



ZHONGTONG BUS HOLDING CO.,LTD SUSTAINABILITY REPORT 2024



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About the Report

This report is the first Sustainability Report/ESG report issued by Zhongtong Bus Holding Co., Ltd. in line with the principles of objectivity, standardization, transparency and comprehensiveness. It details the company's management system, specific measures, key practices, highlights cases and key performance in actively undertaking social responsibility and promoting sustainable development in 2024. It aims to respond to the expectations and demands of stakeholders and better fulfill social responsibility in the future.

Time Range

This report covers the period from 1st January 2024 to 31st December 2024. In order to enhance the comparative and forward-looking nature of this report, some data and content are appropriately traced back to the previous years.

Scope of Report

This report takes Zhongtong Bus Holding Co., Ltd. as the main body, including subordinate subsidiaries. Unless otherwise specified, the scope of this report is consistent with the scope of the Company's annual report.

Preparation Basis

This report is based on the Shenzhen Stock Exchange Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report, Guidelines for Corporate Social Responsibility Reports of Chinese Enterprises (CAS5-ESG 6.0), Reporting (GRI Standards) by Global Reporting Initiative and United Nations Sustainable Development Goals (UN SDGs 2030).

Title of the Report

Zhongtong Bus Co., Ltd, Zhongtong Bus, We, the company, company	refer to	Zhongtong Bus Holding Co.,Ltd.
Shandong Heavy Industry Group, group company, group	refer to	Shandong heavy industry group Co., Ltd.

Data Source and Reliability Assurance

All the information and data cited in this report come from the internal documents or relevant public information of Zhongtong Bus. Zhongtong Bus ensures that there are no false records, misleading statements or major omissions in the content of this report.

Access to Reporting

You can obtain the digital version of this report through the following website:

<https://www.zhongtong.com/>

<http://www.cninfo.com.cn/>

If you have any questions or feedback on this report, please contact us:

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Chairman's Statement

An Inclusive World and Green New Journey

Embarking on a New Path Towards Sustainability

Looking back at 2024, opportunities and challenges coexisted, and glory and encouragement went hand in hand. In the face of the fierce global competition, Zhongtong Bus progressed and marched firmly on the road of high-quality development. Through quality optimization and improvement, customized service solutions, etc., we quickly integrated into the global market, benefited more and wider users, and effectively enhanced the popularity of Zhongtong brand in overseas markets. At the same time, we are committed to promoting the green rise of the global transportation industry with the leading technology and the reliable supply chain, and continue to inject new impetus into the development of global passenger transportation.

Strengthen scientific and technological innovation and enhance the core competitiveness of enterprises.

Amidst changes unseen in a century, Zhongtong Bus has embraced the wave of electrification and smart technologies, showcasing remarkable brand resilience and vitality through its high-quality innovation. In 2024, Zhongtong Bus completed the development and expansion of its H-Series tourist coaches ranging from 8 to 13 meters, reinforcing the industry-leading advantages in high reliability and low energy consumption. At the same time, we completed the development of 12-meter bus with intelligent driving assistance functions, and advanced the national "vehicle-road-cloud integrated system" pilot program for smart connected vehicles. Additionally, new ADAS features such as Forward Start Warning (FSW), Forward Emergency Braking (FEB), and Reverse Emergency Braking (REB) were developed and implemented in H-Series models, significantly enhancing safety performance.

Show on the international stage, in response to the national strategy of "Going Global". From followers to leaders, Zhongtong Bus has continuously cultivated overseas markets and actively explored the globalization path of "intelligent manufacturing in China". In 2024, we continued to expand our global layout. From Asia, Africa, and Latin America to Europe, the road of "going global" will become more and more stable and wider. Zhongtong Bus has completed the development of the Internet of Vehicles platform and deployed it on-line in Europe, providing networking technical support for the European regional market. In addition, Zhongtong Bus held two global partner summits in Jakarta and Mexico, and showed its innovations at premier exhibitions in Germany and Singapore, elevating its international brand influence.

Empower low-carbon transformation and build a new picture of green transportation. Zhongtong Bus has long championed sustainable development, empowering the high-quality advancement of the bus industry through green products and cutting-edge technologies. As green and low-carbon principles gain global consensus, Zhongtong Bus pioneers as a sustainability frontrunner, advancing a new paradigm of intelligent and eco-conscious mobility. In 2024, the H13E pure electric intercity bus debuted in Europe, and the N12D double-layer electric bus was officially listed in Singapore. Zhongtong Bus successfully provided a "Chinese solution" for the global green passenger transport market.

Focus on customer needs and provide customized product services.

As the times continue to progress, new modes of transportation and service models are constantly emerging. Meanwhile, the needs of passengers are increasingly showing a trend toward diversification and personalization. Staying true to its mission, Zhongtong Bus remains committed to delivering premium products and thoughtful services for the global industry and users. In 2024, Zhongtong's H-series high-end customized tour buses successively traveled to tourist cities and famous scenic spots such as Lijiang, Hulunbuir, Hengshan, and Tianshan to meet the growing demand for premium and customized travel services among tourists.

Play the leading role in the supply chain to create an efficient supply chain system. Confronted with the complex and volatile industry situation, Zhongtong Bus, as a "chain leader" enterprise, has been committed to integrating the upstream and downstream industrial chains, continuously increasing R&D investment, and optimizing product performance to ensure the steady enhancement of product competitiveness. In 2024, through close collaboration with suppliers and partners, Zhongtong Bus reinforced its supply chain resilience and seized opportunities, achieving a 10% rise in premium supplier engagement. This elevated ecosystem now delivers heightened value to customers worldwide.

Looking ahead to 2025, Zhongtong Bus will anchor its annual agenda in the vision of "strengthening excellence and ascending to premiumization", propelling high-quality growth to new heights and achieving transformative breakthroughs. Through innovative reforms and transformative actions, we pledge to serve national strategies, promote industry growth, live up to shareholders' expectations, and reward employees' dedication, making new and greater contributions to writing a new chapter of high-quality and sustainable development!



Mr. Wang Xingfu, Chairman of Zhongtong Bus

ESG Highlights

Energy Saving and Emission Reduction

Deepen the conversion of old and new kinetic energy, systematically build a full - industry - chain green manufacturing system, phase - by - phase implement a plan to replace high - energy - consuming equipment, and effectively reduce carbon emissions through technological innovation and iterative upgrades.

- The average electricity consumption per vehicle in production has decreased compared to the same period:

11.77%

- The average CO₂ emission reduction per vehicle in production:

4,100 tons of CO₂e

- The average gas consumption per vehicle in production has decreased compared to the same period:

7.36%

- Reduce CO₂ emissions through equipment retrofitting in welding and painting processes:

225 tons of CO₂e

Win Together

Join hands with a wide range of suppliers and partners to seize opportunities and jointly build a "community with a shared future." Through the leading role of the "chain leader" and the momentum of the industrial chain, collaborate with upstream and downstream partners to improve quality and efficiency and implement the concept of green development.

- The proportion of suppliers certified with the OHSAS 18001/ISO 45001 system:

85%

- The proportion of suppliers certified with the IATF 16949 system:

93%

- The proportion of direct suppliers that have signed 'Supplier Code of Conduct':

92%

Quality Service

Adhering to the value - oriented principle that "customer satisfaction is our goal," and with the aim of "carrying care and achieving value," we provide high - quality services that exceed customer expectations to maximize customer value. We persist in the service philosophy of "customer - first and quick response" to ensure that our vehicles deliver their maximum value.

- Customer complaint handling rate:

100%

- Won 'The most trusted group bus ' [H11]
- Won 'Customized Tourist Bus Star '
- Won ' Emirate Star '

Technical Breakthrough

Continuous research and development as well as innovation have led to remarkable breakthroughs in multiple fields such as power systems, body design, and energy - saving technologies, providing strong support for the sustainable development of the transportation industry.

- New Patent Proposals:

122 Items

- New patents increased year-on-year:

8.93%

- National, industry, and group standards participated in the formulation and release in 2024:

10 Items

Employee Growth

Adhering to the core concept of "people - oriented", we improve employee benefits and satisfaction, create a comprehensive training and development mechanism as well as broad career - development space, help every employee achieve continuous growth and development, and inspire their innovative spirit and creativity.

- Employees assisted in difficulty:

60 people

- Promote employee subsidy re-education :

More than 30 people

Green Product

Advocating the concept of sustainable development, the company insists on empowering the high - quality development of the bus industry with green products and cutting - edge technologies. Zhongtong Bus takes the lead as a "green pioneer", helps create a better travel - oriented new lifestyle, and provides a "Chinese solution" for the global green - transportation passenger market.

- The energy consumption of H9 vehicle model is reduced year-on-year:

8.26%

(5.7 % lower than the industry 's outstanding competing products with the same configuration of the same model)

- The energy consumption of H11E vehicle model is reduced year-on-year :

5.5%

(4.9 % lower than the industry 's outstanding competing products with the same configuration of the same model)

- The energy consumption of H12E vehicle model is reduced year-on-year :

12%

(6.7 % lower than the industry 's outstanding competing products with the same configuration of the same model)



Zhongtong Bus Holding Co., Ltd.

Sustainable Development Report 2024

01

About us

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Company Profile

Zhongtong Bus Co., Ltd. was established in 1958 and started formal specialized production of buses in 1971. The company successfully went public on the Shenzhen Stock Exchange in 2000 and is one of the earliest bus manufacturing and bus-listed companies in China. Zhongtong Bus's industrial park covers a building area of 471,000 square meters and has an annual production capacity of 30,000 large, medium, and light-duty buses.

To date, Zhongtong Bus has cumulatively produced and sold over 300,000 buses, including more than 100,000 new energy buses, which are now in operation in over 100 countries and regions worldwide. Currently, with the continuous expansion of overseas markets, Zhongtong Bus's overseas market share keeps increasing, and it has emerged as one of the representative brands in the global bus industry.

Over the years, Zhongtong Bus has relied on multiple innovation platforms, including the National Recognized Technology Center, a postdoctoral scientific research workstation, a national recognized enterprise laboratory, a national industrial design center, and an academician workstation. In collaboration with well-known domestic universities and scientific research institutions, the company has been committed to researching bus safety, energy efficiency, and new energy bus technology.

Zhongtong Bus has now obtained more than 700 authorized patents, participated in the formulation of dozens of national standards, and undertaken 19 national and provincial key research and development projects, including the national "863" project, the National New Energy Vehicle Innovation Project, and the National Key R&D Project. These efforts have driven industrial progress and earned the company over 100 authoritative honors, such as the National Science and Technology Progress Award, the National Quality Benchmark, the Shandong Province Science and Technology Progress First Prize, and the Shandong Province Governor's Quality Award.

Zhongtong Bus adheres to customer-orientated approach, meeting market demands with a diverse product range, which covers six major series and more than 140 varieties, spanning various niche markets, including highway buses, public transport, tourism buses, group travel, high-end business vehicles, school buses, logistics vehicles, and special-purpose vehicles, with lengths ranging from 5.5 to 27 meters. These products possess strong market competitiveness.

Annual vehicles production	11643 vehicles
Annual vehicles sold	11409 vehicles
Annual revenue	57.34 million yuan
Revenue growth rate	35.11 %
Total profit	2.69 million yuan
Total profit growth rate	156.85 %
Net profit attributable to shareholders of the parent company	2.49 million yuan
Growth rate of net profit attributable to shareholders of the parent company	258.12 %
Weighted average return on equity	8.47 %



Market Layout

Domestic



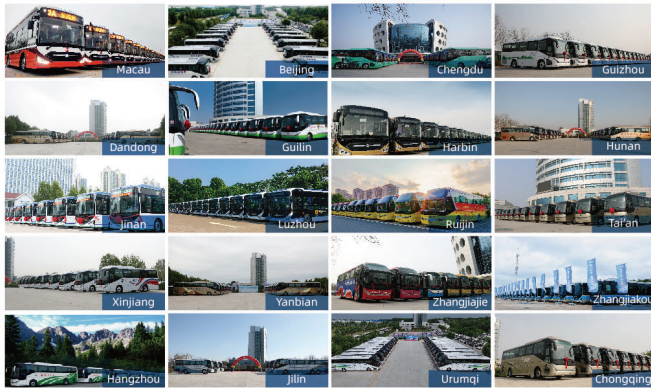
10
Service offices

758
Professional service outlets

18
Spare parts centers

80+
Spare parts dealers

Domestic Market Case



International



8
Service regions

126
Professional service outlets

24
Spare parts centers

80+
Spare parts dealers

International Market Case



Product Positioning

01 Travel Group Passenger Solutions

8-14 meters
H Series
For tourist groups, trunk line transportation, and shuttle services.



12 meters
H12 Plus Series
For high-end business travel, trunk line transportation, and airport buses.



12-13 meters
Shijia Series
For tour buses and trunk line transportation



8 meters
Shiteng Series
For tour buses, group shuttles, intercity buses, and passenger-cargo-postal services



02 Green Public Transport Solutions

7-12 meters
N Series
For main urban trunk lines and feeder bus routes



12 meters
N Series Double-Decker Buses
For urban sightseeing buses and main trunk lines



6-8 meters
Z Series
For urban buses, subway shuttles, and scenic area shuttles



6-7.5 meters
V Series
For subway shuttles, high-speed rail lines, and tourist reception



18-27 meters
N Series BRT
For urban rapid transit buses



03 Intelligent Transportation Solutions

5-12 meters
Intelligent Driving Assistance System Buses
For industrial parks, tourist attractions, characteristic towns, and customized routes.



04 Business and Passenger Vehicle Solutions

5 meters
VAN Series
For customized passenger transport, high-end business use, and official commercial vehicles.

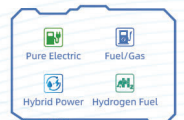


6-7 meters
L Series
For business travel, commuting, and shuttle services



05 Safe School Bus solutions

5-10 meters
School Buses
For kindergarten and primary/secondary school students' exclusive use.



06 Special-Purpose Vehicle Solutions

5-13 meters
Medical Vehicle Series
For CT vehicles, blood collection vehicles, and ambulances



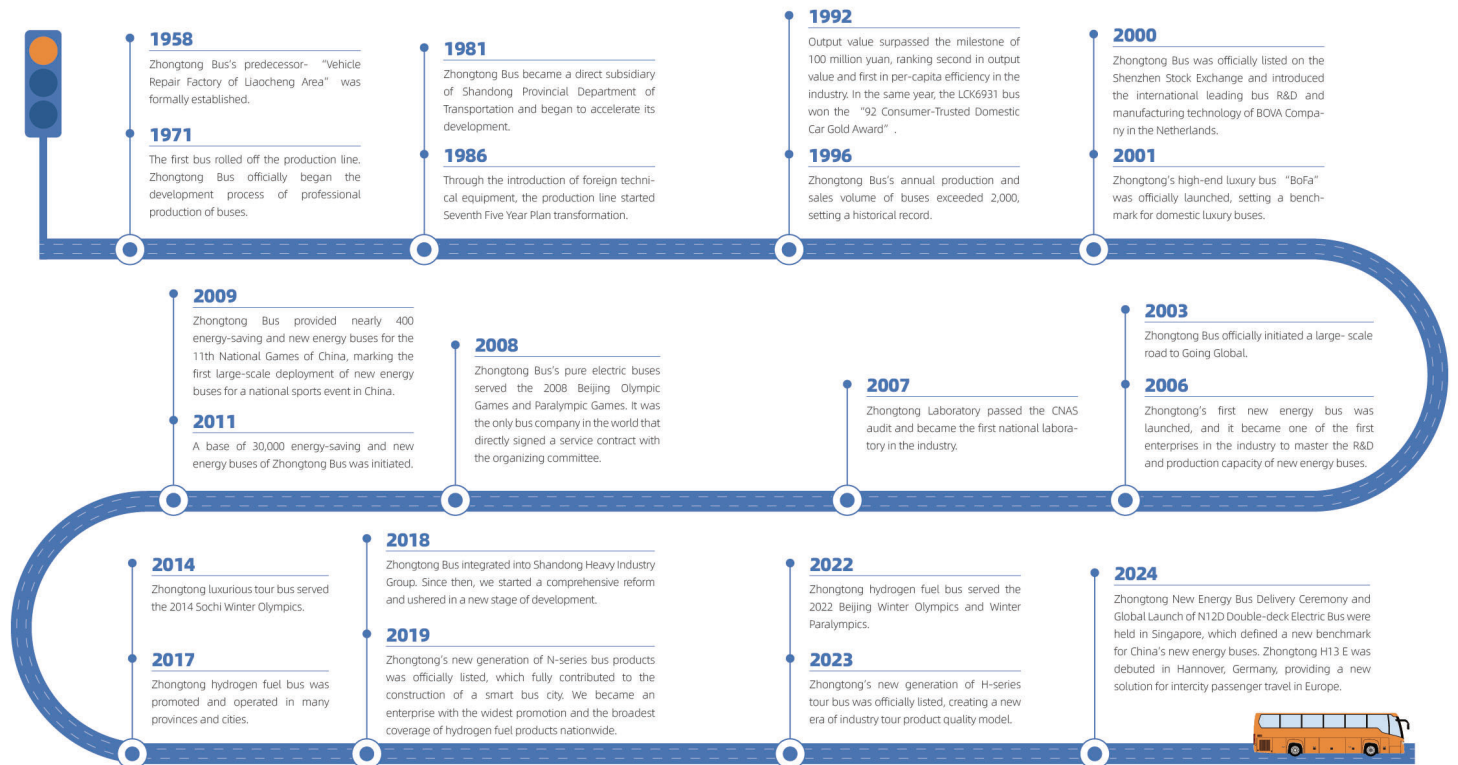
7-12 meters
Special Vehicles
For command vehicles, communication vehicles, etc.



6-8 meters
Logistics Vehicles
For urban distribution, rural-urban logistics, and pharmaceutical logistics.



Development Process



Main Business

Zhongtong Bus focuses primarily on buses while also developing, manufacturing, and selling parts and components of the buses. Our bus products range in size from 5.5 to 27 meters and come in various series and grades. The application scenarios mainly cover highways, buses, tourism, groups, school buses, and other market segments. The types of products include highway buses, public buses, enterprise and institution shuttle buses, tour buses, safe school buses, logistics vehicles, recreational vehicles, and special-purpose vehicles. Our operations are orders-driven, implementing a customized sales model to meet the needs of different customers. We mainly rely on direct sales, supplemented by dealership. We are committed to the parallel development of domestic and international markets.

Corporate Culture

Zhongtong Bus adheres to the core value of "Customer Satisfaction is Our Purpose", takes innovative technology as the driving force, and actively practices the concept of green development. We are not only committed to building a world-leading green smart bus manufacturing benchmark enterprise, but also leading the transformation and upgrading of smart transportation with a forward-looking vision. We continue to promote the development process of low-carbon travel in the new era through technological innovation and industrial practice.

