of ESG risk management.

PATEO has identified the following ESG risks during the reporting period and has formulated corresponding response measures:

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Energy Usage	The Company's energy consumption is primarily from electricity. To better save energy, we may face increased costs associated with upgrading new equipment and processes, as well as technological reforms.	The Company actively implements various energy-saving measures, utilizes new energy sources such as photovoltaics, adopts diverse cost-reduction and efficiency-enhancing initiatives, improves production efficiency while reducing unnecessary energy consumption.

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Climate Change	<p>Climate change is a significant factor affecting the Company's short-, medium-, and long-term value. It can cause acute or chronic physical risks to operations, potentially leading to asset devaluation or significant losses. Furthermore, the Company may face transitional risks in areas such as technology and policy during their move towards low-carbon production, and also encounter challenges. For instance, immature technologies pose challenges to low-carbon transformation, and increasingly stringent carbon emission regulations leading to higher compliance costs.</p>	<p>PATEO's Board of Directors oversees climate change management strategies, integrating climate change into the enterprise risk management system, guiding management in formulating action plans to adapt to and mitigate climate change, continuously improving energy management efficiency during production, monitoring GHG emissions, and setting corresponding emission reduction targets based on short-, medium-, and long-term climate risk analysis. The Company closely monitors policy updates and strictly adheres to regulatory requirements for information disclosure.</p>
Emissions Management	<p>The Company's emissions mainly consist of exhaust gases and hazardous waste. The Company may face penalties for non-compliance with pollutant emissions, including warnings, fines, establishing deadlines for pollution remediation, orders to suspend production or use, orders to reinstall pollution prevention and treatment facilities, administrative actions against responsible individuals, or orders to close such entities. Production facilities may be suspended for rectification, potentially incurring additional costs.</p>	<p>The Company strictly adheres to regulatory requirements, national standards, and industry standards. We have established management systems for exhaust gases and waste, regularly monitor various indicators of emissions, and strictly implement all environmental protection measures to avoid the risk of non-compliant emissions.</p>
Environmental Compliance Management	<p>The Company incurs operational costs related to complying with environmental protection laws, regulations, and standards, primarily from the purchase and installation of environmental protection equipment and facilities, environmental impact monitoring, and hazardous waste disposal. As environmental regulations in China continue to evolve, the Company may also face fines and penalties for violating environmental compliance requirements.</p>	<p>The Company closely monitors various requirements related to environmental compliance, regularly assesses the applicability of internal management systems, revises internal environmental management systems promptly, regularly monitors emission indicators for exhaust gases, general waste, and hazardous waste, implements optimization measures based on monitoring results, and continuously reduces the risk of environmental non-compliance.</p>



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ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Occupational Health and Safety	The Company's production operations may expose employees to potential workplace injury risks, negatively impacting employee health and safety. Safety incidents could expose the Company to risks such as fines.	The Company prioritizes production safety and occupational health in its operations, establishing safety management systems and conducting safety hazard inspections, hazard source management, and risk assessments. To ensure the effective implementation of this approach, the Company has developed safety plans and management manuals, committing to providing a safe and healthy work environment for employees to minimize safety incidents. Regarding occupational disease hazards, PATEO sets up occupational hazard warning signs, arranges occupational health examinations, and carries out occupational disease prevention and control work to mitigate the harm caused by occupational diseases to employees.
Employee Rights Protection	The Company's sustainable development relies on its talent pool. Employee turnover can negatively impact the Company's competitiveness and employer image, exposing it to risks such as insufficient innovation, operational instability, and loss of intellectual assets. In addition, employee disputes may expose the Company to regulatory penalties, economic losses, and reputational damage.	The Company provides employees with equal training and promotion opportunities, as well as competitive compensation and benefits packages. We value communication with employees, collecting their feedback through various channels such as employee representative meetings and exchange meetings, involving them in company management, and enhancing their sense of belonging. PATEO respects the legal employment relationships and rights established with each employee through labor contracts, strictly complying with regulatory requirements to safeguard all legitimate employee rights and interests.
Data Security Risk	Data security is crucial for protecting user rights. Data security vulnerabilities and privacy breaches can lead to risks such as revenue decline and reputational damage for the Company. Information security violations can result in fines and other penalties. Effective management of data security risks is a crucial guarantee for company operations.	In our operations, we strictly comply with a series of laws and regulations related to cybersecurity, data privacy, and protection, including the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Several Provisions on the Administration of Automotive Data Security, and the Provisions on Promoting and Regulating Cross-Border Flow of Data. We have established strict internal policies and processes for each stage of data collection, storage, and use, striving to strengthen data security protection, effectively mitigate data security risks, and protect user privacy.

ESG Risk Issues	Potential Risks and Impacts	ESG Risk Response Measures
Intellectual Property Protection	Intellectual property is the foundation for the Company's business development and growth. However, certain uncontrollable events or factors may pose risks to PATEO's intellectual property, potentially compromising our competitive advantages. Intellectual property violations or disputes/litigation could expose the Company to risks such as reputational damage and economic losses.	The Company has implemented strict internal procedures and adheres to relevant laws and regulations to protect its valuable intellectual property. The Company enters into confidentiality employment agreements, non-compete agreements, and intellectual property ownership clauses with its employees. During business operations, the Company's legal department, internal control, and compliance departments carefully review contract terms and meticulously examine all relevant documents, including authorizations, licenses, and materials related to intellectual property due diligence.

Business Ethics

PATEO maintains a zero-tolerance policy towards any form of bribery involving its employees. To further standardize the Company's business operations and promote integrity and self-discipline among all employees, PATEO has established a series of anti-bribery policies under the supervision and approval of management.

We implement anti-corruption and anti-bribery due diligence procedures in supplier management. During the supplier qualification verification stage, we require suppliers to sign the "Supplier Integrity Management and Self-Discipline Agreement," which strictly prohibits bribery and other corrupt practices, rigorously standardizes the management of business entertainment and gift acceptance, fostering a sound business environment for compliant operations.

Furthermore, we attach great importance to the Company's compliant operation, strictly adhering to all laws and regulations concerning environmental protection, occupational health and safety, intellectual property protection, data security, and privacy protection. In 2025, all employees received training on legal compliance and business ethics regarding anti-corruption and anti-bribery. During the reporting period, the Company had no litigation incidents related to corruption or bribery and incurred no fines.

Protect the Environment

Climate Change Management

PATEO regards climate change as a core issue affecting the Company's short-, medium-, and long-term value. We have established a coordinated closed-loop management system across multiple dimensions, including top-level governance, strategic planning, risk management, and performance monitoring. By integrating climate risks and opportunities into decision-making processes from the top down, and through dynamic assessment and continuous optimization, the Company ensures that it achieves business resilience and sustainable growth while addressing climate challenges.

Climate Change Governance

PATEO has fully integrated climate change response into the Board’s sustainable development governance framework and deeply embedded them within the Company’s existing ESG management functions. Based on policy analysis, industry benchmarking, and external expert opinions, the Board regularly reviews macro-level regulations and industry trends to identify climate risks and opportunities closely related to PATEO’s operations. Concurrently, the Environment, Health and Safety Management Committee (EHS Management Committee) and relevant business departments are responsible for data aggregation and assessment, ensuring that the environmental and social performance of each business unit is promptly reported back to the governance level. We are improving our ESG governance structure and will consider linking the compensation policies with relevant indicators of climate change when appropriate.

To address identified risks and opportunities, the company adopts a four-step closed-loop management approach: “Current Situation Review — Strategy Formulation — Risk Management — Indicator/Target Setting.” This includes developing opportunities such as cost control through internal energy efficiency improvements, low-power cockpit solutions, and green supply chain collaborations, forming a comprehensive, end-to-end mechanism from identification to execution and monitoring. Through this systematic governance structure, PATEO achieves top-down monitoring and management of climate-related risks and opportunities, enhancing the forward-looking nature of decision-making and providing a solid foundation for the Company’s steady progress on the path to low-carbon transformation.