Values

Customer satisfaction is our purpose

Vision

Build a world-class green smart bus strong enterprise



Mission

Innovate technology and lead the new era of green transportation

Enterprise Honor

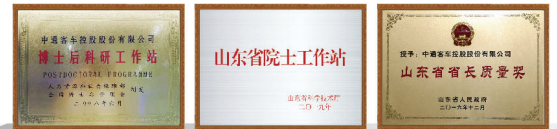
With excellent quality and innovation ability, Zhongtong Bus has won many national awards, such as "National Quality Integrity Enterprise", "Export AAA Credit Enterprise" and the second prize of the "National Science and Technology Progress Award". We have a national industrial design center for new energy buses. The laboratory has been certified by China National Accreditation Service for Conformity Assessment (CNAS), and has built a complete innovation ecosystem covering technology research and development, production and manufacturing, and quality control.



National-recognized Enterprise Technology Center

National Industrial Design Center

Industrial Product Green Design Demonstration Enterprises (Second Batch)



Post-Doctoral Research Center

Shandong Provincial Academician Workstation

Shandong Provincial Governor's Quality Award



High and New Technology Enterprises

Shandong Province Science and Technology Progress First Prize

State Science and Technology Awards

CNAS National Accreditation Laboratory

02

Sustainable Management

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Materiality Assessment

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Company ESG Governance Arrangements



Materiality Assessment







Double Materiality Analysis

According to the principle of “double materiality”, Zhongtong Bus combines industry characteristics, industry development stage, our business model, value chain, and so on. Based on the 21 issues set in the **Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No.17-Sustainable Development Report (Trial)**, we referred to the practice of materiality assessment of excellent companies in the same industry, identified other potential issues of financial materiality and impact materiality, and formed a list of materiality issues. By consulting relevant internal and external experts and communicating with stakeholders, we evaluate, sort and confirm the materiality issues by two dimensions, namely “importance to the company’s finance” and “importance to the economy, society, and environment”. We then understood the current situation in terms of sustainable development, analyzed the extent of interaction between material issues and our company in different time horizons, and drew a matrix of ESG double materiality issues accordingly. In 2024, we carried out the identification and analysis of materiality issues as follows:



Due Diligence, Stakeholder Communication

Zhongtong Bus actively fulfills its social responsibilities and attaches great importance to the expectations and demands of stakeholders. We conduct due diligence through various channels, study macro policies, laws, and regulations of the industry and refer to excellent benchmarking companies in the same industry. We also engage in in-depth communication with stakeholders to fully understand the opinions and suggestions of different stakeholders, including government and regulatory authorities, shareholders and investors, customers, partners, employees, communities, etc. We aim to improve our ESG performance in a targeted manner and continuously adjust our sustainable development strategy and actions. The expectations of each stakeholder and the communication and response situations are as follows:

Stakeholder	 Government and Regulatory Agencies	 Shareholders and investors	 Client	 Partnership	 Employee	 The community and the public
Stakeholder expectations	Response to national strategy	Improve corporate governance	Product quality and safety	Fair competition	Employee rights and interests	Promote community development
	Serving regional economy	Return on investment	Product innovation	Integrity reciprocity	Employee health and safety	Service for rural revitalization
	Compliant operation	Protection of shareholders' rights and interests	Integrity compliance management	Transparent procurement	Career development	Participate in public service activities
	Anti-corruption construction	Investor relations management	Product service and complaint handling	Supply chain management	Employee welfare	
	Safety in production	Risk management			Employee care	
	Responding to Climate change					
Communication and Response	Implement national policies	Holding shareholders' meeting, board of directors, board of supervisors	Official media platform	Sign cooperative agreement	Labor Union and Workers' congress	News media
	Visit and research	Issuance of periodic reports, interim announcements	Innovative Technology Applications	Sunshine procurement	Employee professional training	Questionnaire survey
	Carry out anti-corruption learning	Hold an earnings conference call	Special communication and Q & A	Supplier audit and evaluation	Employee satisfaction survey	Volunteer service
	Document exchanges		Daily communication	Due diligence	Employees' cultural and sports activities	Special group care
	information disclosure		Customer satisfaction			Public service activities

Materiality Analysis Conclusion

Environment (9 Issues)	Society (9 Issues)	Sustainable Development Related Governance (7 Issues)
Responding to Climate Change	Rural Revitalization	Due Diligence
Pollutant Emissions	Social Contribution	Stakeholder Communication
Waste Disposal	Innovation-Driven	Anti-Commercial Bribery and Anti-Corruption
Ecosystem And Biodiversity Conservation	Ethics of Science and Technology	Anti-Unfair Competition
Environmental Compliance Management	Supply Chain Security	Sustainable Management
Energy Utilization	Equal Treatment of Small and Medium Enterprises	Corporate Culture and Value
Water Resources Utilization	Safety and Quality of Products and Services	Corporate Governance and Risk Management
Circular Economy	Data Security and Customer Privacy Protection	
Sustainable Products and Green Design	Employee	

List of Issues



Company ESG Governance Arrangements

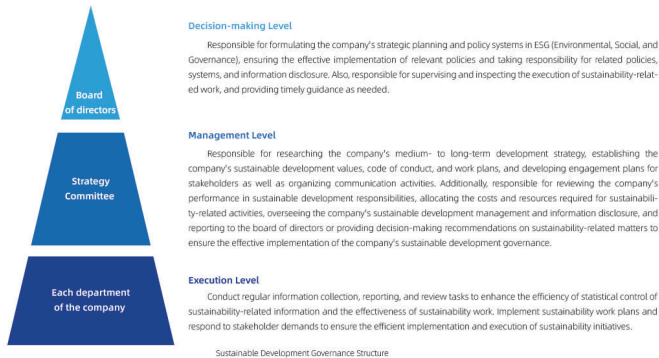
Sustainable Development Governance Structure

To better implement the concept and strategy of sustainable development and enhance its sustainable development competency, Zhongtong Bus has gradually established a sustainable development governance structure of "Decision-making Level - Management Level - Execution Level". The functions of each level have been clearly defined to ensure the effective implementation of ESG-related work.

Our board of directors serves as the decision-making body of the sustainable development governance structure. They are responsible for formulating our strategic plans and policies regarding sustainable development, ensuring the effective implementation of these policies, and taking responsibility for related policies, systems, and information disclosure. The board also oversees the execution of sustainable development-related work, provides timely guidance, and conducts inspections and supervision.

Under the board of directors is the Strategy Committee, which acts as the management body for sustainable development. They oversee the research of our medium- and long-term development strategies, establishing our sustainable development values, behavioral guidelines, and work plans, and developing engagement plans for stakeholders and organizing communication activities. Additionally, the committee is responsible for reviewing the company's performance in fulfilling our sustainable development responsibilities, allocating the necessary costs and resources for sustainable development activities, supervising our sustainable development management and information disclosure, reporting to the board of directors, and providing decision-making recommendations on sustainable development matters to ensure the effective implementation of our sustainable development governance.

Each department of the company constitutes the execution level of sustainable development. We integrate sustainable development work into the daily operations and business activities of all departments. Regular information collection, reporting, and review processes are conducted to improve the efficiency of statistical control of sustainable development information and the effectiveness of sustainable development work. The departments are also responsible for implementing sustainable development work plans and addressing the concerns of stakeholders, thereby ensuring the efficient and effective implementation of sustainable development initiatives.



Sustainable Development Information Reporting

The management level for sustainable development reports to the decision-making level through quarterly sustainable development meetings. These reports cover the implementation status of our sustainable development strategy, our alignment with the overall corporate strategy, significant risks and opportunities, the achievement of key indicators, and key findings and recommendations. This enables the board of directors to promptly grasp the overall progress of sustainable development work and make strategic adjustments as needed. After each meeting, a report document is compiled and archived, recording the key points discussed.

The execution body for sustainable development provides more detailed updates to the management level monthly. These updates include the progress of specific projects, data collection status, detailed analysis of core ESG indicators, and internal and external feedback, which allow us to make timely adjustments and optimization of work plans.

Supervision and Assessment Mechanism

Zhongtong Bus has established a supervision and assessment mechanism for sustainable development. We clarify the supervisory responsibilities of the board of directors, review the company's list of double materiality issues, and discuss the related impacts, risks, and opportunities. We examine how the identified impacts, risks, and opportunities related to sustainable development influence the overall development strategy of the company and incorporate significant risk factors into business strategies and risk management procedures. We ensure proper disclosure of the impacts, risks, and opportunities related to sustainable development, the measures taken, and the progress towards achieving the set goals. We review the company's Sustainability Report and disclose it to stakeholders, updating, improving, and enhancing it as necessary.



03

Innovation & Product

- 29 Technological Innovation
- 35 Pursue Excellence in Quality
- 39 High-quality Service Experience
- 45 Promoting Digital Transformation



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



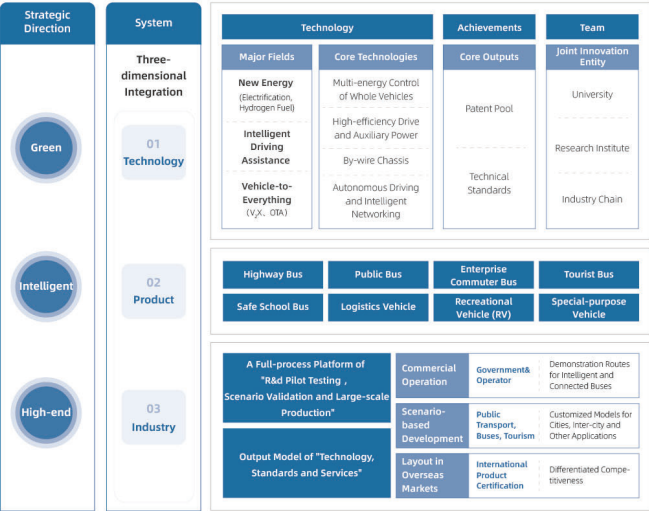
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Technological Innovation

Zhongtong Bus takes greening, premiumization development direction, and is committed to creating more environmentally friendly, intelligent, and high-quality bus products, considering both economic and environmental benefits.

Innovative Product System and Precise Business Layout

Zhongtong Bus has established a three-pillar R&D system including technology breakthroughs, product development, and industrial collaboration. The which closely integrated, and through innovation and cooperation, they promote technological progress and industrial advancement across the sector.



Technology Innovation Strategy

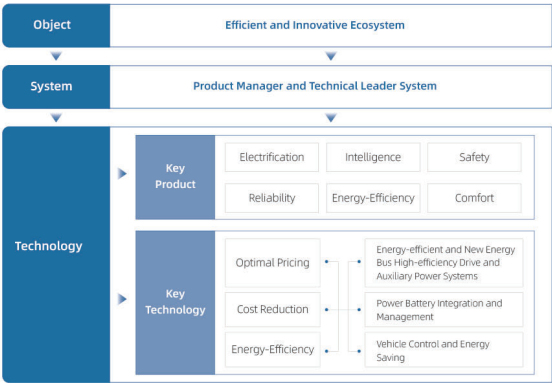
We focus on three major technological fields: new energy, intelligent driving assistance, and vehicle networking. In the field of new energy, we actively lay out green solutions for future transportation and deeply explore electrification and hydrogen fuel technologies. In the field of intelligent driving assistance, the company is committed to developing more advanced intelligent driving assistance technology to enhance driving safety and comfort. In terms of Vehicle-to-Everything (V2X), a full life cycle intelligent operation and management system has been built, covering four major customer scenarios: public transport, travel groups, school buses, and intelligent networking. It collects, and analyzes vehicle full life cycle operation data and vehicle data, providing customized applications for managers, fleets, drivers, and passengers.

Independent R&D and Protection of Achievements

Zhongtong Bus focuses on the independent research and development of key technologies in the bus field, actively creates an efficient innovation ecosystem, and at the same time, carries out intellectual property rights related work, including patent layout, maintenance, and infringement prevention.

Key Product Technologies

Zhongtong Bus implements the product manager and technical leader system to focus on important products and technologies. Through years of independent research and development as well as systematic technological innovation, we have promoted the electrification, intelligence, safety, reliability, energy saving, comfort and environmental protection of the whole vehicle products. Focusing on the reduction of the whole life cycle cost and the optimization of the value of the whole vehicle. We have made major breakthroughs in the efficient drive and auxiliary power system of energy-saving and new energy buses, the integration and management of power batteries, and the control and energy saving of the whole vehicle. These breakthroughs have laid a solid foundation for increasing our market share. In 2024, our R&D investment reached 236 million yuan.



Technology Innovation System

Innovative Strategies for Talent Cultivation in Industry

As a global leader in new energy buses, Zhongtong Bus empowers transportation with technology and leads innovation with talent, focusing on "attracting, cultivating, and retaining talent" to provide core momentum for creating the next generation of intelligent connected new energy bus industry clusters. We set up a talent strategy with a "global perspective, innovation-driven, and ecological empowerment", building a forward-looking and systematic "Talent Chain & Innovation Chain & Industry Chain" integrated development system. We focus on cutting-edge areas such as hydrogen technology, intelligent driving assistance, and vehicle-road collaboration, forming a "Top Talents & Leaders & Young Pioneers" formation to achieve resonance between talent supply and industrial transformation.



Intellectual Property Protection

Zhongtong Bus has implemented the national standard of Enterprise Intellectual Property Management Specification. In accordance with the overall requirements of the group company, we have deeply carried out intellectual property work. We have formulated the Patent and Computer Software Copyright Management Process, which stipulates the details about patent application, acceptance, invalidation, rewards, etc. At the same time, we actively maintain the "National Intellectual Property Advantage Enterprise" platform, actively participate in the decision-making of major matters of the "Liaocheng City High-end Equipment Manufacturing Enterprise Intellectual Property Alliance", play a leading role, take the lead in the regional intellectual property affairs, expand the scope of product filing on the "National Patent-intensive Product Platform", clarify the technical patent labels of the company's products, and strengthen the protection of innovation achievements. In 2024, we passed the re-review certification of the enterprise intellectual property management system, and our advantages in external bidding and market competitiveness were enhanced. Five products, including L7 and H10, have completed the filing of national patent-intensive products. Among them, the two models of overseas gas-powered buses and pure electric buses have been recognized as national patent-intensive products by the China Association for Invention and awarded certificates. They have also been selected as typical cases of provincial excellent product patenting.

We actively adjust the patent structure and encourage the R & D team to apply for patents. We have set up a reward mechanism for the process from patent application to authorization, and every two years, we will evaluate the authorized patents, select more outstanding ones, and reward them again. It also guides the shift of patent application from utility model patents to invention patents, which enhances the technological content. At the beginning of each year, we formulate the annual intellectual property plan for the year, and break down the targets of the number and weight of patent applications to the relevant departments of the company. In 2024, we added 122 patent proposals, an increase of 8.93% year on year. 115 patents were authorized, including 75 invention patents, 33 utility model patents, and 7 design patents; 39 patents were authorized, including 18 invention patents, 17 utility model patents, and 4 design patents.

In terms of patent protection, we sign confidentiality agreements with relevant personnel when they leave and clarify that the patent rights belong to Zhongtong Bus. In addition, we actively carried out patent-related training to stimulate the enthusiasm of all staff for scientific and technological innovation and enhance their awareness of intellectual property protection. In 2024, we won the patent infringement lawsuit of our external push-window patent, which improved our ability to warn against infringement risks and to deal with them in a practical way.

Industry - University - Research Collaboration to Build an Ecosystem

Technological innovation is the core engine leading the high-quality development of enterprises, and industry-university-research cooperation is the source of innovation kinetic energy. We widely join hands with universities, research institutions and related industry chains to jointly create an innovative ecosystem and enhance brand strength.



Actively Collaborate with Research Institutions to Promote High-quality Industry Development

Zhongtong Bus, based on its development needs and focusing on cutting-edge technologies, has in recent years actively joined hands with universities, research institutions, and upstream and downstream players in the industry chain to form innovation consortia. These efforts have yielded remarkable results in the R&D of core technologies such as the safety, energy efficiency, and intelligentization of new energy buses, continuously driving industry progress and high-quality development.

We have established long-term and stable cooperative relationships with first-class domestic research institutions such as Tsinghua University, Beijing Institute of Technology, Shandong University, and Shandong Academy of Sciences through internal and external R&D projects and talent introduction. Together, we have jointly applied for and undertaken more than 10 national and ministerial-level scientific research projects, and conducted technological breakthroughs in fields such as new energy, fuel cells, and intelligent driving assistance. We have made breakthroughs in core technologies such as multi-energy control of whole vehicles, high-efficiency driving and auxiliary power, by-wire chassis, intelligent driving assistance, and intelligent networking, forming a patent pool and technical standards. In 2024, we jointly built the Shandong Provincial Key Laboratory of Safety and Energy Efficiency of New Energy Commercial Vehicles (in preparation) with Beijing Institute of Technology and Shandong University, signed a strategic cooperation agreement with Shandong University of Science and Technology, jointly carried out research on the integration and development strategy of the innovation chain and industry chain of new energy vehicles in Shandong Province with Shandong University of Technology, and jointly applied for and obtained approval for the Shandong Provincial Key Research and Development Program with China National Heavy Duty Truck Group and Shandong Institute of Transportation, providing continuous impetus for technological research and product innovation.

In terms of industrialization, we have established a full-process platform from R&D pilot testing to scenario validation and then large-scale production. We have closely cooperated with local governments and operating enterprises to jointly create demonstration routes for intelligent and connected buses, and conducted open road operations on these routes to test the actual application effects of new technologies. In addition, we have deepened cooperation with public transport groups, passenger transport, and tourism companies, and developed customized models for urban public transport, inter-city passenger transport, and tourism groups according to different usage scenarios to meet the diversified needs of different customers.

Leverage Group Resources to Achieve "Chain Innovation" in Key Technology

With the transformation and development of passenger transport structure, Zhongtong Bus has made forward-looking arrangements and coordinated with the group's advantageous resources such as Weichai Power, Hande Axle, and Fawte Transmission to launch key breakthroughs and jointly launched the Zhongtong H Series tour group.

The Zhongtong H series tour group has achieved synchronous development and consistent calibration with the Weichai bus to build its dedicated engine. At the same time, combined with the internationally leading simulation technology and test platform of Shandong Heavy Industry Group in the field of commercial vehicles, it ensures that the H series products are optimized in terms of air resistance, rolling resistance, engine program, and parameter matching.

Based on generalization and modular design, we have achieved joint development and rapid application of components that have been verified and are mature in the truck field. For example, the AMT transmission has been scaled up in the truck market. We have jointly developed the AMT transmission products suitable for the bus market with China National Heavy Duty Truck Group under Shandong Heavy Industry Group. This has achieved better gear - shifting smoothness and lower maintenance costs, and significantly enhanced the product competitiveness and brand strength.

Forward-Looking Strategies

In our three-year plan, Zhongtong Bus will focus on the cutting edge of new energy bus technology and formulate corresponding strategic plans:

By improving the intelligence of new energy buses through technological innovation, provide customized solutions to meet market demands, and fully promote the application of new energy buses to support the development of green transportation. Develop intelligent and connected new energy buses integrated with intelligent driving assistance functions and V2X, expand the market share of tour buses and urban buses, and strengthen market position by improving user experience.

We develop intelligent cockpits with "One chip & Multiple screens" as the key technology route. Integrate functions through the cockpit domain controller system, and assist with artificial intelligence and human - machine interaction technologies to make driving safer and operations smarter.

We will continue to improve the domain - centralized electronic and electrical architecture, implement the application of dedicated gateways, and integrate the cockpit domain and body domain to enhance the digitalization, intelligence, and networking of the whole vehicle.

We will continuously carry out key technology research on hydrogen fuel cells, develop low - hydrogen - consumption, long - life, and low - temperature cold - start technologies for hydrogen fuel cells; focus on medium-and long-distance passenger transport and logistics markets; further perfect the new energy product series, and commit to the implementation of zero emission transportation solutions.

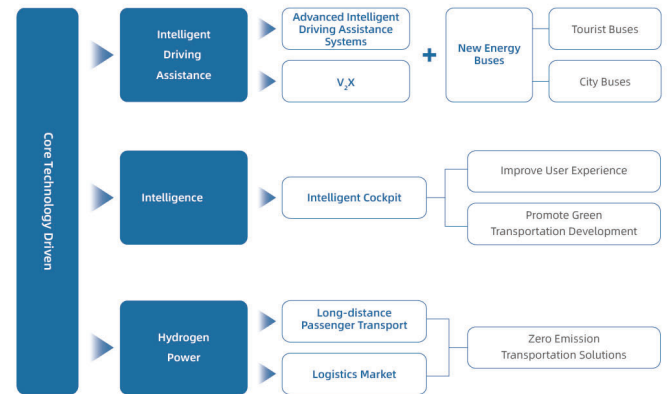


Figure Future Plan for Zhongtong Bus

Pursue Excellence in Quality

Zhongtong Bus has always adhered to the philosophy of "Innovation, Coordination, Green, and Openness", providing global users with better, more efficient, and more environmentally friendly new travel experiences.

Quality Assurance and Lean Management

Quality is the foundation for the survival of an enterprise. Zhongtong Bus always places product quality in the primary position, firmly guards the quality lifeline, comprehensively improves the company's product competitiveness and brand influence, and accelerates the company's high-quality development. In 2024, we obtained the IATF16949 quality management system certification, which includes the ISO9001 quality management system certification.



IATF16949 Quality Management System Certification

We successively formulated 17 quality management and quality control systems. It takes multiple measures in information, inspection and monitoring, labeling management, audit management, and preventing quality loopholes and eliminating quality problems firmly. For major product defects found, the company organizes a quality committee meeting in accordance with the Vehicle Recall Management Process to analyze and argue, issues a recall plan, and files it with the Defective Product Recall Technical Center of the State Administration for Market Regulation. It is implemented in accordance with the national automobile recall process. In 2024, we had no product recall incidents.

Serial Number	File Name	Serial Number	File Name
1	Quality Accountability Management Process	10	Components Inspection and Control Management Process
2	QC Project Management Process	11	Whole Vehicle COP Inspection
3	Quality Information Management Process	12	Measuring Instruments Management Process
4	Manufacturing Process Inspection Management Process	13	Quality Audit Management Process
5	Certificate of Conformity Management Process	14	Quality Analysis Meeting Management Process
6	Certification Mark Management Process	15	Vehicle Recall Management Process
7	Nonconforming Product Review and Quality Review Management Process	16	Identification Management Method
8	AUDIT Review Management Process	17	First Article Inspection Management Process
9	Quality Reward Management Process		

Quality Management Systems for Zhongtong Bus

We conduct comprehensive quality management, in which all employees and relevant departments work together. It integrates professional technology, business management, mathematical statistics, and ideological education to form an effective system that covers all activities, ensuring and improving product quality throughout the entire process of production. This fully utilizes human, material, financial, and information resources to produce customer-satisfactory products in the most economical way. Comprehensive quality management has shifted from "post-event inspection and control" to "prevention and improvement". When implementing comprehensive quality management, we follow the "Three AIs and One Diversity": quality management throughout the whole process, by all personnel, and across the entire enterprise. A variety of methods must be used in combination with the "Three-Inspection System", "AUDIT Review", "Three Not-Let-Go", and "Three No Principles for non-conforming products", to pursue flawless product quality and enhance product competitiveness.



We regularly hold product quality conferences, where various business departments report on the completion of quality indicators and the shortcomings in quality management, and set specific requirements for future overall quality improvement goals. Heads of the technology and production systems, as well as subsidiaries, analyze typical quality issues within their units and report on their plans for quality management improvement.



Case: 2024 Quality Conference

On July 14, 2024, we held the 2024 Quality Conference. The meeting was held both onsite and online, with more than 500 participants, including department assistant leaders and above, business managers, team leaders from the production front line, and employee representatives.

At the meeting, all departments reported on the completion of quality indicators and the shortcomings in quality management, and set specific requirements for future overall quality improvement. Heads of the technology and production, as well as subsidiaries, analyzed typical quality issues within their units and reported on their plans for quality management improvement.



High-Quality Products

In the wave of new energy and intelligent public transportation development, Zhongtong Bus insists on technological innovation and adopts the approach of "high-quality products and efficient solutions" to inject new energy into the high-quality development of traffic sub-scenarios. Our vehicles achieve the largest carrying capacity in the same class through scientific space utilization, and is equipped with functions such as body - height adjustment, side-tilting, and intelligent safety, which have won high praise and recognition from users in the public transportation market. Our vehicles offer a completely upgraded comfortable driving and riding experience, with lightweight, high-efficiency transmission, and driving-assist systems to ensure the safety and comfort of group passenger transport.

Precise Layout Anchoring the High-end

With the vigorous development of global tourism and the continuous pursuit of high-quality travel experiences by consumers, the high-end tour bus market has become an important growth point in the bus industry. Meanwhile, the global emphasis on green, low-carbon, and sustainable development has brought unprecedented opportunities for the export of new energy buses.

Zhongtong Bus accurately targets strategic high-ground, and fully explores high - potential areas such as the high - end tour bus market and new energy exports. We have carefully crafted a series of high-end bus products that meet market demands and lead industry trends, such as the H13, further enriching the product matrix of Zhongtong H-series tour bus group and providing more diverse options for the tourism passenger transport market. Leveraging our profound experience and advanced technology in the field of new energy buses, we further enhanced the technological content and added value of our products, offering global customers more environmentally friendly green travel solutions with higher quality. Our accurate grasp of market trends and forward-looking strategic decisions demonstrate our firm determination and strong capabilities to actively meet challenges and seek long-term development, contributing more wisdom and strength to the global bus industry.

Customization

With deep understanding of the application scenarios and habits in different countries and regions, Zhongtong Bus has an insight into the personalized needs of global customers and empowers the global market with customized strategies. In Singapore, we have optimized vehicle layout, Air - conditioning settings, and turning radius to meet the operational requirements of high temperature, high humidity, and narrow roads. In Denmark, a Nordic country, we have developed stainless steel and aluminum bodies to effectively address the local problem of body corrosion caused by frequent use of snow - removal agents. In the Middle East, we have strengthened the vehicle's underbody protection structure to solve the problems of sand and gravel, as well as Hard - object collisions with the chassis and engine compartment caused by strong sandstorms and complex road conditions.

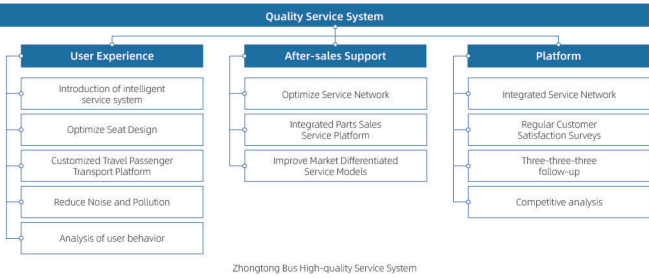
Case: Zhongtong Bus Won Two Major Awards and Re-entered the Influencer List

Due to its excellent performance in product innovation and market expansion, Zhongtong Bus has won two major honors "Custom - made Tourist Bus Star" and "UAE Star". These highlight Zhongtong Bus's important role in empowering the high - quality development of the industry.



High-quality Service Experience









Zhongtong Bus always adhered to the value - oriented concept that "customer satisfaction is our purpose" , and aimed to provide high - quality services that exceed customer expectations and maximize customer value with the goal of "carrying care and achieving value" .



Continuously Enhance User Experience

At present, the competition in the bus industry is showing an oligarchic development trend. The market share of leading enterprises is gradually increasing. Market competition is gradually shifting towards technology and service. Customer satisfaction has become one of the key factors for the long - term and stable development of enterprises. By establishing an effective customer satisfaction evaluation system, deeply understanding the actual needs of downstream customers, optimizing products and services, and enhancing customer satisfaction, our market competitiveness can be strengthened.

Principles of Customer Satisfaction Evaluation System	
Customer - Oriented	The customer satisfaction evaluation system must be centered on customers, comprehensively focus on customer needs, and ensure that the evaluation indicators and methods can accurately reflect customer expectations and experiences.
Combination of Quantitative and Qualitative	The customer satisfaction evaluation system should comprehensively use quantitative and qualitative analysis methods. It should conduct assessments by combining objective data with subjective evaluations to ensure the comprehensiveness and accuracy of the evaluation results.
Full - Staff Participation	Customer satisfaction evaluation requires the participation of all staff members. It should start from the perspective of various positions within the company, jointly focus on customer satisfaction, and create a good atmosphere of comprehensive customer service within the enterprise.
Continuous Improvement	The customer satisfaction evaluation system should be regarded as a continuous improvement process. Through regular assessments and feedback, it should constantly optimize products and services to meet the ever - changing customer needs.

Customer Satisfaction Evaluation System and Process		
Define Objectives		Clarify the goals and scope of customer satisfaction evaluation, determine the key indicators and important dimensions to be evaluated, and ensure that the evaluation focus is accurate and effective.
Design Indicators		Based on the evaluation objectives, design appropriate evaluation indicators, including key indicators such as product manufacturing, pre-sales service, spare parts supply, and after-sales service. Also, take into account the different needs and characteristics of customers.
Select Methods		Choose suitable evaluation methods according to the different characteristics of the evaluation indicators, such as questionnaires, face-to-face interviews, and complaint analysis. Ensure that the evaluation methods can collect real customer feedback.
Conduct Research		Carry out evaluation research according to the designed evaluation methods, collect customer opinions and suggestions, and assess the level of customer satisfaction through objective data and subjective evaluations.
Analyze Results		Conduct a comprehensive analysis and statistical processing of the evaluation results to identify key issues with high and low customer satisfaction. Provide a basis for improvement measures.
Improvement Suggestions		Based on the evaluation results and analysis, propose reasonable suggestions for improvement, including optimization of products and services, process enhancement, etc., to improve the level of customer satisfaction.
Improvement Measures		Develop specific improvement measures and action plans according to the suggestions for improvement. Clarify the person responsible and the time frame to ensure that the improvements are effectively implemented and followed up.
Monitor and Feedback		Establish a monitoring mechanism to regularly track and assess the effectiveness of the improvements. Continuously improve the level of customer satisfaction through ongoing feedback and improvement.

We place great emphasis on the riding and usage experience of users and have formulated and implemented a series of innovative measures. First, we introduce intelligent systems such as real-time navigation, wifi, and USB charging ports to meet passengers' needs. Second, we optimize seat design by providing adjustable seats and increasing legroom to enhance riding comfort. In addition, we have launched the Customized Passenger Platform, which can realize customized routes and online seat selection to enhance user participation. In terms of environmental protection, we promote new energy buses to reduce noise and pollution and improve travel experience. Finally, through big data analysis of user feedback, we continuously improve services and enhance passenger satisfaction.

Customer Satisfaction Improvement Measures	
Product Quality Improvement	Customers value product quality the most. By strengthening production process control and raising product inspection standards, the company continuously improves product quality, thereby enhancing customer satisfaction.
Service Optimization	Responding promptly to customer issues and needs, and providing personalized solutions, the company increases customer satisfaction through high-quality pre-sales, sales, and after-sales services.
Value Enhancement	In addition to the inherent value of the product, the company provides added - value services such as free after - sales repairs and value - added services to increase interaction and customer loyalty, thus boosting customer satisfaction.
Customer Relationship Management	Through regular customer communication and events, the company strengthens customers' identification with and loyalty to the corporate brand.

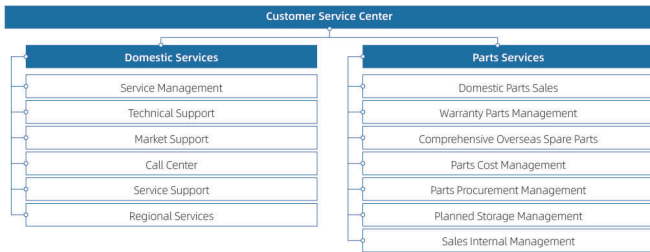
Case: Zhongtong Bus Obtains the CTEAS 12 - Star Service Capability Continuous and Effective Verification Certification



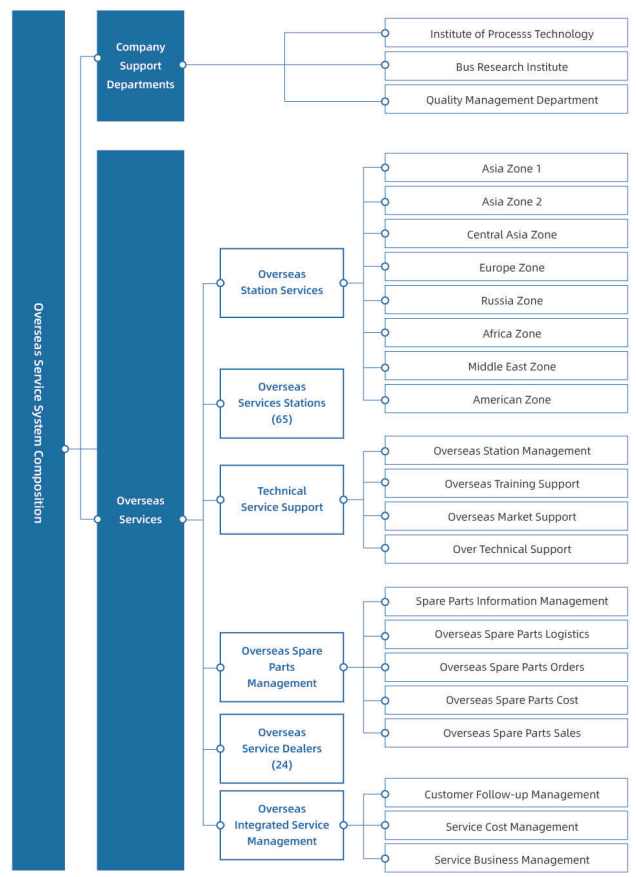
Improve and Optimize After - sales Support

After - sales Service Structure

Zhongtong Bus continuously improves its after-sales service structure. Zhongtong Bus forms a professional team consisting of 192 people, including 106 from within the country and 86 from overseas. Adhering to the principle of "being responsible for customers and thinking what customers think" and upholding the service concept of "customer-first and quick response", we ensure the timeliness of problem-solving. We eliminate users' worries about vehicle use, maintenance, repair, and management, allowing customers to use the vehicles with confidence and maximizing the value of the vehicles. We continuously optimize the service network and improve the network layout. We keep innovating and enhancing the professionalism of the spare parts sales service model. Combining the characteristics of each sub-market and customer needs, we perfect the differentiated service model of the market and build an integrated spare parts sales service platform to provide customers with a more professional, convenient, and efficient spare parts sales service experience, creating greater value for customers.



Domestic Service Organizational Structure



Overseas Service Organizational Structure

After-sales Service System

Zhongtong Bus currently has a solid and comprehensive product after-sales service system. This system is primarily based on Zhongtong Bus' domestic and international sales companies, and it includes domestic service and overseas service modules. The domestic service is further divided into three branches: domestic service, spare parts service, and Shengtong Service Company. The overseas service is divided into service technical support, spare parts service, and eight overseas service districts.

The domestic service has a three-tier service management structure with 10 overseas service offices as branches and 758 professional service outlets as touchpoints. The new after-sales service system is fully managed by the Zhongtong Bus Customer Service Center, which provides overall management and logistical support for the service system. Service offices are established in central cities within the jurisdictions of each sales subsidiary to manage and implement services in their respective areas. Local franchised service stations are responsible for providing customer service within their jurisdictions. We have successively established 18 spare parts central warehouses and more than 80 spare parts dealers in places such as Jinan, Qingdao, Xi'an, Shanghai, and Hefei. In terms of overseas service, we have set up eight overseas service districts in sync with the sales districts and established 126 professional service outlets worldwide. We have also established 24 spare parts central warehouses and more than 80 spare parts dealers in regions such as the Middle East, Southeast Asia, Africa, Central Asia, Europe, and the Americas. Both domestically and internationally, a diversified spare parts service network has been formed, focusing on the construction of central warehouses, with dealers and service stations as supplements, continuously reducing the service radius and making it more convenient and faster for customers to purchase spare parts.

We continuously optimize our products based on market demands and enhance the professionalism of its sales and service. We keep exploring and improving the sales model for spare parts and builds an integrated system for sales, service, and spare parts to meet customers' diverse service needs. We also develop customized service product solutions to provide customers with a more professional, convenient, and efficient experience for purchasing spare parts, safeguarding customers' pleasant travel experiences.



In order to carry out proactive services, further improve the company's service quality and customer satisfaction, and effectively collect customer feedback and satisfaction evaluations, we formulated the Domestic Customer Follow-up and Call Management Process in 2024 to ensure further effective enhancement of service work.

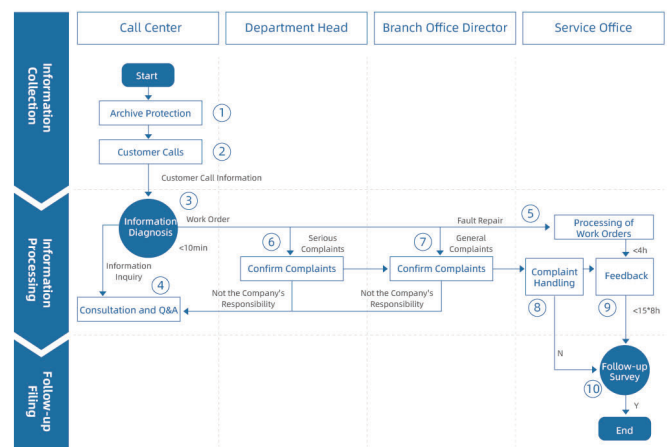


Figure Customer Service Follow-up and Service Support Process

Customer Service Platform

Zhongtong Bus proactively engages in customer service, building an integrated service platform to achieve remote and predictive services and creating a new model of intelligent after-sales service. Through effective and dedicated customer service and a full-batch follow-up system, we ensure that technical services reach customers' homes, responding quickly to their needs. We conduct a "three-three-three" return visit model, following each customer to understand their evaluation, opinions, and suggestions regarding Zhongtong's services and products, continuously improving to provide better products and services. The domestic customer service hotline [400-760-8000] has been launched to offer "7x24 hours x 365 days" round-the-clock service. By regularly conducting customer satisfaction surveys, we identify customer needs, understand the market performance of Zhongtong and our competitors, analyze the gaps with competitors, recognize weaknesses, and drive continuous improvement.