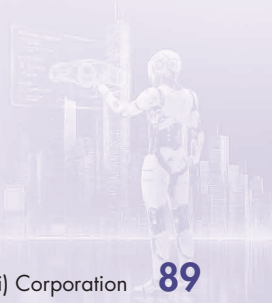
Climate Change Response Strategy

PATEO regards climate change as a core issue affecting the Company’s short-, medium-, and long-term value. The Company not only identifies and assesses the potential operational and financial impacts of physical and transition risks but also focuses on opportunities such as low-carbon intelligent cockpits, green supply chains, and digital energy management. Based on policy analysis, industry benchmarking, and external expert consultation, and through continuous monitoring and periodic reviews, the Company continuously refines its mitigation and adaptation strategies, ensuring that business development progresses in tandem with climate goals. The business and asset layout of our company is relatively scattered. The uncertainty and cost of quantitatively assessing the expected financial impact of climate-related risks or opportunities are both high at the moment. Once our future capabilities are in place to assess, we will disclose relevant information.

PATEO Climate Change Risk and Opportunity Management

Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
Physical Risk	Acute Physical Risk	Typhoons, heavy rainfall, or flooding causing disruption to production bases and supply chains.	<p>Operational Impact: Production line stoppages, logistics disruptions, delays in delivery of key components, reduced delivery capability.</p> <p>Expected Financial Impact: Asset loss, accelerated asset depreciation, increased insurance costs.</p>	<ul style="list-style-type: none"> Develop and practice extreme weather emergency plans, including “Typhoon, Flood, Thunderstorm Emergency Plan,” “Earthquake-Specific Emergency Plan,” and strengthen hazard inspections. Establish safety stock levels and multiple production bases, identify backup suppliers. Strengthen regular maintenance of factory drainage and flood control facilities.

Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
	Chronic Physical Risk	Persistent high temperatures, drought, or changing climate patterns leading to energy and water scarcity.	<p>Operational Impact: Increased operational costs for cooling, heating, etc.; increased occupational health and safety risks for employees working in high temperatures.</p> <p>Expected Financial Impact: Increased operational costs.</p>	<ul style="list-style-type: none"> • Implement various energy management measures to reduce waste through energy-saving initiatives, actively introduce new energy sources, and ensure the stability of energy supply. • Implement water-saving measures to enhance water resource utilization efficiency.
Transition Risk	Policy and Legal Risk	Increasingly stringent carbon pricing, carbon trading, or ESG/disclosure regulations domestically and internationally.	<p>Operational Impact: Increased burden of information disclosure and compliance; products need to meet more low-carbon certification standards.</p> <p>Expected Financial Impact: Increased compliance costs.</p>	<ul style="list-style-type: none"> • Conduct information disclosure strictly according to regulatory requirements, undertake independent low-carbon certifications as requested by customers. • Monitor carbon market trends to actively explore opportunities in green energy and carbon assets in the future.
	Technology Risk	Immature low-carbon technologies may impact the automotive industry's low-carbon transition, posing challenges to the company's environmental innovation.	<p>Operational Impact: Weakened market competitiveness; difficulty for the company to achieve low-carbon transformation.</p> <p>Expected Financial Impact: Reduced revenue; increased R&D demands.</p>	<ul style="list-style-type: none"> • Continuously improve the energy management system, actively carry out emission reduction work to reduce costs and increase efficiency. • Formulate R&D strategies based on customer needs, providing customers with more environmentally friendly and intelligent cockpit solutions to support the green and low-carbon transition of the automotive industry.



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Risk Category	Specific Type	Risk Description	Potential Impact	Response Measures
	Market and Reputation Risk	Increasing demand from downstream OEMs and end consumers for low-carbon, sustainable products; insufficient disclosure or lack of green capabilities may affect partnerships.	<p>Operational Impact: Reduced orders; damage to brand image; impact on the Company's business expansion.</p> <p>Expected Financial Impact: Reduced revenue; challenges in building a green brand.</p>	<ul style="list-style-type: none"> Continuously improve ESG disclosure, communicating the Company's practices and efforts in areas such as product carbon footprint reduction and other sustainability aspects to stakeholders. Integrate circular economy principles throughout the product lifecycle, continuously assisting customers in reducing the carbon footprint of vehicles throughout their lifecycle through innovative R&D. Closely monitor customer needs, incorporate market demands into product R&D, and continuously improve the market fit of solutions.

Opportunity Category	Opportunity Description	Potential Impact	Response Measures
Market Opportunity	Continued rapid growth of the new energy and intelligent connected vehicle market, with increasing demand for low-carbon, highly intelligent cockpit systems.	Expand core OEM partnerships, increase market share, and generate service revenue.	<ul style="list-style-type: none"> Deepen collaboration with new energy vehicle companies and co-establish demonstration fleets. Leverage multiple R&D centers across the country and deep collaboration with key OEMs to deepen market expansion for new energy vehicles by providing more energy-efficient smart cockpit solutions to help enhance overall vehicle energy efficiency and driving range, assisting the automotive industry in achieving its low-carbon transition. Actively promote the construction of green factories, using the green brand to empower market expansion and continuously enhance the Company's competitiveness.

Opportunity Category	Opportunity Description	Potential Impact	Response Measures
Resource Efficiency	Improve energy and water use efficiency through process and equipment upgrades.	Reduce operational costs, increase production efficiency, develop a circular economy.	<ul style="list-style-type: none"> Actively introduce new energy sources like photovoltaics to enhance energy efficiency. Continuously optimize energy consumption indicators, deploy smart energy management monitoring technologies. Carry out energy-saving equipment retrofits, such as upgrading industrial frequency air compressors to variable frequency air compressors. Explore pathways for circular utilization of resources like packaging materials, raw materials, and waste, collaborating with upstream and downstream partners to build a circular economy and explore mutually beneficial development models.
Product and Service Opportunity	Based on cloud platforms and OTA capabilities, we develop green software and remote OTA low-carbon optimization services covering the entire lifecycle.	Generate stable subscription/service revenue, enhance customer loyalty; create a green brand, gain recognition and trust from international markets or high-end customers.	<ul style="list-style-type: none"> Pilot “cloud energy optimization” value-added services, delivering energy-saving algorithms to in-production models via OTA. Strengthen technological R&D capabilities, continuously introduce products that meet market transition demands.
Resilience Enhancement Opportunity	Improve emergency response and backup mechanisms for cross-regional factories and data centers.	Reduce downtime and data risks during extreme weather events like typhoons and floods; minimize asset and revenue losses.	<ul style="list-style-type: none"> Prepare emergency resources for extreme climate events, regularly conduct flood prevention and emergency drills to enhance the Company’s emergency management capabilities. Deeply integrate disaster recovery planning into climate strategy.
Energy Source Diversification Opportunity	Explore photovoltaics, green electricity procurement, and other clean energy alternatives.	Reduce dependence on fossil fuels and exposure to cost volatility; access policy subsidies; explore revenue opportunities from mechanisms like green power, carbon credits, and carbon markets.	<ul style="list-style-type: none"> Continue advancing photovoltaic installation projects in core factories like Xiamen to increase renewable energy usage. Appropriately incorporate green electricity into future business plans, capturing potential revenue opportunities from energy diversification through green power transactions.



Risk Management

PATEO integrates climate change risks into its overall enterprise risk management system. Under the coordination of the Board's sustainable development governance structure and the EHS Management Committee, we are gradually establishing adaptive assessment and response mechanisms. The Company references relevant domestic and international policy trends, industry developments, and expert advice to encourage various business units to identify and monitor climate-related physical and transition risks, enhancing risk awareness and management capabilities. Cross-departmental working mechanisms support senior management in obtaining crucial information and assisting in assessing potential impacts and response directions. Concurrently, the Company continuously monitors policy directions (such as carbon regulations, adjustments to international trade rules), technological advancements, and market changes, exploring potential pathways for green procurement, low-carbon innovation, and resilience enhancement. This supports the core business in achieving long-term, stable development in the intelligent cockpit and connected vehicle sectors while seizing potential opportunities in the sustainable transition.