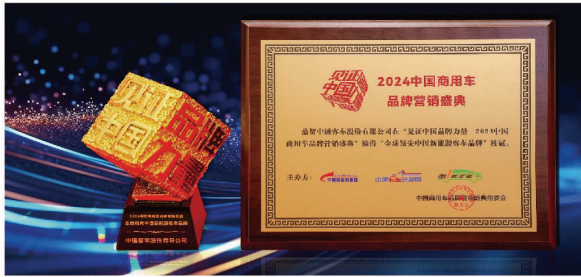
Zhongtong Bus, leveraging information technology, continuously optimizes service network. The service radius has been reduced from 300 kilometers to within 180 kilometers, covering all overseas markets, achieving a 30-minute rapid response and a 24-hour resolution for general issues. The coverage rate of resident overseas service personnel has been increased to 65.5%, comprehensively and deeply carrying out user demand identification, skills training, and problem-solving for failures.

Performance of Service

Service Network:	758 locations
Service Radius:	180 kilometers
Professional Team:	106 people
Overseas Service Personnel Coverage Rate:	65.5 %
Product and Service Complaints:	89 cases
Complaint Handling Rate:	100 %

Case: Zhongtong H11 - "Most Trusted Tourist Coach"

As travel and transportation methods shift towards diversification, experientiality, and greenification, future public transportation vehicles need to meet the public's requirements for intelligence, safety, and comfort. Zhongtong H11's "Most Trusted Tourist Coach" award is the best proof of its quality updating in line with new-era travel needs.

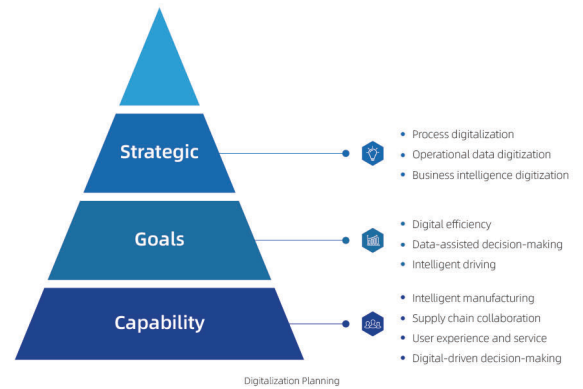


Promoting Digital Transformation

Zhongtong Bus increases investment in digital construction, expands the application scenarios of digital technology, explores the application of large models and other emerging technologies, and builds a more efficient and intelligent production and service system. At the same time, we will focus on data security and privacy protection to ensure the steady progress of the digitalization process.

Information Platform Construction

Our digital development is based on the strategic vision of digitalizing processes, operational data, and business intelligence. By strengthening the basic construction of digital technology, we support the establishment and promotion of digital platforms in research and development, sales and service, supply chain, quality, and functional business areas. This further enhances our intelligent manufacturing capabilities, supply chain collaboration capabilities, user experience and service capabilities, and data-driven decision-making capabilities. The goal is to achieve digital empowerment of efficiency, data-assisted decision-making, and intelligence-driven development. We are committed to becoming a pioneer in the digital transformation of the industry. By cultivating digital talent and expanding application scenarios, we contribute to sustainable development and green transportation.



We actively promote the construction of digital platforms, formulate and improve the Digital Project Construction Management Process, and develop corresponding information systems for all links of the main value chain, including R&D, production, supply, sales, and service, as well as for internal enterprise operation management such as finance and integrated office, in line with the actual needs of each business or functional department. Through the construction of information systems in various business areas, information integration, and application, we have achieved end-to-end connectivity of our core business processes, thereby enhancing our operational and production efficiency, product quality, and market competitiveness. In the future, we will further expand the scope of digital coverage and enhance digital support capabilities through digital construction.

In the R&D phase, we have developed the PDM system to manage the entire process from product design to prototyping. In the production phase, we utilize both ERP and MES systems. The ERP system includes content such as production schedule planning, production material cost, and production order management, while the MES system is used for self-inspection, mutual inspection, specialized inspection, and traceability of key components. In the supply chain phase, we employ the SRM system for internal procurement execution, which also stipulates the standards for supplier admission, evaluation, and elimination, and will incorporate the bidding process in the future. In the sales and service phase, we have developed the Cloud Sales and Service systems, establishing a full-process management mechanism from "lead - opportunity - project initiation - bidding - contract - order - collection", facilitating customer relationship management.

Smart Manufacturing and Supply Chain Collaboration

Zhongtong Bus has optimized our overall production processes, promoted the digital application of production manufacturing and supply chain collaboration, and implemented the construction of the Production Manufacturing Execution System (MES), Supplier Relationship Management (SRM) system, Master Data Governance (MDG) system, Equipment Management System, and Energy Management System around the ERP (Enterprise Resource Planning) system. This has enhanced our production and supply collaboration efficiency, further improved our smart manufacturing capabilities, and strengthened our ability to deliver market demands.

User Experience and Service Capability

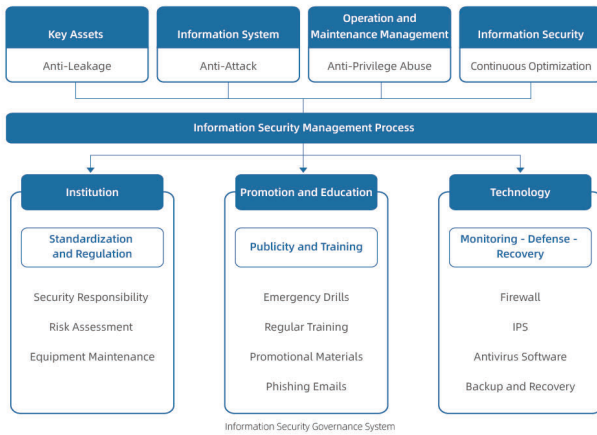
Zhongtong Bus has implemented a marketing service platform covering domestic and international business, which has connected the end-to-end business process with Lead to Cash (LTC). This has enabled us to quickly respond to market demands, reduce operating costs, support data-driven decision-making, and enhance our competitiveness and profit management capabilities, laying a foundation for business expansion.

Data-Driven Decision-Making

We have integrated operational data from various digital business systems and conducted applications in areas such as enterprise operation analysis, quality analysis, and sales and service analysis after data cleansing and organization, providing strong support for our operation management and decision-making.

Data Security and Privacy Protection

Zhongtong Bus places great emphasis on information security construction, focusing on continuous improvement and development in the fields of data security and intelligent network security. Meanwhile, we pay close attention to the protection of customer privacy and has established a solid information security awareness and risk prevention system. This ensures the proper protection of customer and employee privacy information and enhances the company's overall risk resistance capability. In 2024, we did not have any information leakage or cybersecurity incidents.



Data and Information Security Management

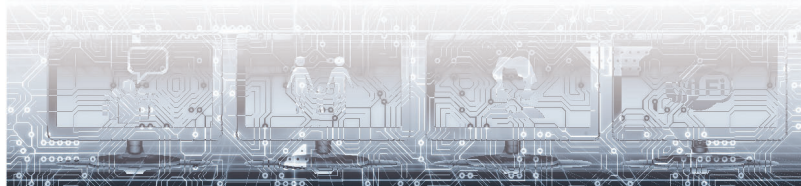
Zhongtong Bus has established the Information Security Management Process to clarify unified requirements for information security controls. The company aims to build system that supports the group's strategic development, meeting the information security capability requirements of "preventing leakage of critical assets", "protecting information systems from attacks", "preventing privilege abuse in operation and maintenance management", and "continuously optimizing information security". By implementing risk management, strengthening audits, and managing incidents, we rely on continuous improvement in the organizational, management, and technical aspects of information security to ensure the safety of business development. For example, in the sales phase, the information systems developed by the company adopt field-level permission control. Firstly, sales personnel at different levels can only access customer information within their respective scopes. Secondly, other departments within the company can only view basic information, such as customer names, and are not allowed to access sensitive information like contact details, achieving graded authorization management.

We regularly conduct information security training and phishing email tests to shift information security from passive defense to active protection, building a three-dimensional security system that covers both organizations and individuals. In terms of technical support, measures such as adding server firewalls, intrusion prevention systems (IPS), installing network antivirus software, and establishing robust backup and recovery mechanisms have been implemented to form an integrated technical safeguard system of "monitoring-defense-recovery". To enhance employees' awareness of information security and reduce the likelihood of violations, we carry out a series of publicity and education activities, including publishing service manuals, employee handbooks, and promotional posters, and set up warning screensavers.

Data Security Incidents and Response

The management of information security incidents in the company adheres to unified leadership, unified command, graded responsibility, close collaboration, rapid response, and scientific disposal. It insists on prioritizing prevention and combining prevention with emergency response. We also uphold the principle of "whoever is in charge is responsible" and "whoever operates is responsible", fully leveraging all available resources to jointly carry out the prevention and handling of information security incidents.

We have established and improved our emergency mechanism for cybersecurity incidents and organized the reporting and emergency handling of sudden security incidents in accordance with the **Emergency Management Process for Information System Incidents** and the **Emergency Response Plan for Information System Incidents**. When a security incident occurs, the Enterprise Management and Information Department defines the level of the information security incident. Specifically, based on the impact and urgency of the information security incident, the notification of the security incident follows the "need-to-know" principle and is communicated to the necessary leaders and personnel as appropriate. If on-site analysis of the attack target is required during the incident analysis, it is conducted by personnel designated by the Enterprise Management and Information Department, and no one else is allowed to operate and destroy the scene without authorization. Security incident response measures must be reviewed by relevant personnel before implementation, and the incident can only be closed after achieving the expected results. All logs, samples, reports, and other relevant information related to information security incidents are uniformly managed by the Enterprise Management and Information Department, and unauthorized access is prohibited.



04

Environment

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Zhongtong Bus is committed to green and clean production. By establishing and perfecting an environmental management system and improving the equipment management system, we ensure that the discharge of "three wastes" (waste gas, wastewater, and solid waste) strictly complies with national standards, reflecting our dedication to environmental protection and the concept of sustainable development.

Responding to Climate Change

Zhongtong Bus actively implements the national strategic deployment of the "Dual Carbon Goals", guided by the group's strategic requirements, and fulfills the mission and responsibility of a state-owned enterprise through dedication and practical action. While achieving our own green and low-carbon development, we export green transportation vehicles to empower society in reducing emissions and achieving carbon reduction.

Governance

As a leading global bus manufacturer, Zhongtong Bus proactively takes on the responsibility of climate governance. We integrate climate change mitigation into our business development and operational strategies and coordinate the relevant work accordingly. We plan to start with the governance structure by establishing a Carbon Neutrality Working Group led by the company's general manager. This group will be specifically responsible for the overall planning, implementation, and coordination of all work related to carbon peaking and carbon neutrality. It will also oversee the identification, assessment, and response to climate risks and promote the implementation and execution of climate-related strategies. We aim to gradually improve our governance system for climate change. The Carbon Neutrality Working Group is expected to include departments such as the Enterprise Management and Information Department, Safety and Environmental Protection Department, Manufacturing Engineering Department, Bus Research Institute, and Product Planning Department.

Strategy

Zhongtong Bus fully responds to the global energy transition trend and deeply integrates the concept of green and low-carbon into our strategic planning. We actively explore the path of product technology transformation and upgrading and systematically plan the energy transformation of automobiles. Currently, we are actively planning and formulating action plans for carbon peaking and carbon neutrality. In accordance with the overall principle of gradual progress, we are gradually establishing a performance management system that evolves from "dual control of energy consumption" to "dual control of carbon emissions".

Impact, Risk, and Opportunity Management

Zhongtong Bus has a deep understanding of the impacts and potential risks that climate change poses to different industries. We have gradually come to regard climate change as a key consideration in our development process. We actively respond to the concerns of governments, investors, and other stakeholders regarding climate change. We identify risks and opportunities related to climate change and continue to optimize management measures based on these findings, striving to minimize the carbon emissions generated by our operations to the greatest extent possible.

Climate Change Risk Identification and Response Measures

Through systematic risk assessment, Zhongtong Bus has identified several climate-related risks that may impact our business operations. These risks include extreme weather events, chronic climate change impacts, transition-related policy, external environment, and market risks.

To address these risks, we have developed a series of response measures, including enhancing monitoring and early warning systems, developing emergency response plans, and promoting low-carbon technological upgrades. These measures are designed to help us adapt to and mitigate the impacts of climate change on our business operations and sustainable development.



Climate change risk identification and responding measures			
Risk Type	Climate Risk Factors	Risk Statement	Risk Response
Entity Risk	Acute Entity Risk	The occurrence of extreme weather events such as typhoons, hurricanes, or floods may damage our factory's sewage discharge facilities, affect the stability of the supply chain, and cause interruptions in our factory's operations. If the continuity and stability of operations cannot be ensured under extreme climate conditions, a lower capacity to adapt to extreme weather will have a negative impact on our business operations and reduce operating revenue.	Develop the Special Emergency Response Plan for Natural Disasters to enhance the collection of information on natural disaster risks and conduct training for responding to natural disaster events. The training aims to improve the emergency management capabilities in dealing with environmental risks.
			Monitor the supply chain in real-time, assess the impact on production, delivery, and finance under the most unstable scenarios, promptly seek alternative suppliers, and communicate in real-time with departments such as sales, production, delivery, and finance to timely control the negative impact of extreme weather on our business.
	Chronic Entity Risk	Adverse factors caused by climate change, such as temperature changes, sea level rise, and water resource shortages, may lead to increased costs and other negative impacts on our transportation. Operational sites along the coast are facing challenges.	When selecting a location, a thorough evaluation of local climate risks and geographical position should be conducted to avoid potential risks caused by natural disasters.
			Actively allocate R&D funds to bolster the climate resilience capabilities of equipment and facilities.
Transformation Risk	Policies and Regulations Risk	As international and domestic environmental laws and regulations become increasingly comprehensive and stringent, companies that fail to comply with relevant policy requirements may face compliance risks such as litigation or penalties for violations.	Closely monitor the introduction and updates of domestic and international environmental and carbon-related policies and regulations, and strengthen compliance management in line with our own actual situation.
	External Environment Risk	Geopolitical conflicts threaten world peace and stability, the global economic recovery lacks sufficient momentum, and there are uncertain risks in the export market.	Strengthen continuous attention to and analysis of the macro-environment and trade policies of export markets. Formulate and implement response strategies in a timely manner. Integrate internal and external group resources and focus on core markets. Deploy cost-effective products according to regional characteristics.
	Risk of Rising Costs	There is a risk that the company's various costs may increase due to fluctuations in raw material prices and export transportation fees, as well as the rising domestic labor costs.	Continue to carry out cost-reduction and efficiency-enhancement work. Strengthen cost control in key links such as procurement, production, sales, and management expenses to reduce inefficiencies and long-term inventory buildup. Meanwhile, take measures such as optimizing design, quota management, and bulk purchasing to cut costs.
	Market Risk	The passenger transport market may continue to be affected by alternatives such as high-speed rail, subways, civil aviation, private cars, and shared bicycles. With the diversification of travel modes, there is a risk of further contraction in the demand for buses.	focusing on incremental niche markets, developing products that meet and lead customer operational needs, and providing integrated solutions. Accelerate the layout and resource investment in brand, channels, and services to boost product competency.

Opportunities of Climate Change

Under the same policy background and in the face of global climate change challenges, Zhongtong Bus also sees the opportunities contained therein. In 2024, we summarized several opportunities related to climate change. These opportunities involve aspects such as product and service innovation, market expansion, improvement of resource efficiency, optimization of energy structure, and enhancement of corporate resilience. We plan to seize these opportunities by developing high-performance materials with low-carbon emissions, exploring new markets, improving resource-use efficiency, optimizing energy structure, and strengthening our capacity to respond to climate risks. While adapting to the challenges brought about by climate change, these measures will also promote our sustainable development and economic growth and contribute to creating a favorable environment for green and low-carbon development.

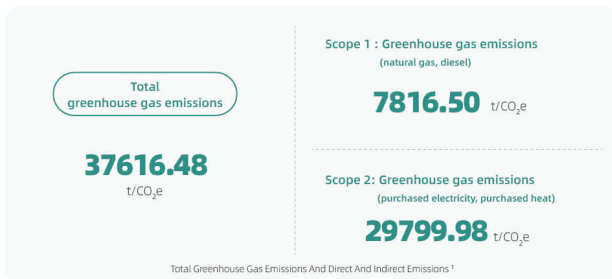
Climate change opportunities	
Types of opportunity	Opportunity description
Product and Service Innovation	We actively practice energy transition and thoroughly implement the green and low-carbon strategy. As a result of the increasing preference of users for new energy vehicles, the competency of our products has been enhanced and market share has increased which in turn led to an increase in operating revenue.
Market Expansion	We continue to strategically position ourselves in the global market and actively promote green and low-carbon development for both the company and the industry. We actively responded to the Belt and Road Initiative, with our complete vehicles being exported to numerous countries and regions, including Europe, South America, Africa, and Southeast Asia, thereby actively laying out our presence in the global market.
Improvement of Resource Efficiency	Climate change encourages companies to improve resource-use efficiency. Zhongtong Bus can reduce costs through energy-efficiency improvements and resource recycling. In addition, as resource consumption decreases, operating costs are lowered, and overall operational efficiency is enhanced.
Optimization of Energy Structure	With the reduction in the cost of renewable energy and the support of policies, Zhongtong Bus plans to gradually reduce its carbon footprint by using cleaner energy. We will continue to expand the use of renewable energy in our business and operations by reducing energy costs and improving energy-use efficiency. Meanwhile, the use of clean energy will demonstrate our commitment to environmental protection and further enhance our brand image.



Metrics and Targets

Zhongtong Bus is in the process of formulating our carbon peaking and carbon neutrality targets. The primary metrics for measurement include the total amount of greenhouse gas emissions. The organizational boundary for Zhongtong Bus (including its subsidiaries) greenhouse gas accounting covers direct and indirect emissions from production, office areas, and living quarters within the factory premises. The main sources of emissions are direct emissions (Scope 1) from the use of natural gas and diesel and indirect emissions (Scope 2) from the use of electricity and heat. The primary type of greenhouse gas is carbon dioxide.

In 2024, Zhongtong Bus emitted a total of 37616.48 metric tons of carbon dioxide equivalent (CO₂e) in greenhouse gases. Of this total, direct (Scope 1) greenhouse gas emissions amounted to 7816.50 metric tons of carbon dioxide equivalent (CO₂e), while indirect (Scope 2) greenhouse gas emissions were 29799.98 metric tons of carbon dioxide equivalent (CO₂e).



¹Notes: Selection of relevant emission factors: The emission factor for electricity is based on the electricity carbon dioxide emission factor for Shandong Province, as published in the "Electricity Carbon Dioxide Emission Factor for 2022" by the Ministry of Ecology and Environment and the National Bureau of Statistics in December 2024. Other factors are calculated in accordance with the guidelines issued by the National Development and Reform Commission, specifically the "Interim Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial sectors."

Strengthening Environmental Management

Zhongtong Bus continuously improves its environmental management system and actively implements green production methods. We adopt a comprehensive approach that includes source substitution, process control, and end-of-pipe treatment, with the participation of all employees to reduce pollutant emissions. We have established a Safety and Environmental Protection Department, which is responsible for carrying out the company's environmental protection work. Environmental management is handled by dedicated personnel to ensure that environmental protection is effectively implemented. This ensures that all environmental protection indicators meet the required standards for emissions.

Environmental Governance System

Zhongtong Bus strictly complies with the Environmental Protection Law of the People's Republic of China and effectively implements the local emission standards set by Shandong Province. In line with our actual situation, we have formulated the Environmental Protection Management Measures to standardize the environmental work content and requirements for each stage, including component manufacturing, welding, painting, assembly, trial delivery, logistics and security, and wastewater treatment. This ensures the effective fulfillment of our environmental protection responsibilities.

We first obtained certification for our environmental management system in 2006 and have since maintained the effective operation and continuous improvement of the system. The establishment and operation of the environmental management system have always been standardized, systematic, and comprehensive. Focusing on the overall policy of "complying with regulations, reducing pollution, and conserving energy", we have established a long-term improvement mechanism to continuously enhance our environmental performance.

Emergency Response System for Sudden Environmental Incidents

In accordance with the Emergency Response Law of the People's Republic of China, the National Contingency Plan for Sudden Environmental Emergencies, the Interim Measures for the Management of Emergency Plans for Sudden Environmental Incidents, and other relevant environmental protection laws and regulations, we have developed the Emergency Plan for Sudden Environmental Incidents based on the analysis of our environmental risks. This plan has been approved and filed with the local environmental protection administrative department.

Additionally, we have established an annual emergency response plan drill schedule, regularly organizing promotional activities and drills for the emergency response plan. This ensures effective control in the event of an emergency, enhances emergency response capabilities, and minimizes environmental harm. We also promptly revise and review the emergency response plan based on the effectiveness of the drills, continuously improving our emergency response system for sudden environmental incidents.



Case: Training Meeting on the Emergency Response Plan for Sudden Environmental Incidents

On April 27, 2024, Zhongtong Bus held a training meeting on the Emergency Response Plan for Sudden Environmental Incidents in the conference room of the Safety and Environmental Protection Department. The meeting emphasized that the emergency response plan is an action plan formulated to deal with sudden incidents. An effective emergency response plan is crucial for ensuring the safety of personnel, assets, and social stability. Every organization and enterprise needs to be prepared for sudden incidents. Training is the process through which personnel understand, comprehend, master, and apply the emergency response plan. It is also an essential guarantee for the effective operation of the emergency response system.

The meeting disseminated the contents of the Emergency Response Plan for Sudden Environmental Incidents, including an overview of the plan, classification of sudden incidents, and emergency response procedures and methods. It also provided supplementary explanations on important matters. The meeting required each workshop and department to conduct internal training and keep relevant written records. Finally, the meeting highlighted the importance of our emergency drills and provided guidance on emergency drills for each workshop and department. It emphasized the key role of emergency drills in improving the emergency response plan and enhancing emergency response capabilities and required each workshop and department to attach great importance to the implementation of emergency drills.



Self - Monitoring Plan for the Environment

Zhongtong Bus has formulated a self-monitoring plan as required. In accordance with the plan, we regularly commission third-party companies with the necessary qualifications to conduct tests on our behalf. We have developed a Self-Monitoring Plan for Environmental Protection and strictly follow the requirements of this plan to commission third-party monitoring agencies to carry out environmental monitoring of pollutants such as waste gas, wastewater, noise, soil, and groundwater on an annual, quarterly, and monthly basis. This allows us to keep a close eye on the emission of pollutants. The relevant monthly and annual reports are displayed on the bulletin board at the factory premises. We also installed online monitoring equipment as required by environmental protection regulations and have connected it to the network to achieve real-time monitoring of the concentration of major pollutant emissions.

In accordance with the requirements of our discharge permit, we have formulated a self-monitoring plan and commissioned qualified third-party testing companies to regularly test each emission outlet. All pollutant emission indicators meet the required standards. Online analyzers have been installed at our wastewater discharge outlet and the VOC waste gas emission outlet of the painting workshop. The data from these online analyzers is linked to the environmental protection authorities, enabling real-time monitoring of emission data.

Status of Environmental Protection Administrative Permits

In 2019, Zhongtong Bus first applied for and obtained a discharge permit. We have timely completed the quarterly and annual reports as required by the discharge permit execution report every year. No environmental violations occurred within the validity period of the permit. In January 2022, after upgrading and renovating our facilities, we reapplied for a discharge permit in accordance with the application requirements. Within the validity period, we continued to strictly implement the relevant requirements of the discharge permit, operated and maintained pollution control facilities in accordance with ecological and environmental management requirements, established an environmental management system, and strictly controlled the discharge of pollutants. Upon inspection, all pollutants were discharged up to standard. We ensured that all pollution prevention and control measures were effectively implemented and that pollutants were discharged up to standard. The current discharge permit is valid from November 13, 2024, to November 12, 2029.

Our environmental information is disclosed on the Shandong Province Enterprise Environmental Information Legal Disclosure System² and is open to public supervision. The disclosed information mainly includes basic enterprise information, production processes, pollutant discharge conditions, solid waste information, environmental emergency information, discharge permit information and environmental management information, etc.

Precise Pollution Prevention and Control

Zhongtong Bus carries out end-of-pipe treatment of pollutants to ensure compliance with emission standards and protect the environment. We use advanced processes to treat waste gas, wastewater, and particulate matter and store and dispose of hazardous waste in a standardized and compliant manner. We incorporate environmental protection equipment investment into our overall investment plan. During the annual budget review, necessary environmental protection expenses are not cut back. We invest sufficiently in environmental governance and protection. All pollution prevention and control measures are effectively implemented. In 2024, we invested in new environmental protection equipment, including VOC treatment facilities and welding fume treatment devices. In 2025, we plan to upgrade our welding fume treatment and carry out a rotor upgrade for our VOCs equipment, with an estimated investment of more than 10 million yuan, accounting for about 10% of the company's total investment plan for 2025.

Air Pollutants

Zhongtong Bus strictly complies with the Integrated Emission Standard for Air Pollutants (GB 16297-1996), the Regional and Integrated Emission Standard for Air Pollutants in Shandong Province (DB37/2376-2019), and the Emission Standard for Volatile Organic Compounds—Part 1: Automobile Manufacturing Industry in Shandong Province (DB37/2801.1-2016) to ensure that exhaust gas emissions meet the required standards. In accordance with the requirements of the discharge permit, we have developed a self-monitoring plan and regularly commission qualified third-party testing companies to monitor the exhaust gas emission outlets. All pollutant emission indicators meet the required standards. In addition, the VOCs exhaust gas emission outlet in the painting workshop is equipped with an online analyzer, and the data from the online analyzer is connected to the environmental protection authorities, enabling real-time monitoring of exhaust gas emission data.

² <http://221.214.62.226:8090/EnvironmentDisclosure/>

Exhaust Gas Emission Index		
Nitrogen oxide (NO _x) emissions	t	3.81
Nitrogen oxide (NO _x) emission density	t/vehicle	0.00042
Sulphur dioxide (SO ₂) emissions	t	3.04
Sulfur dioxide (SO ₂) emission density	t/vehicle	0.00033
Emissions of volatile organic compounds (VOCs)	t	19.13
Emission density of volatile organic compounds (VOCs)	t/vehicle	0.0021
Non-methane hydrocarbons (NMHC) emissions	t	19.13
Emission density of non-methane hydrocarbons (NMHC)	t/vehicle	0.0021

Our exhaust gas emissions are mainly divided into welding fumes and VOCs from painting. Among them, the VOCs treatment equipment is relatively advanced, and our emissions are significantly lower than the relevant local emission standard limits. In addition, the painting workshop also takes source-control measures such as using water-based paints.

Case: Zhongtong Bus Uses Advanced VOCs Treatment Equipment

Zhongtong Bus's spray-painting exhaust gas is treated using the most advanced exhaust gas treatment facilities in China, employing a process of "multi-stage filtration + zeolite wheel + rotary RTO (Regenerative Thermal Oxidizer)" for exhaust gas treatment. After passing through a multi-stage filtration, the workshop exhaust gas enters the zeolite wheel for adsorption treatment. The treated clean gas is then discharged into the atmosphere through a chimney. Meanwhile, high-temperature gas is used to desorb and concentrate the exhaust gas adsorbed by the zeolite wheel. The concentrated exhaust gas, after desorption, is sent into the rotary RTO by the main fan for oxidation and incineration treatment, and the treated gas is discharged into the atmosphere through a chimney. The putty scraping and foaming exhaust gas, after being treated by the "multi-stage filtration + activated carbon adsorption and desorption + catalytic combustion" treatment facilities, is discharged up to the standard. Particulate matter is discharged after being filtered by a pulse filter cartridge.

Wastewater Pollution Control

Zhongtong Bus strictly complies with the wastewater quality standards for discharging to municipal sewers (GB/T 31962-2015) to ensure that wastewater is discharged up to the standard. In accordance with the requirements of the discharge permit, we have developed a self-monitoring plan and regularly commissions qualified third-party testing companies to monitor the wastewater discharge outlets. All pollutant emission indicators meet the required standards. In addition, our total wastewater discharge outlet is equipped with an online analyzer, and the data from the online analyzer is connected to the environmental protection authorities, enabling real-time monitoring of wastewater discharge data.

Our wastewater discharge is mainly intermittent. There is a self-built wastewater treatment plant within the factory premises. Production wastewater is conveyed through dedicated pipelines to the treatment plant, where it is treated before being discharged into the municipal sewage network and then into the urban wastewater treatment plant. The treatment plant has a daily capacity of approximately 600 cubic meters and employs a treatment process of hydrolysis acidification plus bio-contact oxidation. Over the past three years, our wastewater has been discharged in compliance with standards, with no environmental penalties.

Measures to Improve Wastewater Treatment Capacity

- 01Enhance the daily operation and management of the wastewater treatment plant. Optimize and upgrade key processes such as the forced-discharge wells and material-feeding pipelines to reduce the frequency of cleaning and replacement, effectively lowering the failure rate of pumps and other machinery.
- 02Rectify the fixed supports and packing materials inside the sedimentation tanks. Innovatively add activated sludge and bacterial strains to ensure that suspended solids can be effectively precipitated and discharged during the wastewater treatment process, significantly improving the efficiency and effectiveness of wastewater treatment.

Wastewater Related Indicators

Total discharge of main industrial wastewater	t	52095
Industrial wastewater discharge concentration	t/ vehicle	5.69
COD emission concentration	mg/L	64.1
Ammonia nitrogen emission concentration	mg/L	3.44
Total phosphorus emission concentration	mg/L	0.169

Solid Waste

Zhongtong Bus strictly complies with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, Standard for Pollution Control on Hazardous Waste Storage, the Pollution Control Standard for the Storage of Hazardous Wastes, and the Hazardous Waste Transfer Manifest System, for the collection, storage, and disposal of solid waste.

Solid waste is sorted and stored in strict accordance with waste management standards. Non-metallic materials in general solid waste, such as pallets, scrap wood, plastic waste, cardboard, and welding wire spools, are collected and then entrusted to qualified disposal units for compliant disposal. High-value metallic materials, such as scrap iron and scrap aluminum, are sold by the company in a unified manner. In 2024, we processed 5,223.38 tons of scrap iron and 392.64 tons of scrap aluminum.

Hazardous wastes, as key sources of pollution under our supervision, are strictly managed in accordance with relevant national laws and regulations and the requirements of the Hazardous Waste Standardized Management Indicator System at all stages, from their generation and collection to storage and external disposal. We also formulated the Management Measures for the Prevention and Control of Hazardous Wastes.

The hazardous wastes generated by the company are sorted and collected in specialized containers. After being labeled with hazardous waste signs, they are stored in the hazardous waste warehouse according to their categories. All of them are handed over to qualified disposal units for compliant disposal, and the entire process is traceable.

Serial Number	Hazardous Waste Types	Production Amount	Disposal Amount
1	Sludge	278.75	265.63
2	Phosphate slag	18.57	19.79
3	Paint slag	168.91	172.37
4	Waste packaging barrel	103.99	97.82
5	Waste rubber head	12715	129.92
6	Waste filter cotton	21.23	21.47
7	Masking films	2.89	2.59
8	Laboratory waste	0.72	0.87
9	Waste lubricating oil	4.95	4.95
10	Waste oil barrels	3.77	3.71
11	Waste hydraulic oil	2.7	2.7
12	Waste batteries	22.83	22.83
13	Waste rolling oil sludge	0.46	0.46
14	Waste oil filter element	0.35	0.35
15	Spent activated carbon	10.67	10.67
16	Phosphating filter bag	1.14	0.93
17	Degreasing filter bag	0.14	0
18	Tone filter bag	1.37	1
19	Waste oil cloth, gloves	1.48	1.56
Sum-up		772.07	759.62

Zhongtong Bus 2024 Hazardous Waste Information Table

Efficient Use of Resources

Water Resource Utilization

Zhongtong Bus strictly complies with relevant laws and regulations, including the Water Law of the People’s Republic of China, and carries out comprehensive water-saving management. We enhance the recycling rate of water resources and reduce water waste through measures such as reusing concentrated water to achieve effective utilization of water resources. Meanwhile, we standardize our water resource management and conduct company-wide water governance on an irregular basis.

The water-intensive processes in our bus manufacturing include electrophoresis and spraying. Our total water consumption in 2024 was 350,437 tons. In terms of water resource management, we have established a comprehensive control network and a three-tier control system, forming a closed loop of water-saving management that includes “monitoring-diagnosis-treatment-verification” . In addition, we actively strengthen water-saving education, build a water-saving knowledge training system for employees, carry out water-saving themed practical activities and suggestion collection activities, and establish a dynamic governance mechanism for water “leakage and waste” . This has created a positive atmosphere where all employees cherish, love, and save water.



To enhance water use efficiency, we have introduced advanced water-saving technologies and processes from the industry in our production processes. Specific examples include the following:

- Utilizing the water from the pre-treatment stages of the electrophoretic painting line for the subsequent stages of the same line.
- Implementing a water recycling system for the vehicle rain test.
- Adopting a water recycling system for the spray humidification in the air supply and air conditioning systems.
- Using recirculated water to replenish the water in the spraying painting booth.
- Collecting concentrated water for use in landscaping within the factory premises.

These measures have enabled the company to achieve a comprehensive water reuse rate of 97.53%.



Water Resources Utilization Statistics	
Total water consumption	350437t
Water intake category	tap water
The total fresh water consumption in the production area	31206412t
Average water consumption per unit of product	26.8 t/ vehicle
Total circulating water consumption	13865648t
Recycling amount of industrial water resources	13865648 t
Recycling rate of industrial water resources	97.53%

Case: Water-Saving Effect Assessment Report of the Concentrated Water Reuse Project in 2024

Project Background

The effective utilization rate of industrial water in the production of pure water by pure water equipment is only 68.2%, with 31.8% of water resources being wasted daily.

Retrofit Content

The concentrated water generated from pure water production is collected and reused for factory greening, which also reduces the operating pressure on the wastewater treatment plant.

Energy-Saving Effect

The concentrated water flow rate is 7 cubic meters per hour. Based on the current industrial water price of 5.7 yuan per cubic meter and an average daily operation of 12 hours, the water-saving capacity of the system after retrofitting reaches 84 cubic meters per day.

Recycling of Used Batteries

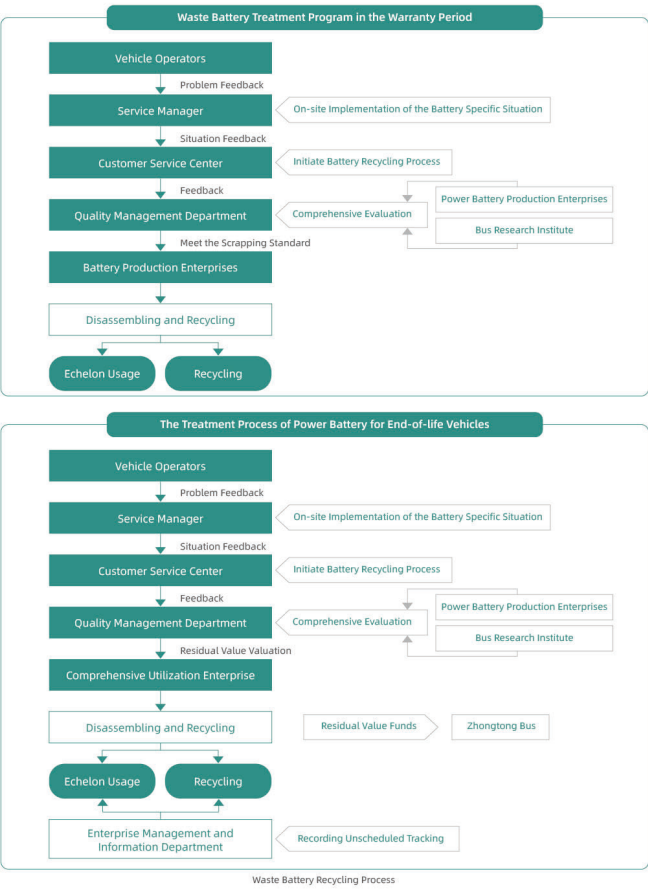
Zhongtong Bus actively responds to the relevant requirements for power battery recycling and cascaded use in the Interim Measures for the Administration of the Recycling and Utilization of Power Batteries for New Energy Vehicles and the Normative Conditions for the Comprehensive Utilization of Used Power Batteries for New Energy Vehicles. We have formulated the Management Measures for the Recycling of Used Power Batteries of Zhongtong Bus Co., Ltd. to strengthen the management of recycling and utilization of power batteries for new energy vehicles, regulate the development of the new energy vehicle industry, promote the comprehensive utilization of resources, protect the environment and human health, ensure safety, and support the sustainable and healthy development of the new energy vehicle industry.