Metrics and Targets

PATEO is committed to data-driven climate-related performance management. By focusing on key areas such as energy, waste, and GHG emissions, we are gradually establishing monitoring and improvement mechanisms to enhance the systematic nature and responsiveness of environmental management. Referencing internationally recognized standards, the Company has begun calculating emissions from its main operational activities and is exploring feasible pathways to expand this to value chain-related emissions. Through regular review and analysis of energy, water consumption, waste, and emissions data, we continuously identify optimization opportunities and improve environmental performance transparency.

PATEO supports China's 2035 Nationally Determined Contribution (NDC) goals and the national "dual carbon" goals of striving to achieve carbon peak by 2030 and carbon neutrality by 2060. To facilitate the gradual realization of carbon reduction targets, the Company is targeting to reduce Scope 1 and Scope 2 GHG intensity emissions by 2% by 2026. The Company continuously focuses on directions such as optimizing its energy structure, resource recycling, and process improvements, actively exploring carbon reduction potential. Target setting and advancement strategies will be adjusted in due course based on business development pace and external conditions. Internally, a company-wide tracking and feedback mechanism has been established, with progress regularly reported to management, ensuring that environmental management and corporate sustainable development complement each other.

In our production and operational activities, electricity consumption is the major source of GHG emissions. PATEO will fully leverage information management methods to further enhance electricity consumption management and use every kilowatt-hour efficiently. In addition, we will improve equipment operational efficiency through management measures such as standardized inspections and periodic equipment maintenance, reducing wasteful energy consumption, avoiding equipment idling, and lowering energy use.

The following table sets forth the GHG emission data of the Company from 2023 to 2025. PATEO is still in the process of comprehensively assessing its GHG emissions. We prioritize the recording of GHG emissions of Scope 1 and Scope 2 emissions in our production facilities, as the main source of GHG emissions in our production activities is related to the usage of electricity. The Company plans to gradually expand and improve the Scope 3 emission data calculation and formulate a feasible low-carbon transition pathway as appropriate.

Category	Unit	2023	2024	2025
Scope 1 Emissions	tonnes of CO ₂ equivalents	8.92	14.78	6.34
Fossil Fuel Emissions	tonnes of CO ₂ equivalents	8.86	14.52	6.33
Vehicle emissions of methane and nitrous oxide carbon dioxide	tonnes of CO ₂ equivalents	0.07	0.26	0.02
Scope 2 Emissions	tonnes of CO ₂ equivalents	2,394.30	3,513.62	4,966.62
Electricity Emissions	tonnes of CO ₂ equivalents	2,394.30	3,513.62	4,966.62
Scope 1 + 2 Emissions	tonnes of CO ₂ equivalents	2,403.22	3,528.40	4,972.97

Note: Due to rounding to two decimal places, minor discrepancies may exist between the sum of individual items and the disclosed totals of Scope 1 and Scope 2 Emissions; the disclosed totals shall prevail. The Company's Xiamen factory completed its expansion in 2024, and the Liuzhou factory commenced production in 2025; consequently, total GHG emissions have increased. The Company's GHG emission calculation methods and emission factors are based on the following standards:

1. Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)
2. Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Electronic Equipment Manufacturers (Trial)
3. ISO 14064-1: 2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
4. Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Land Transport Enterprises (Trial)
5. 2021 Power Carbon Dioxide Emission Factors, 2022 Power Carbon Dioxide Emission Factors, and 2023 Power Carbon Dioxide Emission Factors published by Ministry of Ecology and Environment
6. Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.

Environmental Sustainability

PATEO deeply recognizes the importance of protecting the Earth. As a for-profit technology company, we adhere to sustainable development as our guiding principle, balancing business success with the long-term well-being of the environment and society, and fully responding to carbon peaking and carbon neutrality policies. To this end, we have established management systems including the "Three Wastes and Noise Management Regulations" and the "EHS Training Management Regulations." The EHS Management Committee actively assists various departments in establishing and improving corresponding management systems in accordance with the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, guides various business departments in implementing environmental pollution prevention work, provides employees with training on the Company's environmental policies, and strengthens and enhances employee environmental awareness.

Currently, our core production base, the Xiamen factory, has obtained ISO 14001 and ISO 45001 Management System certifications. Different production bases are actively carrying out energy-saving and consumption-reducing retrofits. Some production workshops have introduced photovoltaic power; upgrading industrial frequency air compressors to variable frequency air compressors, saving approximately 15,000 kWh of electricity per month.



ISO 14001 Environmental Management System Certification

In addition to complying with statutory requirements, we are committed to continuously strengthening our environmental and energy management systems and improving environmental protection measures and energy efficiency. PATEO closely monitors multiple indicators, implements environmental monitoring measures in accordance with the “Environment, Health, and Safety Monitoring and Measurement Procedure,” “conducts regular environmental audits following the “Environmental, Safety, and Health Inspection and Hazard Rectification Management Regulations,” continuously reduces environmental risks during production and operations, and takes measures to reduce resource consumption and waste generation.

PATEO promotes green office practices, water conservation, and reduction of office paper consumption, committed to balancing environmental sustainability with business growth.

During the reporting period, the Company had no major environmental incidents, nor were there any instances of environmental non-compliance or fines.

Pollution Control and Resource Protection

PATEO places high importance on environmental protection, committing to reducing air pollution, water consumption, energy consumption, and carbon emissions.

Waste Gas Emissions

Given the nature of the Company's business, PATEO does not generate significant amounts of waste gas, heavy pollutants, or wastes. Our main type of waste gas is non-methane total hydrocarbons (NMTHC). The Company strictly adheres to standards, including the Integrated Emission Standard of Air Pollutants GB 16297-1996 and the Xiamen Air Pollutant Emission Standard DB35/323-2018, to implement waste gas emission management. We have established the "Waste Gas Treatment Tower Operation and Maintenance Work Instructions" and regularly inspect waste gas treatment facilities and equipment to ensure their normal operation. The Company consistently strives to optimize product production processes to reduce tail gas emissions and enhance waste gas absorption.

The Company also engages third-party organizations to monitor the environment of its production areas. As our Xiamen factory completed its expansion in 2024 and the Liuzhou factory commenced production in 2025, NMTHC emissions showed a significant increase.

The following table sets forth the waste gas emission data of the Company from 2023 to 2025.

Category	Unit	2023	2024	2025
Non-methane total hydrocarbon	ton	0.37	0.14	0.35

Energy Consumption

PATEO is committed to energy conservation, responding to initiatives for green production and low-carbon office practices. We have obtained ISO 50001 Energy Management System certification, comply with legal requirements as the Law of the People's Republic of China on Energy Conservation and the Energy Law of the People's Republic of China, and have established internal energy management systems. We are gradually expanding the use of renewable energy in our operations, actively implementing energy-saving and consumption-reduction initiatives, increasing the use of electric vehicles in our daily office activities, and embracing a low-carbon, energy-efficient lifestyle.

The following table sets forth the electricity consumption data from 2023 to 2025.

Category	Unit	2023	2024	2025
Electricity Consumption	kW•h	4,300,099.00	7,364,135.20	11,734,371.25

Note: The scope of the company's energy consumption statistics covers only its core production and operational activities. Our Xiamen factory completed its expansion in 2024, and our Liuzhou factory is set to commence production in 2025. Consequently, electricity consumption continues to increase.

Waste Management

PATEO continuously standardizes the management and comprehensive utilization of solid waste and the harmless disposal of hazardous waste to ensure clean production and sustainable development. We have developed a “Solid Waste List,” classifying waste into categories such as general solid waste, hazardous waste, household waste, and waste electrical and electronic products, with different classification labels for each type. Household waste is disposed of in compliance with regulations by a qualified sanitation company commissioned by the Human Resources and Administration Department, while waste electrical and electronic products are disposed of in compliance with regulations by an institution qualified to handle such waste, commissioned by the Administration Department and Information Services Department.

For general solid waste management, we classify general solid waste from production operations into recyclable waste and other waste, establish temporary storage warehouses for general solid waste, maintain management records for general solid waste, and entrust qualified third parties for the transfer and disposal of general solid waste.

Regarding hazardous waste disposal, the Company has set up corresponding dedicated collection bins and temporary storage warehouses based on the types of hazardous waste. Leak-proof and waterproof measures are implemented during the transfer and temporary storage of hazardous waste. We have developed the “Hazardous Waste Generation Record Form” and the “Hazardous Waste Storage Record Form” to record and track the storage and transfer of hazardous waste, ensuring compliance with hazardous waste disposal. The Company will also strengthen the daily operation and maintenance of online monitoring facilities to achieve compliant emissions and reduce hazardous waste discharge.

From 2023 to 2025, PATEO’s hazardous waste generation was as follows:

Category	Unit	2023	2024	2025
Hazardous Waste	ton	6.84	25.42	33.54

Note: The Company’s hazardous waste mainly includes waste circuit boards, contaminated waste, waste activated carbon, waste organic solvents, and waste containing organic solvents, circuit board cutting powder made from organic resin waste, and oil/water, hydrocarbon/water mixtures or emulsions (waste cutting fluid) generated during production.

Water Resource Management

PATEO’s water consumption is mainly from tap water, primarily for domestic use, our production processes do not involve significant water usage. The Company will continue to implement a series of measures to promote the recycling of water resources in production.

Regarding wastewater discharge management, we comply with relevant regulatory requirements in managing wastewater discharge. Our Xiamen factory does not generate industrial wastewater during production. Going forward, we will continue to enhance the efficiency of water resource management and continuously reduce wastewater generation.

From 2023 to 2025, PATEO's water usage was as follows:

Category	Unit	2023	2024	2025
Tap Water	ton	10,703.00	19,941.00	46,454.00

Note: The company's water consumption mainly comes from office and employee living water use, and the statistical scope only covers the company's core production and operation activities. In 2024, the Xiamen factory completed its expansion. In 2025, the Liuzhou factory started production, resulting in a significant increase in water consumption.

Social Responsibility Practices

PATEO is keenly aware of its social responsibilities and mission. We continuously fulfil our commitments in areas such as employee management, production safety and occupational health, supplier ESG management, and privacy protection, pursuing a “win-win” outcome between commercial success and social responsibility. The Company is dedicated to providing high-quality services, actively participating in industry collaboration and community building, and contributing to the prosperity and progress of society.

Employee Management and Labor Practices

The Company strictly complies with laws and regulations, including the Labour Law of the People's Republic of China and the Employment Promotion Law of the People's Republic of China. Accordingly, we have established policies such as the “Recruitment Management System” and the “Human Resources Management System,” conducting open and equal recruitment for both internal and external candidates, and implementing a candidate qualification review process (including age, education, major, work experience, rewards and punishments, etc.). The Company prohibits child labor and forced labor, signs labor contracts with employees, strictly arranges working hours in accordance with standard working hour systems, and pays social insurance premiums (including medical, work-related injury, and maternity insurance) for employees on time each month.

The Company has formulated and implemented the “Employee Diversity Policy,” establishing diversity and inclusion as core values and committing to creating a work environment that respects individual differences and safeguards employee dignity. The Company adheres to the principle of equality in recruitment, training and development, compensation management, and promotion opportunities. We actively promote gender equality and diversity development, maintaining a balanced workforce structure in terms of gender, age, cultural and educational background, skills, and experience, while maintaining an appropriate proportion of female employees. The Company discloses information related to employee diversity in its annual corporate governance report, and the Nomination Committee reviews and monitors the effectiveness of policy implementation and progress towards objectives annually. When necessary, the Committee proposes revisions and submits them to the Board of Directors for review and approval to ensure the continued effective implementation of the diversity policy.

Environmental, Social and Governance Report

PATEO has always adhered to a people-oriented talent philosophy, respecting and valuing every employee and striving to create a diverse, equal, and inclusive working environment. In recent years, the Company has widely recruited talent, built a talent pipeline, and established comprehensive career development paths for employees. In 2023, 2024, and 2025, the total number of employees was 1,695, 2,155, and 2,119, respectively. The total number of employees by employment type and gender is as follows:

Category		Unit	2023	2024	2025
Total Workforce		Person	1,695	2,155	2,119
By Employment Type	Full-time	Person	1,682	2,145	2,115
	Part-time	Person	13	10	4
By Gender	Male	Person	1,024	1,342	1,358
	Female	Person	671	813	761

Note 1: The total number of employees is as of the end of the year.

Note 2: Total number of employees includes full-time employees, part-time employees, and re-employment of retirees, excluding interns.

Workplace Safety and Occupational Health

PATEO places great emphasis on ensuring employee health and safety, providing a work environment where safety is paramount. To this end, the Company has established a series of rules, standard operating procedures, and measures aimed at safeguarding employees' occupational health and safety and ensuring a safe operating environment. The Company has developed a comprehensive set of workplace safety management systems to provide a systematic framework for safety management. These measures cover multiple aspects, including implementing strict safety guidelines, detailing potential hazards and appropriate response strategies, and establishing workplace hygiene standards.

To implement relevant laws, regulations, and regulatory requirements such as the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Environmental Protection Law of the People's Republic of China, and the Fire Control Law of the People's Republic of China, the Company has formulated and implemented the "Environmental, Health, and Safety (EHS) Responsibility System and Management Regulations." This system clearly defines the responsibilities of personnel at all levels regarding safety, fire protection, environmental protection, and occupational hygiene, effectively ensuring employee safety and health during production and operations. The Company's EHS Management Committee continuously updates management systems related to labor and workplace safety, and monitors changes in environmental laws, regulations, and industry requirements.

The Company has established a Workplace Safety Committee as the leading organizational body for safety production (i.e., Environment, Safety, Health — EHS). The General Manager of the Company serves as the primary responsible person for workplace safety, and the Director of the Workplace Safety Committee, responsible for the overall management of PATEO's safety affairs. The EHS Officer acts as the executive officer, specifically responsible for the daily management of safety matters. Department heads serve as members of the Workplace Safety Committee, responsible for implementing and executing safety production matters within their respective departments. The Company has established a dedicated EHS department for safety management and has assigned full-time safety management personnel. Each department has designated part-time EHS personnel (safety officers) responsible for supervising, inspecting, and reporting safety issues. The Safety Committee holds a regular safety meeting quarterly to review workplace safety performance and promptly resolve existing safety issues.

The Company has formulated the “EHS Training Management Regulations,” requiring all new employees to undergo rigorous safety training courses. A three-level workplace safety education and training system has been established. All new employees must undergo company-level (Level 1), department-level (Level 2), and team-level (Level 3) safety education upon entry, completing the “Three-Level Safety Education Card” to ensure new employees fully understand all safety protocols and procedures specific to PATEO's operations. The EHS team annually develops an EHS annual training plan, organizes training sessions on safety, fire protection, occupational hygiene, and environmental protection knowledge, and provides training to employees in these areas. Each department regularly conducts safety awareness, job operation procedures, and compliance education for employees based on the special training provided by the EHS team, thereby enhancing employee safety awareness and improving their safe operation skills. Simultaneously, the Company provides safety education for contractors. The contractor's organizing unit schedules training time based on the contractor's on-site work hours, which are then organized by the EHS unit. The EHS unit is responsible for developing Contractor safety training materials and providing instructions, and an assessment is required after training. Cleanroom Safety precautions are organized by the production department. Furthermore, to comply with relevant laws and regulations, the Company's Human Resources department proactively collaborates closely with legal counsel, closely monitors developments, and adjusts policies when necessary, ensuring the Company consistently adheres to legal requirements and best practices regarding workplace safety.

PATEO's Three-Level Safety Training System

Company Level (Level 1 Training): Organized by the Company's Human Resources and Administration Department, with safety education conducted by the EHS department. Trainees can only be assigned to departments after passing the assessment; one make-up exam is allowed for those who fail; those who fail the re-examination will not be retained for employment by the Human Resources and Administration Department. The comprehensive assessment paper is set by the EHS department. Upon completion, the "Three-Level Safety Education Card" is transferred with the employee to the department.

- Overview of the unit's workplace safety situation and basic safety knowledge;
- The unit's workplace safety rules, regulations, and labor discipline;
- Rights and obligations of employees regarding workplace safety;
- Accident emergency rescue, emergency plan drills, and preventive measures, etc.;
- Identification and use of firefighting equipment;
- Company environmental policies and environmental awareness training;
- Various warning signs and signal devices set up within the enterprise; Relevant accident cases, etc.;
- Other training content.