At the same time, we focus on full life cycle carbon reduction and have established a three-tier technical system for retired batteries, namely, cascaded use, regeneration, and low-carbon regeneration. We collaborate with the industry chain to build a closed-loop system of production-recycling and have established a battery traceability platform and carbon footprint standards.



We established power battery system recycling and storage stations in areas with a high concentration of vehicles. There are about 50 such stations across the country, all located away from urban areas. Battery manufacturers and comprehensive utilization enterprises provide corresponding technical guidance documents for the storage and transportation of used batteries.

To ensure the smooth progress of the entire recycling process, we worked with battery manufacturers and comprehensive utilization enterprises to develop relevant agreements that clarify the responsibilities of each link in the recycling process of used power batteries. By adopting reverse logistics, a management network for used batteries has been established. All units have established relevant process standards and operating procedures, and all personnel have professional training. At the same time, standardized management has been strengthened to ensure that work is carried out efficiently, accurately, and in an orderly manner. Our Enterprise Management and Operations Department is responsible for irregular inspections of battery recycling and utilization to ensure that resources are fully utilized.



Energy Conservation and Utilization

Strengthening Energy Management

Zhongtong Bus has obtained the ISO 50001 Energy Management System certification. We are developing an integrated energy control system based on institutional processes, with energy governance at our core progressively. This system combines energy-saving retrofitting, cost management, and performance management. We also refine the four-tier cost-control mechanism for energy and power expenses. Regular energy audits and energy-consumption analyses are conducted to accurately identify energy-loss points in the production process, explore potential for energy-saving, and formulate targeted energy-saving measures. In 2024, we collaborated with authoritative energy-audit institutions to complete the re-certification of the GB/T - 23331 Energy Management System. We also revised the Energy Management Process, established a long-term supervision mechanism for energy use, and formed a three-level energy management network system of "company-workshop-team".



ISO 50001 Energy Management System Certification

The primary types of energy used by the company are electricity, natural gas, and diesel. Currently, the Light Bus Division is preparing to construct a photovoltaic power generation project. Natural gas is mainly used for environmental protection facilities and drying in the painting workshop, while diesel is primarily used for forklifts and test-driving vehicles.

Indicator	Unit	Data
Total natural gas consumption	m ³	3547679
Electrical power consumption	kWh	40941172
Total diesel consumption (Oil for forklift equipment in factory)	t	46.48
Purchased electricity	kWh	40941172
Heat purchase	GJ	32333.5
Total energy consumption	tce	11011.13
Energy intensity	tce / ten thousand yuan	0.01759

Energy Utilization Statistics

Energy-Saving and Emission-Reduction Actions

From the perspective of cost control, Zhongtong Bus will implement routine energy management measures to reduce manufacturing costs per vehicle in terms of energy expenses. In 2024, through energy management, we achieved a dual improvement in production efficiency and energy utilization efficiency. The electricity consumption per vehicle decreased by 420 kWh compared to the same period last year, a reduction of 11.77%; the gas consumption per vehicle decreased by 22 cubic meters compared to the same period last year, a reduction of 7.36%, leading to a decrease in carbon dioxide emissions of 41,000 tons.

Energy Management

We have vigorously carried out the optimization of energy-use efficiency in office areas, implemented refined electricity management and a patrol mechanism for lights that are always on. We measure the temperature in time every day and dynamically adjust the opening and closing times of the cooling units and heating circulation pumps in office buildings. We have systematically upgraded the lighting systems in places such as office buildings, sales buildings, and technology buildings, replacing more than 400 lighting fixtures with new energy-saving LED lamps, which has increased energy-saving efficiency by more than 40%.

We also conducted HOS and special energy inspections for "leaks and spills" to ensure the rational use of energy. By implementing a regular inspection system, we have effectively corrected the phenomenon of energy waste and achieved cost savings. In 2024, we carried out energy inspections 12 times, and identified and resolved more than 150 issues in a timely manner.

Equipment Upgrade

We deepened the conversion of old and new kinetic energy, systematically built a green manufacturing full industry chain system, strictly implemented a low-carbon development strategy, and phase-by-phase carried out a plan to replace high energy-consuming equipment. Through technological innovation and iterative upgrades, effectively reduced carbon emissions. In 2024, we focused on completing the retrofiting of key energy-consuming equipment such as hydraulic presses, water heaters, and dispensing machines; improved energy-use efficiency; reduced the frequency of unplanned equipment downtime to ensure the stable and efficient operation of the production process.

Gas Procurement

In our production process, CO₂ is purchased as a shielding gas. Currently, our source of CO₂ is industrial by-product gas, provided by Luxi Chemical. Luxi Group has thoroughly identified the coal-chemical production process and adopted new carbon-capture technologies to purify the carbon dioxide emitted during production, forming a liquid CO₂ product.

Our Key Measures for Energy Conservation and Emission Reduction

In terms of equipment energy efficiency, regarding newly purchased equipment, we follow the relevant requirements of the higher-level unit regarding the energy-efficiency access level for the introduction of key energy-using products and equipment. For example, motors with power greater than 7.5 kW must meet the first level energy-efficiency standards, and the use of high energy-consuming equipment listed for elimination by the state is prohibited. As for old equipment, the Manufacturing Engineering Department will carry out relevant technical improvements and upgrades focusing on energy-saving. For example, for motors with a power of more than 50 kW, frequency conversion retrofitting is carried out by adding frequency conversion drives, or the operating mechanism is optimized by adjusting the equipment layout and reducing idle running time. Regarding large scale equipment, during the year 2024, we carried out two major energy-saving retrofitting projects, namely the 1,250 ton hydraulic press and the VOC equipment, and quantified the specific energy-saving results and cost savings.

Case: Energy-Saving Effect Assessment of Two Major Energy-Saving Projects in 2024

1 Hydraulic Press Frequency Conversion Energy-Saving

Four 55 kW frequency conversion drives were added. The operating frequency of the oil pump is reduced during standby to achieve energy-saving purposes.

Conservation Effort	
Formula	$P45/P50=45/50^3$ $P45=0.729P50$
The Energy Saving Rate of a Single Motor from 50Hz down to 45Hz	$p45=0.729^4 \times 45^4=131.22\text{kw/h}$
Motor Energy Saving	$45^4-131.22=48.78\text{kw}$
Energy Saving Rate	$48.78/((45^4 \times 4) \times 100\%)=271\%$
Economic Measurement: annual energy saving $8 \times 30 \times 12 \times 180 \times 0.271 \times 1 = 14.05$ million yuan	

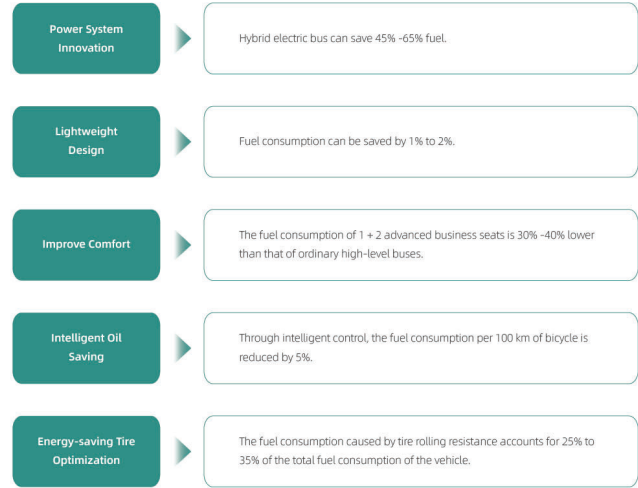
2 VOC Rotor Retrofitting

The VOC rotor is divided into two parts, north and south. When fans on both sides are started, both rotors need to be activated. This retrofitting connects the spaces on the north and south sides that collect exhaust gases to mix the gases, allowing the exhaust to enter all rotors. The rotors are centrally controlled by a PLC, which determines the number of rotors to operate based on the number of paint booths in use. After the retrofitting, at least one rotor can be started to ensure the normal operation of the fans.

Conservation Effort		
	Before Transformation	After Transformation
Operation Of On-site Spray Room	The top paint spraying room and the middle paint spraying room all run one	
Operation Quantity	Run 5 runners	Run 1 runner
Motor Power Per Hour	490	218
Daily (10h) Electricity Consumption	4900	2180
Conomic Measurement: annual energy saving $(4900-2180) \times 330 / 10000 = 897,600$ yuan		

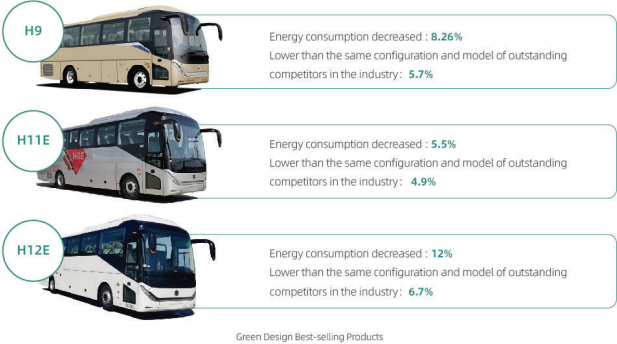
Green Product Design

Under the global trend of green and low-carbon development, Zhongtong Bus always adheres to the core driving force of technological innovation and is committed to creating green, efficient, and energy-saving automotive products. Through continuous research and development as well as innovation, we have achieved remarkable breakthroughs in multiple fields such as power systems, body design, and energy-saving technologies. This has not only enhanced the performance and cost-effectiveness of the products but also provided strong support for the sustainable development of the transportation industry.



Green Product Design Performance Indicators

We have successfully developed the sixth generation of energy-saving technology and established a technical system for optimizing the energy consumption of system performance. This has led to breakthroughs in the energy efficiency of three core models: The H9, H11E, and H12E have seen energy consumption reductions of 8.26%, 5.5%, and 12%, respectively compared to their predecessors. Their energy-efficiency improvements are 5.7%, 4.9%, and 6.7% higher than those of similar-level competitors in the industry. Among them, the H12E's energy-saving advantage has set a new energy efficiency record in the sub-market and established a new benchmark for the energy efficiency of new-energy buses.



Sustainable Products and Green Design	
Power System Innovation for High Efficiency and Energy Saving	Zhongtong Bus has successfully developed a coaxial parallel electromechanical coupling drive system powertrain and complete vehicle products with distinct technical route characteristics. The system is compact and lightweight, while also featuring high reliability, durability, and fuel-saving performance. In practical applications, the fuel-saving rate of hybrid-powered buses can reach 45% to 65%, with emission reduction effects exceeding 60%.
Lightweight Body Design and Optimization	The application of advanced CAE finite element analysis technology and the optimization design of the vehicle body structure. Through precise calculations and testing, for some models, a 10% reduction in the vehicle's curb weight can lead to fuel savings of 1% to 2%. Lightweight design not only improves the vehicle's fuel efficiency but also enhances our handling performance, providing strong support for green travel.
Improve Passenger Comfort and Energy Efficiency	The use of a 1+2 seating arrangement with high-end business-class seats not only enhances passenger comfort but also effectively reduces energy consumption per passenger. For example, the fuel consumption of a high-capacity double-decker bus is approximately 0.6 to 0.7 liters per 100 kilometers per person, which is 30% to 40% lower than the 1.04 liters per 100 kilometers per person for ordinary high grade second level buses.
Application of Intelligent Oil Saving Technology	Zhongtong Bus has introduced multi-power fuel-saving switches in our vehicles. Through intelligent control, the fuel consumption per 100 kilometers for a single vehicle can be reduced by 5%. In addition, we have implemented engine constant temperature control technology. By matching it with a three-speed electromagnetic clutch fan, fuel efficiency is further optimized. In northern regions, the fuel-saving effect of this technology is particularly significant, reaching 6% to 10%.
Selection and Optimization of Energy-saving Tires	Zhongtong Bus actively adopts energy-saving tires, which significantly reduce vehicle fuel consumption and enhance reliability. Statistics show that fuel consumption caused by tire rolling resistance accounts for 25% to 35% of a vehicle's total fuel consumption. By selecting radial tires, compared with traditional bias tires, fuel savings of 10% can be achieved on highways and 5% on regular roads.

05

Governance

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Standardizing Corporate Governance

Zhongtong Bus regards corporate governance as a vital cornerstone of modern enterprise management and a crucial safeguard for sustainable and stable development. We place high importance on risk prevention and compliance.

Improving the Governance Structure

Zhongtong Bus strictly adheres to the requirements of Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Corporate Governance Guidelines for Listed Companies, Stock Listing Rules of the Shenzhen Stock Exchange, Measures for the Administration of Independent Directors of Listed Companies, and Basic Norms for Internal Control of Enterprises. Based on these laws, administrative regulations, departmental rules, and normative documents, we have established a standardized corporate governance structure and scientific deliberation rules, which has clarified the responsibilities and authorities in decision-making, execution, and supervision, forming a scientifically effective division of responsibilities and a system of checks and balances.



General Meeting of Shareholders

Zhongtong Bus strictly complies with the provisions and requirements of the Rules for the General Meeting of Shareholders of Listed Companies, Articles of Association, and Rules of Procedure for the Shareholders' Meeting, and duly convenes and holds shareholders' meetings in a standardized manner. Additionally, we engage professional lawyers to witness the shareholders' meetings and issue legal opinions.

The Shareholders' Meeting is the highest authority of the company, enjoying the legitimate rights stipulated by laws, regulations, and the Articles of Association. It exercises decision-making power over significant matters such as the company's business strategy, financing, investment, and profit distribution in accordance with the law. We treat all shareholders equally and enhance the convenience for minority shareholders to participate in the shareholders' meetings by providing a combination of on-site voting and online voting, as stipulated to ensure that all shareholders can fully exercise their rights. When deliberating on relevant proposals, the voting results of minority investors are counted separately to ensure that they have an equal status.

In 2024, the company held 3 shareholders' meetings, during which we revised and improved 7 governance documents, including the Articles of Association, Rules of Procedure for the Shareholders' Meeting, Independent Director System, and Rules of Procedure for each committee of the Board of Directors.

Board of Directors

The Board of Directors serves as the core governance body of our company, playing a crucial role in our decision-making, oversight, and management. Our governance structure is clearly defined with a system of checks and balances to ensure that decisions are rational and scientific. This promotes standardized corporate operations and enhances the level of corporate governance, effectively safeguarding the legitimate rights and interests of all shareholders and creditors. The Board of Directors is accountable to the Shareholders' Meeting, implements the resolutions of the Shareholders' Meeting, and exercises the company's management and operation rights in accordance with the law.

Responsibilities of the Board of Directors	
Strategic Decision-Making	Formulating Strategic Plans: Based on our vision and mission, and in conjunction with market conditions, industry trends, and our own resources and capabilities, the Board of Directors is responsible for developing a long-term strategic development plans and annual business plans. This process clarifies the company's direction and objectives for growth.
	Major Decision-Making: The Board reviews and makes decisions on significant matters such as major investments, financing, mergers and acquisitions, and reorganizations. This ensures that the company's major business activities align with its strategic plans and are in the best interests of the shareholders.
Supervision and Management	Supervising Management: The Board oversees and evaluates the performance of our management team. It ensures that the management team carries out its work in accordance with the strategies and decisions set by the Board, fulfills its duties, and achieves our business objectives.
	Internal Control and Risk Management: The Board establishes and maintains a robust internal control and risk management system within the company. It monitors the implementation of various internal systems to prevent and mitigate risks, thereby safeguarding our stable operations.
Interest Coordination	Balancing Shareholder Interests: As representatives of the shareholders' interests, the Board is responsible for balancing the interests of different shareholders. It ensures that our decisions and business activities are in line with the principle of maximizing the interests of all shareholders.
	Considering Other Stakeholders: In addition to shareholders, the Board must also take into account the interests of other stakeholders such as employees, customers, suppliers, and the community. It promotes harmonious development between the company and its stakeholders and maintains the company's positive image and reputation.
Information Disclosure and Compliance	Information Disclosure: The Board is responsible for ensuring that we disclose our financial condition, business results, and significant matters in a timely, accurate, and complete manner, in accordance with laws, regulations, and securities regulatory requirements. This guarantees the right to information for investors and the general public.
	Compliance with Operations: The Board oversees the company's compliance with national laws and regulations, securities regulatory provisions, and the company's articles of association. It ensures that our business activities are legal and compliant, thereby avoiding legal risks and reputational damage that may arise from violations of laws and regulations.

Responsibilities of the Board of Directors

Currently, we have a total of 7 directors on the board, including 3 independent directors with diverse professional backgrounds in law, finance, and corporate management. The chairman of the board and the general manager serve as executive directors, actively participating in the company's daily operations. They bring specialized management knowledge and extensive industry experience, providing a direct operational perspective for strategic decision-making. There are 5 external directors, comprising 3 independent directors and 2 non-independent directors. The non-independent directors are nominated by major shareholders to represent shareholder interests in corporate governance. Independent directors, who are neither shareholders nor employees of our company, offer objective and impartial opinions and suggestions based on their professional expertise, experience, and independent judgment, effectively fulfilling their supervisory role in ensuring our standardized operations.

In 2024, we convened 6 board meetings, with the convening, holding, and voting procedures strictly adhering to relevant laws, regulations, and provisions.

The board has established four committees: the Strategy Committee, the Remuneration and Evaluation Committee, the Audit Committee and the Nomination Committee. Independent directors hold the majority and serve as conveners in the Audit Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. The convener of the Audit Committee possesses the necessary independence, good professional ethics, and professional competence. Matters involving specialized fields must be reviewed by the relevant committees before being submitted to the board, facilitating the effective participation of independent directors.

Audit Committee

The Audit Committee is chaired by an independent director with an accounting background and consists of 3 members. It is primarily responsible for overseeing our financial reporting process, internal control, and audit activities. The committee ensures the authenticity, accuracy, and completeness of our financial information; reviews our financial statements and audit reports; and supervises the work of both internal and external audit institutions.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee is chaired by an independent director and consists of 3 members. It is responsible for formulating and reviewing the compensation policies and plans for our directors and senior management. The committee assesses and evaluates their performance based on our company's performance and individual contributions, ensuring that the compensation system is rational and incentive-driven, and aligning the interests of the management with those of the shareholders.

Nomination Committee

The Nomination Committee is chaired by an independent director and consists of 3 members. It is responsible for establishing the selection criteria and nomination procedures for directors and senior management. The committee searches for and recommends suitable candidates to ensure that the quality and structure of the board and management meet our developmental needs.

Strategy Committee

The Strategy Committee is chaired by the Chairman of the Board and focuses on researching and planning our long-term strategic development and major investment decisions. It provides strategic decision-making support to the board by analyzing macroeconomic trends, industry developments, and market competition, and formulates our strategic goals and development plans.