Department/Workshop Level (Level 2 Training): Organized by the respective department, with safety education conducted by the department. Trainees can only be assigned to teams after passing the assessment; one make-up exam is allowed for those who fail; those who fail the make-up exam are reassigned to a suitable department by the Human Resources and Administration Department. Upon completion, the "Three-Level Safety Education Card" is transferred to the employee by the team.

- Work environment and hazard factors of the department;
- Potential occupational injuries and fatal accidents associated with the job type;
- Safety responsibilities, operational skills, and mandatory standards for the job type;
- Self-rescue, mutual rescue, first aid methods, evacuation, and on-site emergency handling;
- Use and maintenance of safety equipment, facilities, and personal protective equipment;
- Safety production status and regulations of the department;
- Measures to prevent accidents and occupational hazards, and safety precautions to be observed;
- Significant work-related injuries that have occurred in the department, lessons learned, and preventive measures;
- Other content requiring training.

Team/Position Level (Level 3 Training): Conducted by the team; work permitted after passing the assessment; one make-up exam is allowed for those who fail; those who fail the make-up exam are returned to the department for reassignment to a suitable position. Trainers and trainees sign the "Three-Level Safety Education Card" for confirmation. The team/department files the "Three-Level Safety Education Card."

- Production characteristics, working environment, location of hazardous sources, equipment status, and safety precautions of the team;
- Safe operating procedures and job responsibilities for the position;
- Requirements for wearing and correct use of personal protective equipment for the position;
- Work-related injuries that have occurred in the position, lessons learned, and preventive measures;
- Safety and occupational hygiene matters concerning work coordination between positions;
- Waste classification and disposal procedures for the position;
- Other content requiring training.

Regarding occupational disease risk control, the Company has formulated the "Occupational Health Management Regulations." The leader of the Occupational Health Leading Group is the General Manager, with department heads serving as members. Based on the Company's organizational structure, the EHS unit serves as the occupational health management body, with EHS personnel designated as full-time occupational health management staff; part-time safety officers designated by each department serve as part-time occupational health management staff. The Occupational Health Leading Group is fully responsible for and leads PATEO's occupational health work. The EHS unit is responsible for formulating specific regulations and plans for implementation, departments are responsible for specific execution, and the labor union exercises supervision over labor matters.

As of the reporting date, the Company has not received any significant complaints, investigations, warnings, or penalties from government authorities or other relevant institutions concerning labor and production safety. There were no work-related fatalities in 2025.

Employee Training and Development

PATEO actively provides learning and training opportunities for its employees, establishing a comprehensive training management system that includes courses for new employee orientation, professional competency development, and leadership development. The Company is committed to maintaining an equal, diverse, and inclusive work environment, adhering to the principle of non-discrimination and implementing an equal employment policy. We pledge not to discriminate based on gender, region, nationality, religion, age, pregnancy or marital status, disability, etc., in processes such as recruitment, promotion, and termination. PATEO respects employee rights, fosters an equal and diverse employment environment, effectively safeguards the rights of ethnic minorities, and encourages female employees to exert their influence in the workplace.

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The Company has launched an online training platform for employees, providing equal access to a diverse range of training courses covering all positions, including market sales, the Human Resources and Administration Department, production management, financial management, warehouse logistics, quality management, and Environment, Health, and Safety (EHS) management. The training content includes modules on professional skills, leadership training, strategic management, and self-improvement. In 2025, we conducted training activities for general staff, middle management, and senior management, with average training hours of 9.91 hours, 10.92 hours, and 10.07 hours, respectively. The average training hours for male and female employees were essentially similar, at 9.35 hours and 9.50 hours, respectively.

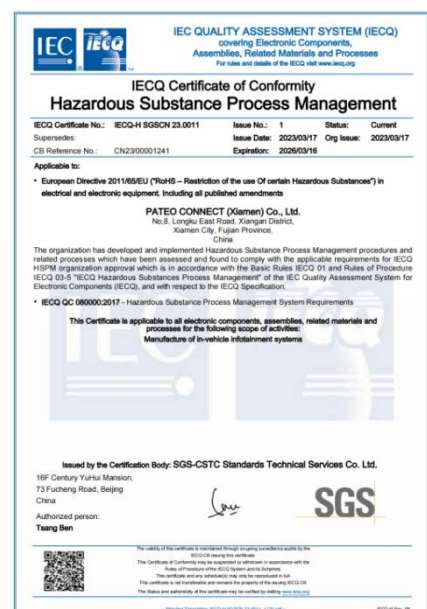
Furthermore, we understand employee needs through channels such as employee exchange meetings and employee representative congresses. By considering industry development trends, we timely adjust the content of employee training to support individual growth and promote the mutual advancement of employees and the Company.

Product Quality Management

Guided by the quality policy “Quality is Life, Innovation is Foundation,” the Company strictly complies with the requirements of laws, regulations, and industry standards in its operating locations, including the Product Quality Law of the People’s Republic of China, and has established a rigorous quality management system. We systematically carry out quality management work through internal systems such as the “Quality Manual,” “Quality System Audit Procedure,” “Product Manufacturing Process Development Control Procedure,” “ESD Protection Management and Technical Specifications,” “Product Safety Management Procedure,” “Hazardous Substance Management Manual,” and “Management Review Procedure,” providing customers with safe and intelligent products and services. Leveraging its comprehensive management systems and continuous improvement efforts, the Company has obtained ISO 9001, QC 080000, ANSI. ESDS. 20.20, and IATF 16949 certifications.



ESD Certification



QC080000 Certification



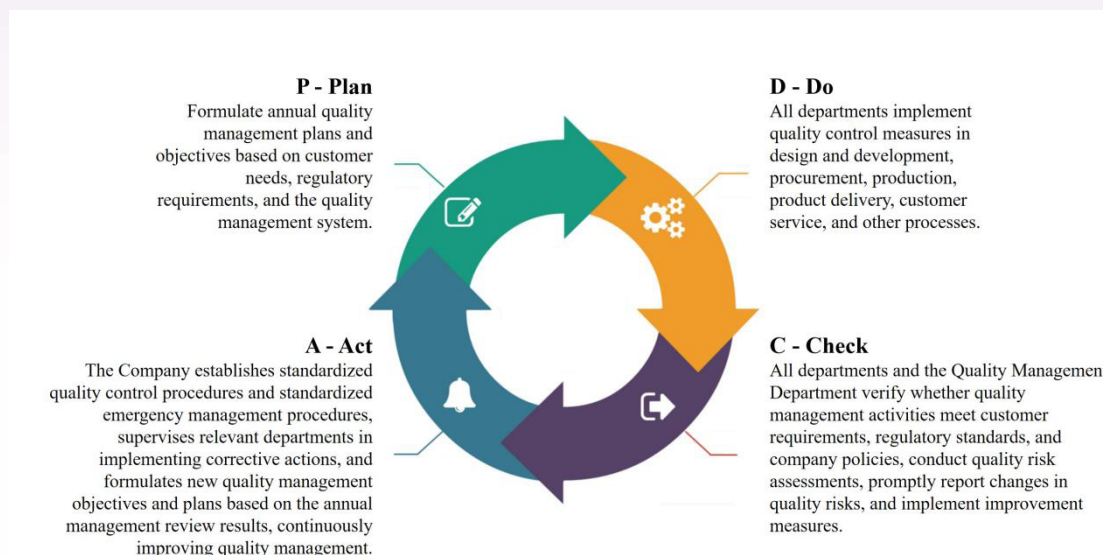
IATF 16949 Certification



ISO9001 Certification

The Company's General Manager is responsible for establishing, implementing, and continuously improving the quality management system, formulating the quality management policy, and breaking down quality objectives and process indicators for each functional department. We have established a comprehensive quality management system covering customer-oriented processes, management processes, and support processes for various in-vehicle infotainment systems. Focusing on customer needs and regulatory requirements, and using a process approach as the core framework, the Company decomposes quality responsibilities and objectives from management to each department, team, and individual, incorporating the PDCA cycle and risk prevention principles. The General Manager revises the annual quality management objectives and plans through annual management reviews, promoting continuous improvement in quality management.