Board of Supervisors

We currently have 3 members on Board of Supervisors, including 1 employee supervisor. In 2024, we convened 5 Supervisory Board meetings, reviewing and passing 16 proposals. The convening, holding, and voting procedures of the Zhongtong Bus Supervisory Board strictly adhere to the provisions of our Articles of Association and Rules of Procedure for the Supervisory Board. The Supervisory Board diligently fulfills the supervisory and inspection responsibilities entrusted by the shareholders' meeting, effectively overseeing the company's standardized operations, financial conditions, internal control construction, and the performance of directors and senior management. This ensures the maximum protection of the legitimate rights and interests of the company and its shareholders.

Management Team

Management Team responsible for organizing and implementing the resolutions of the shareholders' meeting and the Board of Directors. They exercise management and operational powers through command, coordination, management, and supervision of various functional departments to ensure the normal operation of the company.

We set up internal organizations by comprehensively considering factors such as business characteristics, development strategies, cultural concepts, and internal control requirements. We clarify the responsibilities and authorities of each organization and position through internal management systems, process documents, quality management system documents, and job responsibility descriptions. We continuously reform and optimize our organizational structure based on our operational conditions.

Information Disclosure and Protection of Investors' Rights and Interests

Zhongtong Bus strictly adheres to the provisions of relevant laws, administrative regulations, departmental rules, and other normative documents, including Company Law, Securities Law, Measures for the Administration of Information Disclosure by Listed Companies, Stock Listing Rules of the Shenzhen Stock Exchange, and Self-Regulatory Guidance No. 1 for Listed Companies on the Main Board-Standardized Operations of Listed Companies. In line with our actual situation, we have established internal systems to ensure that information of significant impact on investors' decision-making is disclosed in a true, accurate, complete, and timely manner, fulfilling our obligations for information disclosure and we are continuously improving the quality of such disclosures. Our voluntarily

disclosed information is in accordance with the industry-specific regulatory guidance from the China Securities Regulatory Commission (CSRC) and we regularly publish voluntary announcements on production and sales data each month.

We always prioritize investor relations management, striving to enhance information exchange between the company and both current and potential investors, and actively communicate our long-term investment value. In our investor relations activities, we uphold the principles of openness, fairness, and justice and have established a diverse and efficient range of communication channels, which include regular reports and interim announcements, Shareholders' Meeting, mailed materials, telephone inquiries, and on-site visits, all designed to fully meet investors' information needs. We aim to establish a long-term, stable, and harmonious relationship with investors, effectively safeguarding the legitimate rights and interests of all investors, particularly the broad public investor community. Regular and interim announcements are disclosed through the 4 major securities newspapers and the China Securities Regulatory Commission's official website and are simultaneously posted on the investor relations section of our official website. Additionally, we regularly receive investor visits, working to enhance investors' understanding and recognition of our company and to build a positive and proactive corporate image. This further strengthens investors' sense of identification with and satisfaction in the company. In accordance with relevant requirements, we disclose interview records through the Shenzhen Stock Exchange website. Moreover, we proactively hold earnings conferences following the annual report disclosure.

Investor Communication Channels		
Investor Communication Channels	Online	Offline
Regular	Periodic Reports On Company Website	Earnings Presentations Shareholders' Meeting
Irregular	Interim Announcements Telephone Consultations	Mailing of Materials On-Site Visits

Executive Remuneration Management

In order to establish an incentive mechanism that meets the requirements of modern corporate systems, achieve our long-term development strategy, better construct our core competitiveness, fully mobilize and leverage the enthusiasm of senior management personnel, and realize our leapfrog development, we have set up an executive compensation plan based on our own strategic philosophy and business development needs. We have also formulated regulations such as Zhongtong Bus Co., Ltd. Leaders Management Measures, Personal Performance Contract Management Measures, Evaluation Standards Management Measures, and Cost Reward Management Process. These regulations set work objectives, evaluation criteria, and compensation systems for each management level. In terms of performance evaluation indicators for senior management personnel, we include indicators such as new energy vehicle revenue, sales volume, and market share in the annual task book of the leadership team.

Specific Explanation of the Personal Performance Contract Management Measures

At the beginning of each year, we draft the initial version of the Personal Performance Contract (PPC) for senior executives based on the corporate strategic goals, budget targets, and key annual business priorities. The Enterprise Management and Information Department organizes the refinement of the PPC indicators, formulas and scoring rules, and seeks confirmation from the company's senior management. Once confirmed, the PPCs are submitted to the contracting party for review and signing. We schedule quarterly reviews of the PPC completion status, analyzing any quantitative indicators or task performance that fail to meet requirements. We identify root causes and develops improvement plans for implementation. At the beginning of each year, the company also conducts a self-assessment of the previous year's performance for PPC holders. The Enterprise Management and Information Department evaluates the PPCs, forming an annual assessment result that is fed back to the Human Resources Department for remuneration settlement.

Strengthening Risk Management

Zhongtong Bus deeply implements the rule of law in corporate governance, adhering to integrity, compliance, and transparent operations. We continuously improve our legal governance framework and have established a comprehensive internal management and risk prevention mechanism. We built a strict and effective internal control system oriented by risk management and centered on compliance management.

Risk Management

We have comprehensively strengthened our risk management work, earnestly implementing regulatory requirements such as the Comprehensive Risk Management Guidelines for Central Enterprises. We have formulated the Risk Management System in line with our actual situation, which continuously reinforces the construction of the risk management system, establishing a comprehensive risk management system that covers the company and our subsidiaries. This system aims to enhance the ability to prevent and resolve risks, improve the level of risk management, and ensure the realization of our overall strategy and business objectives.

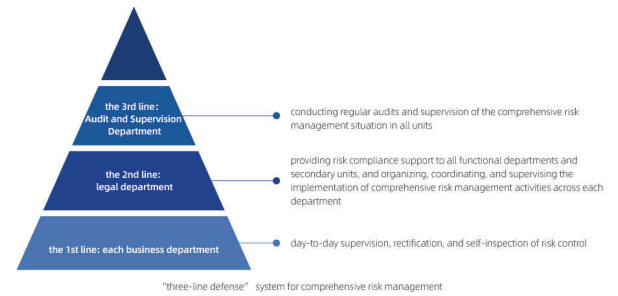
Risk Management System

The risk management of Zhongtong Bus adheres to 4 major principles: comprehensiveness, materiality, adaptability, and cost-effectiveness. The scope of control covers all business areas, departments, and personnel of the company and runs through the entire process of decision-making, execution, supervision, and feedback. It implements key controls over important business areas, significant matters, major operational links, and high-risk fields. Additionally, in response to changes in the business scope, scale of operations, organizational structure, risk conditions, and external environment (including market, technological, and legal environments), we timely adjust and improve our risk control measures each year and form an annual risk assessment report.



Zhongtong Bus Risk Management System

We have established a "three-line defense" system for comprehensive risk management to form a collective force in risk control. Each business department fulfills the responsibilities of the first line of defense in comprehensive risk management, being in charge of the day-to-day supervision, rectification, and self-inspection of risk control. The legal department shoulders the responsibilities of the second line of defense, providing risk compliance support to all functional departments and secondary units, and organizing, coordinating, and supervising the implementation of comprehensive risk management activities across each department. The Audit and Supervision Department carries out the duties of the third line of defense, conducting regular audits and supervision of the comprehensive risk management situation in all units.



Risk Management Process



1 Issuance of Risk Management Work Plan and Comprehensive Assessment

We employ a combination of qualitative and quantitative methods to conduct a comprehensive assessment of the likelihood of risks occurring and the extent of their impact. In 2024, a total of 44 risk items were identified and sorted, covering 8 aspects: strategy, market, technology and quality, legal affairs, finance, operations, production, and sales.

2 Identification of Significant Risk Items for Overall Control

Based on the risk identification and assessment by various departments, we identified and tracked 5 significant risk items for continuous monitoring in 2024.



3 Enhancement of Pre-Event and Process Supervision

- The legal department participates in the review of external documents and provides legal opinions to mitigate business risks.
- Conduct special legal risk identification activities as needed.
- Conduct special identification, form legal opinions and training materials.

During-Event Control

Pre-Event Supervision

- Predict and precisely identify potential risks, and formulate control measures.
- Strengthen legal compliance review and supervision to guard against business and legal risks.

Post-Event Management

- Review and analyze the existing defects and insufficiencies in the management process.
- Formulate corrective measures for continuous improvement.
- Integrate risk points and control points with end-to-end processes for optimization.
- Match and optimize the internal control management manual.

4 Establishment of Continuous Supervision and Improvement Mechanism

We have established a risk process monitoring, evaluation, and early warning control mechanism, which continuously supervises the risk management process according to the frequency of indicator monitoring and the implementation of risk response measures and makes timely improvements. This provides decision-making information support for our scientific and precise decision-making.

5 Strengthening Response to Sudden Major Risk Events

In response to significant sudden events identified during routine risk monitoring, we have established a real-time feedback mechanism, which organizes the assessment of the impact of these sudden events and formulates risk response plans to prevent business risks. For decision-making errors, management dereliction of duty, and violations during the risk management process, we hold relevant personnel accountable to enhance the importance placed on risk management work by all departments.



Management of Major Litigation Cases

To safeguard our legitimate rights and interests and ensure the security of state-owned assets, led by the general manager, we have established a leadership group and a working group for the handling of major legal disputes to be fully responsible for the guidance, supervision, coordination, and scheduling of the company's major legal disputes.



Regarding major litigation cases, we enhance communication and coordination with the group. After a litigation case occurs, we promptly report to the group on the basic case details, points of dispute, measures taken and their effectiveness, as well as the analysis and prediction of case outcomes. By leveraging the group's superior resources, we strive to achieve precise control over litigation cases and maximize our interests to the greatest extent possible.

We have standardized the approval procedures for major litigation cases, promptly reported relevant information, drafted settlement and mediation plans, and submitted them for decision-making to the company's executive office and the Party Committee. Based on the decision, we then proceed with the implementation of the plans.

Compliance Operation

Our Legal and Investment Management Department is responsible for comprehensive compliance management and has established a compliance management system. Our compliance management efforts are progressively advancing. In the future, we plan to appoint a Chief Compliance Officer (CCO) and may establish a Compliance Management Committee depending on the circumstances.

Compliance Management

To comprehensively strengthen compliance management, effectively prevent and control compliance risks, and enhance our legal and regulatory management standards, we have formulated Compliance Management Measures. The compliance management system is managed according to principles of full coverage, focusing on key areas, transparent systems, effective supervision, practical integration, objectivity and fairness, enhanced responsibility, and collaborative linkage. All of our employees are familiar with and comply with the laws and regulations, internal company systems, and compliance obligations related to their job responsibilities. They perform their job duties in accordance with the law, accept compliance training, and are responsible for the legality and compliance of their actions.

We have appointed compliance officers in each department, who are responsible for screening and supervising compliance matters within their respective departments. The legal department provides compliance support for business department operations and conducts compliance reviews of major business decisions. The Audit and Supervision Department, as the third line of defense in the compliance field, conducts special audits and administrative accountability for areas with insufficient control. In addition, we have identified and organized key areas of compliance, including bidding activities, safety and environmental protection, intellectual property, product quality, and labor relations.

Compliance Training

We conduct quarterly training sessions on contract law, civil code, and other related topics for domestic sales managers and other business departments. In 2024, we organized a "Constitution Promotion Month" event, inviting external lawyers to provide legal knowledge training. Additionally, we held separate training sessions on the revised sections of the Company Law and overseas anti-commercial bribery regulations to enhance compliance awareness.



Compliance Training



Internal Control and Audit

Zhongtong Bus has formulated the Internal Control Evaluation Management Process and the Internal Audit Management Process in accordance with the group's requirements. We have established a comprehensive internal control and compliance system that covers the entire production and operation chain, integrates all business processes, and connects all personnel across each position.

Internal Control

Our internal control system operates in concert with the governance body, supervisory authorities, and executive departments. The board of directors is responsible for the construction of the system, approval of significant deficiencies, and review of reports. The Audit Committee oversees the evaluation work and deliberates on reports. The Enterprise Management and Information Department takes the lead in designing the system, formulating plans, and conducting cross-departmental assessments. The Audit and Supervision Department heads the formation of working groups to implement on-site evaluations, with the internal control evaluation team specifically carrying out tests, identifying deficiencies, and forming reports. Business departments are tasked with self-assessment and rectification within their own areas. The system adheres to the principles of comprehensive coverage, focused control, and objective evidence, relying on risk-oriented methods to focus on high-risk areas and ensuring the effectiveness of evaluations through quantitative evidence.

During operations in 2024, over 30 routine issues were identified, with no major deficiencies occurring, effectively safeguarding the company's compliant and stable operations.

Internal Audit

Our Audit and Supervision Department, serving as the internal audit body directly under the Audit Committee, is fully responsible for the supervision of the internal control system, verification of financial information, and review of the compliance of economic activities. This covers the entire business chain, including sales revenue collection, procurement payments, asset management, investment and financing management, etc., and focuses on key areas such as after-sales service, bidding, procurement, and sales expenses for special audits. Systematic inspections ensure the authenticity and completeness of accounting information and promptly reveal potential risks. In 2024, more than 10 key business audits were completed, effectively strengthening our operational compliance control.



Sustainable Governance

Zhongtong Bus adheres to honest business practices and maintains high standards of business ethics, integrating compliance requirements into all business and management processes and standardizing all production and operational management activities.

Anti-Commercial Bribery

We deeply promote the construction of an honest Zhongtong culture that values morality, diligence, and integrity, continuously fostering a "three emphases" incorruptible culture. It advances the integrated approach of not daring to be corrupt, not being able to be corrupt, and not wanting to be corrupt, maintaining a zero-tolerance policy towards corruption. We have established relevant systems such as the Administrative Accountability Management Measures and the Management Measures for the Pursuit of Responsibility for Violations in Business and Investment to provide institutional support for internal discipline and rectification. At the same time, we insist on signing integrity agreements with external suppliers annually to regulate the behavior of both parties, continuously creating a healthy ecosystem for corporate reform and development.

Strengthening Party Conduct and Clean Governance

Our Party Committee places great importance on the construction of party conduct and clean governance, earnestly fulfilling its primary responsibilities. The Party Committee's theoretical study group takes the lead in studying Disciplinary Sanctions Regulations of the Communist Party of China and Regulations on the Discipline of State-Owned Enterprise Managers, enhancing awareness of clean business practices. We continue to improve the integrity files of leaders, dynamically updating personal matter reports, and further strengthening daily supervision of leaders to promote their integrity and self-discipline.

We focus on the "key minority" of leaders, conducting targeted warning education, including organizing visits to the Liaocheng City Integrity Education Museum, immersive warning education at Liaocheng Prison, customized training for young leaders, viewing records of disciplinary and legal violations, Party classes by the Discipline Inspection Commission Secretary, signing commitments to practice the "Three Emphases" incorruptible culture, writing reflections, and creating integrity self-discipline reminder cards, among other effective activities. Each grassroots party branches also widely carries out warning education activities through the "Three

Vigorously Fostering a Culture of Integrity

We continue to promote the "Three Emphases" initiative for an incorruptible Zhongtong, vigorously fostering a culture of "value morality, value diligence, value honesty". Prominent slogans for the incorruptible Zhongtong campaign are displayed in noticeable locations or on large screens within the company. News about the "Three Emphases" incorruptible Zhongtong initiative is promptly published on our official website and WeChat public account. A dedicated section for the "Three Emphases" incorruptible Zhongtong campaign is established on the internal OA network, and a newsletter titled "Brief Report on the 'Three Emphases' Integrity Building Work" is compiled to timely publicize the latest developments in the clean Zhongtong initiative. Through activities such as a calligraphy and painting competition for the "Three Emphases" incorruptible Zhongtong campaign, the creation of cautionary short videos titled "Breeze Micro-Classroom" based on two typical cases investigated by the company's disciplinary committee in 2024, and the selection of exemplary teams for the "Three Emphases" integrity building, we continuously ingrain the "Three Emphases" culture of integrity into the hearts and minds of our employees.

Case: Zhongtong Bus Held an Initiating Meeting for "Three Emphases" Integrity Building

Zhongtong Bus held an initiating meeting for "Three Emphases" integrity building, namely "valuing morality, valuing diligence, and valuing integrity". The meeting communicated the "Integrity Building Work Plan for Zhongtong with an emphasis on morality, diligence, and integrity", and set forth requirements for further advancing various tasks involved in the integrity construction of Zhongtong.



Report Reception and Handling

Zhongtong Bus currently has various channels for receiving reports and complaints, including letters, visits, email, telephone, and online QR codes, with a high proportion of online reports. Our disciplinary committee strictly follows the provisions of Regulations on the Supervision and Discipline Inspection Work of the Disciplinary Inspection Department of the Communist Party of China to handle problem leads through 4 methods: conversational inquiries, preliminary verification, temporary suspension for further investigation, and closure of the case, maintaining strict discipline and accountability. At the same time, investigators strictly adhere to confidentiality discipline to effectively protect the personal information of the reporters. In 2024, the disciplinary committee of Zhongtong Bus received a total of 14 letters and visits 24 problem leads and held 90 individuals accountable.

Clean and Honest Environment

Create a new supply chain ecosystem
with integrity and uprightness together!

Fair competition Transparency Honesty

Reporting Phone number: 0635-8329100

Reporting Email: ztkcjwjbxx@163.com



Report Telephone Number and Mailbox of Zhongtong Bus

Case: Special Rectification in the "Testing and Certification" Field

For the risks in the process of product certification, we reviewed the business processes for announcements and applications, identified integrity risk points, analyzed the causes successively, and formulated rectification measures to earnestly implement the resolution of issues.

1 Strict Control over the Introduction of Testing Institutions

Firstly, for certification and testing services, we carefully selected cooperative partners to reduce integrity risks from the source of the business. Secondly, we standardized the selection and entry rules for cooperative partners, referred to the bidding results of testing institutions from the Group, and selected several testing institutions to sign cooperation agreements, clarifying the rules for the allocation of subsequent certification and testing services. Thirdly, when signing cooperation agreements with the chosen testing institutions, we concurrently signed Integrity and Honesty Agreements to regulate the behavior of both parties.

2 Standardizing Business Management and Strengthening Integrity Risk Prevention and Control

We revised the Product Announcement and Application Management Process, institutionalizing, standardizing, and proceduralizing the work processes with detailed requirements for every node, key position, and job content in the certification and testing services. We standardized the entire chain from the input of certification requirements to the selection of testing institutions, from the determination of testing projects to the confirmation and payment of testing costs, and added prevention and control measures for the seven identified integrity risk points. We also established a job rotation mechanism, classifying product testing and certification positions as high-integrity risk positions, and arranged regular job rotations to guard against risks.

Anti-Unfair Competition

Zhongtong Bus adheres to the principle of fair competition, establishing and complying with the **Organizational Performance Management Measures and Bidding and Procurement Management Process**. We explicitly require adherence to export controls, economic sanctions, anti-monopoly, competition, and fair trading laws and regulations applicable in the countries where our business operates. We advocate for all market participants to jointly maintain a fair competitive business environment and demand that partners, including suppliers, also comply when engaging in cooperation to preserve a fair and transparent competitive environment and avoid undue influence. We never engage in monopolistic practices such as price fixing with competitors or restricting the production or sales volume of goods. Regular anti-monopoly compliance audits are conducted, and training and dissemination of anti-monopoly laws and regulations are intensified.