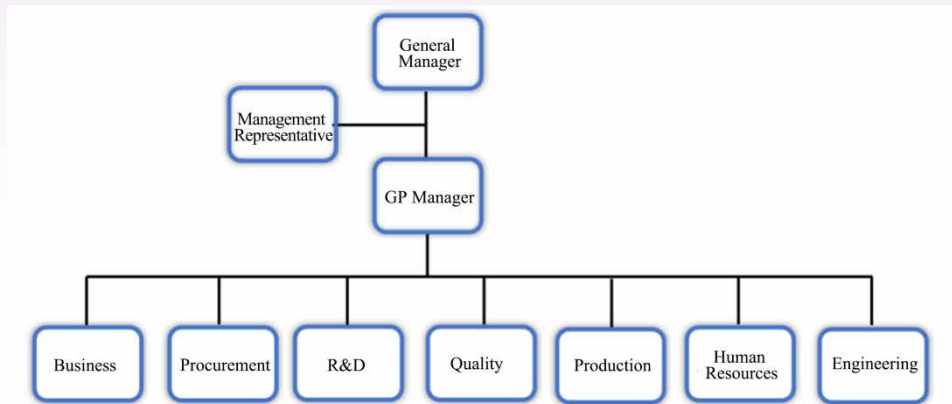
PDCA Procedure for Quality Management



Based on product characteristics, we have formulated the “ESD Protection Management and Technical Specifications” to reduce or eliminate damage to electronic products caused by electrostatic discharge, and ensure product quality. We equip operators with work clothes and anti-static shoes that meet anti-static technical requirements. In work areas, we install anti-static flooring, anti-static mats, anti-static table mats, anti-static shelves, and other facilities. In accordance with internal regulations, including the “ESD Protection Facilities Daily Inspection Guidelines,” “Qualification Inspection Specification for Anti-static Facilities and Supplies,” and “Specification for Use of Personal Anti-static Products and Inspection Before Entering EPA,” we implement conformity control measures for ESD equipment and facilities. Inspections are carried out at two critical points: sample confirmation before procurement and inspection before warehousing. We routinely monitor the humidity of the working environment and promptly address anomalies to ensure the effectiveness of ESD measures. Furthermore, we provide annual anti-static technical training for employees in relevant positions. The training content includes identification of sensitive components, operating procedures for ESD control measures, etc., continuously enhancing employees’ technical and management capabilities.

Simultaneously, we place high importance on product safety and customer health and safety. Guided by the green product philosophy of “green safety, clean efficiency, low carbon, and circular economy,” we have formulated and implemented the “Hazardous Substance Management Control Procedure.” We have established a management structure with the General Manager serving as the highest responsible person, integrating the responsibility for hazardous substance management into the daily work of departments such as business, R&D, procurement, quality, production, engineering, and human resources.

The Company's Hazardous Substance Management Structure



The Company conducts hazardous substance reviews during the product development phase and implements substitution plans for hazardous substances, to minimize the risks posed by such substances at source. In the procurement stage, we inspect and test raw and auxiliary materials according to the “Hazardous Substance Incoming Inspection Specification.” During production, we conduct process analysis and implement preventive measures for processes where hazardous substances may be present or potentially introduced. We assign a unique number to each product to facilitate traceability management. The Quality Management department is responsible for the measurement and analysis of hazardous substances, setting up inspection points for key processes in production, conducting testing and inspections on finished products. Only products that pass inspection are allowed to proceed to the delivery stage.

Non-conforming products identified during procurement, production, and finished product inspection are strictly handled in accordance with the “Non-conforming Product Control Procedure.” The Quality Management department issues a “Corrective Action Request” based on the type of non-conforming products and identifies the responsible department. The responsible department is tasked with analyzing the cause of the non-conformity, evaluating the need for measures to prevent recurrence, and implementing corrective actions if necessary. Dedicated personnel track, evaluate, and record the implementation of corrective actions, forming a closed-loop management system. The Company conducts an annual internal audit of the hazardous substance management system, develops improvement plans, and establishes management objectives to reduce the negative impact of hazardous substances, ensuring the effectiveness of the hazardous substance management system.

In 2025, the Company had no significant incidents of product quality non-compliance and incurred no fines.

High-Quality Service

We adhere to a customer-first philosophy, leveraging our 3I DNA — Insight, Innovation, and Integration — to continuously provide customers with products and services of premium quality, excellence, and intelligence innovation. We have established systems such as the “Customer Returned Product Handling Procedure,” “Customer Complaint Management Procedure,” and “Customer Satisfaction Survey Procedure” to promptly respond to customer complaints and feedback, and to improve product quality and service methods based on customer needs.

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The Company conducts annual customer satisfaction surveys. The Business Department distributes the “Customer Satisfaction Survey Questionnaire” to customers, using questionnaires to gather information on customer needs and satisfaction levels. The conclusions from the customer satisfaction analysis serve as a key reference for the annual quality management review. Based on data such as customer complaint rates, customer satisfaction levels, customer feedback suggestions, and sales figures, we identify areas for improvement in product quality and customer service, formulate optimization plans, and continuously enhance service quality.

With high quality customer service and strict quality management, we have received accolades such as the “Best Partner Award” from Dongfeng Yipai, and recognition as “Excellent Supply Assurance Partner” and “Supplier Quality Excellence Business Partner” at the VOYAH Partner Conference.



“Best Partner Award” from Dongfeng Yipai “Excellent Supply Assurance Partner” and “Supplier Quality Excellence Business Partner” from VOYAH

Supplier ESG Management

The Company has established standardized and transparent supplier development and qualification management processes. Supplier development is initiated by a request from the demand department. The Strategic Procurement department is responsible for collecting basic supplier information and conducting preliminary qualification assessments, creating the “Supplier Capability Survey Form.” After completing the preliminary document review, a joint on-site audit is organized involving relevant functional departments such as SQE, Strategic Procurement, R&D, and Finance. This audit comprehensively evaluates suppliers from multiple dimensions, including the quality management system, hazardous substance control capability, and financial risk. Upon passing the audit, the Strategic Procurement Department initiates the admission approval process in the OA system. After step-by-step review and confirmation by the heads of relevant departments, qualified suppliers are officially added to the supplier list. Through multi-departmental collaborative audits and a tiered approval mechanism, the Company effectively ensures the compliance, professionalism, and sustainability of supplier admission, enhancing the overall risk management level of the supply chain. In 2025, the Company had a total of 338 major suppliers.

When selecting suppliers, the Company considers their performance in social responsibility and environmental management, evaluating whether suppliers prioritize the use of environmentally friendly materials and whether they have obtained relevant system certifications. When screening qualified suppliers and conducting due diligence and supplier onboarding, PATEO requires suppliers to sign the “Environmental Compliance Declaration,” “Environmental Protection Guarantee Agreement,” “Supplier Development Procedure,” “Supplier Labor Protection Commitment Letter,” and “Supplier Environment, Occupational Health and Safety (EHS) Commitment Letter.” The “Environmental Compliance Declaration” and “Environmental Protection Guarantee Agreement” explicitly require suppliers to restrict and manage hazardous substances, reduce the content of hazardous substances in products, and ensure products comply with the “Measures for the Administration of the Restriction of Hazardous Substances in Electrical and Electronic Products” (China RoHS), the RoHS Directive, and the REACH Directive.

The “Supplier Environment, Occupational Health and Safety (EHS) Commitment Letter” explicitly requires suppliers to support green production, protect the environment, and ensure employee safety and health. Specifically, we require suppliers to commit to the following:

- Ensure the identification and control of pollutants that, if released into the environment, could create hazards, ensuring their proper disposal, and conduct regular monitoring to meet legal and regulatory requirements. Strictly comply with applicable laws and regulations, prohibiting the illegal discharge of wastewater, waste gas, waste residues, and other pollutants.
- Ensure the adoption of systematic methods to prevent the illegal discharge and leakage of substances into drainage channels.
- Ensure active pursuit of improvements in energy efficiency and the minimization of energy consumption and GHG emissions.
- Commit to resource conservation during service delivery, avoid environmental damage, and ensure environmental protection.
- Ensure the safety and health of workers, provide safe and healthy working and living facilities, effectively monitor high-risk operations and machinery/equipment, prevent workplace injuries, and prevent occupational poisoning or diseases.
- Ensure the proper management of flammable and explosive materials, effective control of ignition sources, regular maintenance of firefighting equipment and evacuation routes, effective control of fire risks, and prevention of fire and explosion accidents.
- Ensure the control of potential safety hazards that employees may encounter through proper design, engineering and management controls, preventive maintenance and safe work processes, and continuous safety training.
- Ensure effective identification, assessment, and control of impacts on workers from chemical, biological, and physical factors, employing engineering plans or management controls to manage overexposure to hazards. When these methods cannot effectively control hazards, promptly protect employee health through appropriate personal protective equipment programs.

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- Ensure the conduct of safety hazard assessments for production equipment and other machinery, providing physical guards, barriers, or interlocking devices for machinery that could cause employee injury, and ensuring their proper maintenance.
- Ensure the provision of clean restroom facilities and drinking water for employees.
- Ensure the provision of appropriate workplace health and safety training to employees in their primary language, and clearly post health and safety-related information in the workplace.
- Ensure effective identification and assessment of emergency situations and events, minimizing their impact through the implementation of emergency plans and response procedures.

The “Supplier Labor Protection Commitment Letter” requires suppliers to respect human rights and safeguard employees’ legitimate rights and interests, as follows:

- Prohibition of Child Labor: Ensure the elimination of child labor, and not to employ any person below the minimum legal employment age. Guarantee that minor employees under 18 years of age are not engaged in hazardous work.
- Prohibition of Forced Labor: Ensure the elimination of forced labor. Ensure the prohibition of withholding or retaining any employees’ identification documents.
- Respect the Rights to Freedom of Association and Collective Bargaining According to Law: Ensure that employees’ right to join or not join trade unions or similar representative bodies is respected in accordance with the law, and respect employees’ rights to collective bargaining.
- Prohibition of Discrimination, including but not limited to: race, color, age, gender, pregnancy, language, ethnicity, disability, religion, political affiliation, membership in associations, trade union membership, nationality, medical condition, social origin, social or marital status, and association membership.
- Statutory Minimum Wage Standards: Ensure that all employees (including interns, dispatched workers, and temporary staff) receive their agreed wages on time, and that these wages are not lower than the statutory minimum wage standards stipulated by local laws.
- Working Hours: Ensure that employees’ working hours are not excessive, at least complying with the laws and regulations of the country or region where the business is located.

Innovation, R&D and Intellectual Property Protection

The Company's long-term success in the highly competitive intelligent automotive industry depends on its ability to continuously develop and commercialize innovative products and solutions. PATEO remains firmly committed to investing substantial resources in R&D. We have established multiple R&D centers across China, including in Nanjing, Shenzhen, Dalian, Shenyang, Changchun, and Wuhan. These locations enable close collaboration with original equipment manufacturers (OEMs) in different regions while attracting top-tier R&D talent nationwide. Our current R&D efforts focus on core technologies in intelligent cockpit software and hardware, as well as cloud-based service solutions. We actively leverage artificial intelligence (AI) technologies, including generative AI, to optimize coding processes by providing real-time recommendations, improving code accuracy, and enhancing overall R&D efficiency. As of 31 December 2025, our R&D team comprised 709 professionals, representing 33.7% of our total workforce, of whom 86.7% hold a bachelor's degree or higher.

In terms of innovation practices and industry collaboration, PATEO actively participates in industry exchanges and works with upstream and downstream partners to promote the sustainable development of the automotive industry. Under the guidance of the Shanghai Federation of Industry and Commerce and other industry organizations, we co-founded the Yangtze River Delta Intelligent Automotive Components Industry Alliance with more than 20 enterprises. The Alliance aims to integrate regional resources, establish collaboration platforms, and promote the intelligent transformation and competitiveness of the automotive industry. On April 25, 2025, the Alliance organized several industry events, including a symposium on integrated intelligent automotive hardware and software, bringing together nearly 30 industry experts and representatives to discuss the development trends of intelligent components and jointly explore industrial opportunities for coordinated development. In July, the Alliance, in collaboration with the Integrated Circuit Industry Chain Party Organization of Nanjing Jiangbei New Area, jointly organized the event themed "Red Engine Leadership: AI Empowerment for Automotive Electronics Industry Development." Leveraging organizational collaboration as a key enabler, the event brought together diverse resources and stakeholders to promote the high-quality development of the automotive electronics industry chain.

Intellectual property forms a cornerstone of the Company's business strategy and is critical to safeguarding future commercial success. PATEO places strong emphasis on the protection and management of its intellectual property to secure its innovative technologies, inventions, and expertise.

PATEO has become a key intellectual property contributor in the industry. In 2023, the Company was recognized as a "National Intellectual Property Model Enterprise" by the China National Intellectual Property Administration. In the same year, two proprietary technological innovations related to intelligent cockpit and intelligent connectivity solutions were recognized by the National New Energy Vehicle Technology Innovation Center (NEVC) as reaching internationally advanced levels. In 2025, the Company was selected as a candidate for the inaugural "National Intellectual Property Demonstration Enterprise" program, recognized as an advanced-level intelligent factory in Fujian Province, and achieved Level 3 certification under the CMMM Smart Manufacturing Capability Maturity. As of 31 December 2025, the Company had obtained 1,909 authorized patents, including 1,039 invention patents.



CMMM Smart Manufacturing Capability Maturity Level 3 Certification

Information Security and Customer Privacy Protection

Customer Privacy Protection

The Company strictly complies with applicable laws, regulations, and industry standards, including the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Interim Provisions on the Radio Regulation of Automotive Radar. We have formulated and improved relevant institutional documents, including the "Data Security Management System," the "Personal Privacy Information Management System," and the "Data Classification and Grading Management System," to standardize the processes of collecting, storing, and using personal information, while identifying, assessing, and managing risks related to personal information data processing and reducing the risk of data leakage or unauthorized use of data.

User consent is obtained prior to data collection, and all collection activities are conducted in accordance with applicable regulations. During the collection and processing stages, we strictly implement de-identification and data masking measures to safeguard personal information. For example, while our in-vehicle user interface may collect users' phone numbers for account creation, such information is subsequently replaced with user IDs during processing to minimize the risk of privacy leakage and strengthen data protection practices.

Data Usage and Protection

Data usage within the Company is governed by stringent policies and procedures to ensure regulatory compliance and the protection of personal privacy. We have established an information security management system aligned with international standards and have obtained certifications including IATF 16949 (Automotive Quality Management System), ISO 21434 (Road vehicles — Cybersecurity engineering), ISO/IEC 27001 (Information Security Management Systems), and ISO/IEC 27701 (Privacy Information Management Systems). Through a robust internal approval system, we enforce strict access controls over confidential and important data.

From a governance perspective, we conduct data processing activities in China in accordance with applicable laws and regulations and have implemented comprehensive internal policies, including data security management policies, data classification and grading policies, and personal information protection policies. These measures aim to prevent illegal and/or unauthorized data transmission.

Regarding data collection and usage practices, we adopt encryption technologies at both software and hardware levels to protect data transmission and storage. Data protection measures are applied based on classification levels to ensure data integrity and confidentiality. Employees are granted access only upon approval from authorized personnel and solely to data that is directly relevant and necessary for the performance of their duties, and this access is limited to defined purposes. The Company closely monitors access frequency and usage to ensure compliance with internal data protection protocols. In addition, we have implemented stringent physical access control measures to protect critical data assets. Enhanced security controls are applied to areas where sensitive data is stored, including restricted access to server rooms and related facilities, as well as the implementation of entry control systems and surveillance measures. These practices effectively mitigate risks related to data security and cybersecurity.

Regarding data storage management, we actively utilize advanced technologies to establish a full lifecycle data management framework, covering data input to destruction. User data is encrypted during storage, and we adopt a combination of full and incremental backups to ensure data integrity. Routine backups and periodic maintenance further reduce potential data security risks and enhance operational stability.

As of 31 December 2025, the Company reported no material data breaches or personal information leakage incidents, and no cases of data misuse in violation of individual rights.

Data Security Awareness

The Company requires all employees to sign confidentiality agreements, which impose legal obligations not to disclose, disseminate, or sell confidential information to any third party, including colleagues who are not authorized to access such information. Upon termination of employment, employees must return all confidential materials and continue to be bound by their confidentiality obligations thereafter. Any breach of confidentiality requirements or misconduct resulting in the unauthorized disclosure of confidential information will result in the Company pursuing liability in accordance with applicable laws, regulations, and internal policies. This may include requiring compensation for economic losses, termination of employment contracts, and, where applicable, referral to judicial authorities for further legal action. PATEO places strong emphasis on employee training to enhance compliance with data security policies and to reinforce the importance of responsible data usage. Authorized employees are required to undergo data privacy training and are obligated to promptly report any potential data breaches to the Company.

As of 31 December 2025, the Company had not been subject to any claims or penalties related to unauthorized use and/or transfer of personal data, and no material adverse impact on business operations, financial position, or operating results was identified.

Community Investment

The Company places strong emphasis on fostering harmonious development with local communities and actively participates in charitable and public welfare initiatives. Our community investment efforts focus on areas such as education support, disaster relief, and science and technology education. In 2025, the Company donated RMB36,000 to the Shanghai Charity Foundation in support of the “Hand in Hand” student assistance programme. In addition, we provided donations of musical instruments, including drum and bugle sets, to primary schools in Maguan County, demonstrating our commitment to advancing education and supporting youth development. Looking ahead, we will continue to respond to community needs and contribute to social well-being through diverse community engagement and philanthropic initiatives.

Appendix

ESG Performance

Environmental Performance

Key Indicators		Unit	2023	2024	2025
Waste Gas Emissions	Non-methane total hydrocarbon	ton	0.37	0.14	0.35
GHG Emissions	Scope 1 GHG Emissions	tonnes of CO ₂ equivalents	8.92	14.78	6.34
	Fossil Fuel Emission	tonnes of CO ₂ equivalents	8.86	14.52	6.33
	Vehicle emissions of methane and nitrous oxide carbon dioxide	tonnes of CO ₂ equivalents	0.07	0.26	0.02
	Scope 2 GHG Emissions	tonnes of CO ₂ equivalents	2,394.30	3,513.62	4,966.62
	Scope 1&2 GHG Emissions	tonnes of CO ₂ equivalents	2,403.22	3,528.4	4,972.97
Hazardous Waste	Total Hazardous Waste	ton	6.84	25.42	33.54
Energy Consumption	Electricity Consumption	kWh	4,300,099.00	7,364,135.20	11,734,371.25
Water Consumption	Tap Water	ton	10,703.00	19,941.00	46,454.00

- The environmental performance data disclosed in this report only covers the company's core production bases and does not cover all subsidiaries.
- Due to rounding to two decimal places, minor discrepancies may exist between the sum of individual items and the disclosed totals of Scope 1 and Scope 2 Emissions; the disclosed totals shall prevail. The Company's Xiamen factory completed its expansion in 2024, and the Liuzhou factory commenced production in 2025; consequently, total GHG emissions have increased.
- The Company's GHG emission calculation methods and emission factors are based on the following standards:
 - Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)
 - Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Electronic Equipment Manufacturers (Trial)
 - ISO 14064-1: 2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
 - Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting for Land Transport Enterprises (Trial)
 - 2021 Power Carbon Dioxide Emission Factors, 2022 Power Carbon Dioxide Emission Factors, 2023 Power Carbon Dioxide Emission Factors by Ministry of Ecology and Environment
 - Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules published by the Hong Kong Stock Exchange.
- The company's water consumption mainly comes from office and employee living water use; the production process does not involve large amounts of industrial water use due to the nature of its business.
- The Company's hazardous waste mainly consists of waste circuit boards, with smaller quantities of waste activated carbon, waste organic solvents, contaminated waste, circuit board cutting powder, and other hazardous waste.
- The Company's principal business is to provide intelligent cockpit solutions to customers. Our production processes do not involve substantial consumption of industrial water, discharge of industrial wastewater, or use of packaging materials. Hence, water intensity, wastewater discharge volume, and packaging material usage are not disclosed.

Social Performance

Key Indicators		Unit	2023	2024	2025
Total workforce by gender and employment type					
Total employees		person	1,695	2,155	2,119
By gender	Male	person	1,024	1,342	1,358
	Female	person	671	813	761
	Percentage of female employees	%	40	38	36
By employment type	Full-time	person	1,682	2,145	2,115
	Part-time/Re-employment of retirees	person	13	10	4
Gender, age, and regional distribution of employee voluntary turnover rate					
Total Turnover Rate		%	/	/	6.70
By gender	Male	%	/	/	5.76
	Female	%	/	/	8.34
By age	Below 30	%	/	/	5.21
	30 ≤ Y < 50	%	/	/	7.14
	51 or above	%	/	/	9.43
By location	Shanghai	%	/	/	7.51
	Rest of China	%	/	/	6.50
Employee training coverage rate by gender and employee category					
By gender	Male	%	/	/	35.59
	Female	%	/	/	26.52
By employee category	Senior management	%	/	/	50.00
	Middle management	%	/	/	29.21
	General staff	%	/	/	29.97
Average training hours by gender and employee category					
By gender	Male	hour	/	/	9.35
	Female	hour	/	/	9.50
By employee category	Senior management	hour	/	/	10.07
	Middle management	hour	/	/	10.92
	General staff	hour	/	/	9.91
Safety and Occupational Health	Number of work-related fatalities	person	0	0	0
Supplier ESG Management	Total Number of Major Suppliers	no. of supplier	/	/	338

1. The total number of employees is as of the end of the year.
2. Total number of employees includes full-time, part-time employees and re-employment of retirees, excluding interns.
3. The employee turnover rate is calculated as follows: Number of employees who left during the year/(Number of employees who left during the year + Total number of full-time employees at the end of the period).
4. As the company's training management system is officially launched in early 2025 and the relevant human resources data is integrated online by mid-2025, the employee turnover rate and training hours for 2023 and 2024 are not be disclosed, as well as the data on lost workdays due to work-related injuries over the past three years.

HKEX ESG Reporting Code Content Index

Aspects and Areas	Summary of Disclosure	Report Section
Governance Structure	Board oversight of environmental, social and governance issues	ESG Governance
Reporting Principles	The Report has been prepared in accordance with the principles of materiality, quantitative, balance, and consistency	About This Report
Reporting Boundary	Explanation of reporting boundaries	About This Report
A Environmental	A1: Emissions	Protect the Environment — Pollution Control and Resource Protection
	A2: Use of Resources	Protect the Environment — Pollution Control and Resource Protection
	A3: The Environment and Natural Resources	Protect the Environment — Environmental Sustainability
		Protect the Environment — Pollution Control and Resource Protection
B Social — Employment and Labour Practices	B1: Employment	Social Responsibility Practices — Employee Management and Labor Practices
	B2: Health and Safety	Social Responsibility Practices — Workplace Safety and Occupational Health
	B3: Development and Training	Social Responsibility Practices — Employee Training and Development
	B4: Labour Standards	Social Responsibility Practices — Employee Management and Labor Practices
B Social — Operating Practices	B5: Supply Chain Management	Social Responsibility Practices — Supplier ESG Management
	B6: Product Responsibility	Social Responsibility Practices — Product Quality Management
	B7: Anti-corruption	Social Responsibility Practices — Innovation, R&D and Intellectual Property Protection ESG Governance — Business Ethics
B Social — Community	B8: Community Investment	Social Responsibility Practices — Community Investment
D Climate-related Disclosures	(I) Governance	Protect the Environment — Climate Change Management
	(II) Strategy	Protect the Environment — Climate Change Management
	(III) Risk Management	Protect the Environment — Climate Change Management
	(IV) Metrics and Targets	Protect the Environment — Climate Change Management