We actively maintain a fair market environment, securing orders based on our product competitiveness. At the same time, we strengthen risk awareness and participate reasonably in bidding and tendering. In terms of specific measures, we select orders from well-managed, high-quality customers to avoid any occurrence of irregular profits.

We have established and follow procurement management systems such as the **Supplier Selection Management Process**, the **Qualified Supplier Review Regulations**, and the **Supplier PPAP Approval Management Process**. We classify procurement materials and conduct inspections and assessments of potential suppliers. After passing the review and approval process, they are included in the **List of Qualified Suppliers**. In 2024, we did not receive any legal cases related to unfair competition practices, violations of antitrust laws, or anti-monopoly laws.



Our Responding Measures to Unfair Competition

Establishing a rapid response and complaint mechanism

Set up a dedicated hotline for reporting unfair competition, encouraging employees, customers, and suppliers to monitor and report any such activities. For any leads received, our disciplinary committee will conduct an internal investigation within a specified time frame, produce a report on the investigation and handling, and promptly make it public.

Legal protection and administrative intervention

In cases where infringements (such as copying vehicle models or stealing technical data) are confirmed, Zhongtong Bus collaborates with market supervision authorities to initiate administrative law enforcement procedures and seeks compensation for damages through civil litigation.

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Employee

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Zhongtong Bus adheres to the core philosophy of "people-oriented" and actively attracts and cultivates outstanding talents, provides employees with a highly competitive compensation and benefits system, establishes a comprehensive training and development mechanism, and offers broad career development opportunities, enabling every employee to achieve continuous growth and development.

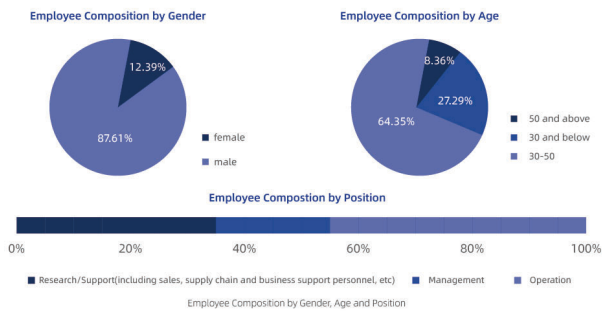
Safeguarding Employees' Rights and Interests

Zhongtong Bus continuously improves our employee rights protection system to safeguard the legitimate rights and interests of employees. With a comprehensive compensation and benefits package, a fair and diverse working environment, and a sound democratic management mechanism, we continuously enhance employee satisfaction and strive to become a benchmark in the industry.

Compliance and Equal Employment

Zhongtong Bus is committed to safeguarding the legitimate rights and interests of our employees. We strictly comply with the national labor laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Regulations on the Prohibition of the Use of Child Labor. We also adhere to international labor standards, such as those set by the International Labor Organization (ILO) and the United Nations Global Compact, which pertain to human rights. We prohibit any form of discrimination based on race, gender, or belief and resolutely eliminate the use of child labor in any capacity.

To ensure a fair and non-discriminatory employment environment, we have established and rigorously enforced regulations such as the Recruitment Management Process and the Human Resources Exchange Center Management Measures. Our recruitment process is conducted strictly in accordance with these policies to ensure fairness and impartiality in hiring practices, thereby promoting a diverse workplace. We legally enter into labor contracts with our employees and promptly and fully pay the required social insurance and housing fund contributions (commonly referred to as "Insurance and Housing Fund") in accordance with national standards. We also strictly enforce national regulations regarding working hours, rest, and leave to ensure that employees' rights are fully protected. Currently, we employ a total of 3,601 people, including 67 employees from ethnic minorities and 46 individuals with disabilities.



We actively recruit high-caliber talent and implement a talent professionalization development strategy. We hire outstanding individuals through multiple channels, including conducting on-campus recruitment fairs at specific universities each year and supplementing this with online recruitment via recruitment platforms and our email system. Additionally, we organize a training camp for newly hired university graduates to help them quickly adapt to their roles and settle into their positions. For high-end talents, we also assist with talent recognition and application for housing subsidies in Liaocheng City. In 2024, we hired 304 new employees, of whom 141 were college graduates with associate degrees or above.

Case: The 2024 Zhongtong Bus New Graduate Training Camp Concluded Successfully

On August 2, 2024, the Zhongtong Bus New Graduate Training Camp for 2024 concluded successfully. We place great emphasis on the onboarding training of new employees, regarding it as a crucial component of corporate development. Through meticulously designed training courses and activities, the program helps new hires quickly integrate into our company, transition smoothly from students to professionals, enhance their professional skills, and make progress in areas such as teamwork, discipline, and professional spirit, thereby laying a solid foundation for their future career development.

The training content covers various aspects, including corporate culture, safety education, team building, and military training. Company leaders attended the closing ceremony and expressed their high expectations for the new employees, encouraging them to value the platform provided, be innovative, and work diligently to inject new vitality into our development. Additionally, the training placed special emphasis on safety awareness and professional ethics, adopting a combination of theoretical study and practical application to comprehensively improve the overall quality of the new employees.



Compensation and Benefits System

Compensation Policy

Zhongtong Bus has established and adheres to a series of compensation management regulations, including the Compensation Management Measures for Middle Management and Technical and Management Staff, Compensation Management Measures for Marketing Personnel in Domestic Marketing Companies, and Compensation Management Measures for Marketing Personnel in Overseas Marketing Companies. These policies are designed to provide employees with a comprehensive and competitive compensation package, as well as diversified benefits. Through innovative compensation management models and optimized salary structures, we have developed an integrated assessment mechanism that links overall corporate, departmental, and individual performance. Our compensation system consists of several components: base position salary, variable performance-based salary, special performance bonuses, position allowances and subsidies, and welfare benefits. We implement a categorized management approach: middle management and general management, technical, service, and support positions are subject to a target-based compensation system, marketing roles operate under a performance-based commission system, and production operation positions follow a piece-rate wage system. These measures ensure precise alignment between compensation distribution and value contribution.

Performance Appraisal

We have established a performance management system oriented towards efficiency. Based on the Employee Performance Management Process, a multi-dimensional assessment is implemented, dynamically linking employee compensation to position, individual performance, and corporate operating results. Through joint target-setting and quantitative evaluation, the system ensures a fair assessment of value contributions, with results applied to salary adjustments, promotion, and training and development. The daily assessment adopts a tiered evaluation mechanism. Incentive and constraint measures are implemented after the assessment results are publicized and confirmed, with the Human Resources Department overseeing the entire process for compliance.

We are also committed to implementing ESG responsibilities. Key indicators such as energy consumption and safety compliance are broken down and assigned to responsible departments, such as the Manufacturing Engineering Department and the Safety and Environmental Protection Department. Positive incentive policies like "energy-saving rewards" are implemented to enhance employees' sense of responsibility through a combination of rewards and penalties, promoting sustainable corporate development.

During the reporting period, we conducted performance appraisals through target management, key performance indicators (KPIs), and team performance feedback, covering 100% of employees. This approach better facilitates employees in leveraging their strengths and enhancing their capabilities.

Benefits System

We offer a comprehensive range of statutory and non-statutory benefits to our employees, including housing provident funds, medical insurance, corporate pension plans, and health check-ups. These benefits are designed to fully safeguard employees' rights and interests and to care for their physical and mental well-being. In addition, employees enjoy a variety of other benefits, such as free shuttle buses, staff apartments, subsidies for outstanding university graduates, family visitation leave, paid annual leave, paternity leave, and high-temperature allowances.

Democratic Management Mechanism

Zhongtong Bus places great emphasis on democratic management, which effectively enhances employees' sense of belonging and helps build harmonious and stable labor relations, thereby injecting internal impetus for the high-quality development of the enterprise.

We have established a labor union organization system in accordance with the law. The entire process of "application-preparation-election" is standardized and completed in line with the Labor Union Constitution. 15 grassroots branches have been set up, and a tiered election mechanism is implemented through the membership representative assembly. Functional bodies such as the Women's Committee have also been improved in parallel. The Workers' Representative Assembly (WRA), as the core platform for employee participation in governance, holds at least one meeting per year. Representatives are democratically elected from three dimensions: management, technical backbone, and frontline employees. A quorum of two-thirds attendance is strictly enforced for voting mechanisms, forming a "dual-track collaborative" governance model (the labor union focuses on daily rights protection, while the WRA focuses on major decision-making deliberations). The WRA elects worker supervisors to participate in corporate governance, and through institutionalized consultation mechanisms, it ensures employees' rights to be informed, to participate, and to supervise, thereby establishing a pattern of collective consultation and governance by all employees. The labor union regularly organizes a variety of activities, with an average annual employee participation rate of nearly 80%, and no less than one activity per month.

Occupational Health and Safety

Zhongtong Bus has thoroughly implemented the decisions and plans on work safety from every level of government regulatory authorities. Using the ISO 45001 Occupational Health and Safety Management System framework, we have carried out a series of safety education and training programs, as well as intensive campaigns for work safety improvement. Through the implementation of five key "implementations", we have further strengthened the "red line awareness" and "bottom-line thinking" in work safety, firmly establishing the philosophy of "people-oriented, safety first", leading to a stable and safe working environment.



ISO 45001 Occupational Health and Safety Management System Certification

OCCUPATIONAL HEALTH AND SAFETY

Production Safety Management System

We have implemented the responsibility for the production safety management system and improved the basic safety management. We have established a comprehensive list of primary responsibilities for production safety for all employees, implemented the production safety responsibility system, set safety targets for each department, and signed 23 company-level safety target responsibility agreements. We have revised and improved 19 safety management systems and established the "On-site Assessment Standards for Non-Equipment and Facilities", further regulating and strengthening on-site safety. Our Production Safety Committee which has been reorganized held regular meetings and has addressed 15 production safety issues.

In 2024, we invested 4.03 million yuan in work safety expenses, which were used to improve, upgrade, and maintain safety protection facilities and equipment. There were no administrative penalties related to work safety or occupational health throughout the year, and no major work safety accidents, work-related fatalities, serious injuries, or occupational diseases occurred.

Zhongtong Bus's Work
Safety Investment in 2024
¥ 4,030,000



Emergency Response Responsibilities

We actively implement responsibilities for emergency response to safety accidents and enhance its emergency response capabilities. We organize relevant departments, subsidiaries, and production workshops to develop emergency response drill plans and track their implementation. In 2024, a total of 55 emergency drills were conducted, with 1,647 participants. These drills across various units validated the effectiveness and feasibility of the emergency response plans and improved the emergency response capabilities of the units of our company.

Case: Special Emergency Response Drill for Natural Gas Fire and Explosion Accidents

Zhongtong Bus organized a special emergency response drill for natural gas fire and explosion accidents. We emphasized the importance of the natural gas leak emergency response plan to our employees and shared recent domestic case studies. We also conducted training on natural gas leak safety knowledge, emergency response measures, fire emergency response measures, and how to call the fire and emergency services. Additionally, we disseminated information on emergency evacuation and safety precautions, as well as the proper use of firefighting equipment.



Case: Flood Control Emergency Drill in the Painting Workshop

Zhongtong Bus organized a flood control emergency drill in the painting workshop, conducting training on flood emergency response measures. This initiative aimed to familiarize employees with the flood control process, enabling them to actively respond in the event of flooding. Through the training, members of the emergency response teams were better able to fulfill their duties during the drill, mastering the procedures for handling emergencies and enhancing their ability to deal with sudden incidents. This also deepened their understanding of the flood control emergency response plan.



Safety Training and Education

We effectively implement our primary responsibility for safety training and education, enhancing safety awareness and capabilities. We organized a variety of activities including the "First Safety Lesson at the Start of Work", the "Comprehensive Learning, Training, and Examination" program, and training sessions on the dual prevention system for all employees. In total, these activities involved 16,838 person-times, significantly improving the safety awareness of all management and staff.

Annual Employee Work Safety Training Statistics	
Number of Work Safety Training Sessions	6
Total Person-Times of Work Safety Training	16,838
Total Duration of Work Safety Training (in minutes)	39271
Coverage Rate of Safety Training	100%

Safety Hazard Identification and Management

We have effectively implemented its responsibility for identifying and managing safety hazards, strengthening safety risk management. We continuously operate a dual prevention system, implementing tiered control of risk points, and have organized a variety of hazard identification activities including comprehensive safety inspections for management, special hazard identification related to the safety responsibility system, special hazard identification during holidays, and large-scale safety inspections before resuming work after holidays.

Occupational Health Management

We have effectively implemented its responsibility for occupational health management and provide a good working environment. In accordance with national requirements, we posted notices in the production workshops regarding the identification and recognition of harmful factors and documented, filed, and disclosed the implementation of the occupational safety and health system for employees. We consistently conduct occupational health check-ups, special health check-ups for female employees, and health check-ups for all employees. In 2024, we organized over 4,000 person-times of various health check-ups.



Employee Training and Development

Talent is the core competitive strength of a company's development. We firmly implement the development strategies of "revitalizing the enterprise through science and education" and "strengthening the enterprise with talent", regarding employee training as the core driving force for corporate development. To this end, we focus on the training theme of "training for all employees and capability enhancement", carry out targeted training, and build a team of personnel who are professionalized and specialized, aiming to improve the overall quality of employees and enhance work performance.

Training Management Mechanism

Zhongtong Bus has established a comprehensive training management mechanism. We conduct extensive research on training needs across various professional fields, formulate and implement annual training plans that are closely integrated with our operations, and promptly announce these plans to employees. Leveraging the platform of Zhongtong University, we provide systematic career-enhancement training for employees at all levels and in all specialties. The training adopts a combination of online learning, self-study, and decentralized and partial methods, covering theoretical teaching, practical exercises, and technical competitions. Meanwhile, we exercise strict control over the entire training process and ensure that the training achieves the expected results through assessment, tracking, and evaluation, effectively supporting employee growth and corporate development.

Case: The First Educational Institution in China's Coach Industry-Zhongtong University

Zhongtong Education Institute, the first enterprise university in China's coach industry, was established in 2006. After nearly a decade of construction and development, it has provided the company with a large number of talents.

Zhongtong Bus implements a talent professionalization development strategy, committed to building a learning-oriented enterprise and a modern talent production line for our company, providing talent and intellectual support for our company's healthy, rapid, and sustainable development. We have scientifically established an innovative training system at Zhongtong Educational College, built a standardized and efficient training organizational structure, and improved training management systems. Using the position competency model as a standard, we promoted employee professionalization training and enhanced the match between people and positions. In line with our talent team construction plan, it has advanced our talent echelon construction through various forms such as theoretical training, practical exercises, and technical competitions. We have built various platforms and achieved remarkable results by cultivating middle and senior-level professional managers, leading technical talents, and highly skilled personnel.

Zhongtong Education Institute and Zhongtong Bus Co., Ltd. have successively become one of the first 16 pilot units for the new apprenticeship system in Shandong Province, the first provincial technician workstation in Liaocheng City, and the first provincial high-skilled talent training technician base. They have cultivated 2 "Qi Lu craftsmen", 9 "Qi Lu chief technicians", and 15 Liaocheng City chief technicians. Zhongtong Education Institute has been rated as a "National Model Point for Employee Education" by the All-China Federation of Trade Unions, a "Top 100 Chinese Enterprise Education" by the Municipal Economic and Information Commission of 22 provinces and cities, and a "Chinese Education and Training Demonstration Unit" by Xinhua News Agency.

Our Human Resources Department is responsible for the formulation, implementation, and supervision of the annual training plan. Each system, based on our training plan and priorities, develops its own annual and monthly training plans for the system and department level and ensures the organization, process management, and effectiveness evaluation of the training programs. All departments work closely together to implement the various training plans issued by our company, conduct on-the-job training, assess the effectiveness of the training, establish employee training records, and provide timely feedback on the training situation to the Human Resources Department.

Every month, we invite professional organizations to conduct specialized training sessions for managers and business leaders. For overseas operations, specialized online English courses have been introduced, covering content such as business etiquette and everyday communication. These courses have reached over 800 people in departments such as technology and marketing. In addition, there are small-scale training programs such as special operations training, multi-skill training for workshop workers, and specialized training for CCP members.

Employee Training in 2024	
Total Training Hours for Employees	93,526
Average Training Hours for Employees	278
Employee Training Coverage Rate	100%
Total Investment in Employee Training	823,100 yuan

Career Development Pathways

Grade Promotion

Within the company, there are four main career sequences: management, production, technology, and marketing. Based on the characteristics of positions and business features within each sequence, we have established differentiated career development pathways. Each pathway consists of multiple job grades, which correspond to different salary levels, thereby providing positive incentives for employees. Grade promotion is primarily achieved through quarterly and annual performance appraisals. Once employees meet the assessment criteria, they are eligible for promotion.

Job Positioning and Staffing

We implement a system of fixed positions, staffing levels, and personnel assignments, with a strong emphasis on the development of internal talent. Regarding internal job transfers, once the hiring department clarifies its needs, a recruitment announcement is posted on our company's intranet. After applying and competing for the position, employees who pass the interview can proceed with the internal transfer. As for the job rotation system, we target high-risk and sensitive positions in technology, marketing, and other areas. Once the rotation conditions are met, a job rotation plan will be implemented.

Heartfelt Employee Care

Zhongtong Bus is deeply aware that the happiness and growth of employees are the key cornerstones of sustainable corporate development. We always place employee care at the core of its corporate strategy, committed to creating a working environment filled with care, support, and opportunities to ensure that every employee can feel a sense of belonging and value.

Establishing a System of Employee Care

We are committed to the work of "uniting hearts and minds, and building a humanistic care ecosystem" centered on employee care by establishing a system and serving employees to create a long-term, new pattern of employee care.

In 2024, we successively completed the drafting of the **System for Leaders to Contact and Serve Employees**, the **System for Leaders to Regularly Visit and Comfort Frontline Employees**, and the **Implementation Plan for Caring for Employees on External Assignments**. These documents have been formalized into management methods, striving to build a new pattern of employee care by leaders, with the participation of all staff from various units and diversified actions and measures. We have consistently implemented the **Work Plan for Visiting and Comforting Employees on External Assignments**, conducting home visits and comfort activities for the families of employees on external assignments during the Mid-Autumn Festival and the Spring Festival each year. In combination with the **Employee Assessment and Leave Management Measures** and the **Marketing Personnel Promotion and Demotion Management Measures**, we have optimized and improved the compilation of the **Management Measures for Family Visits, Rotation, and Promotion of Employees on External Assignments**. As a result, the care for employees on external assignments has been strengthened, and the measures have become more comprehensive and multi-dimensional.

Conducting a Series of Practical Activities

In corporate operations, caring for employees is not only an important means of enhancing employee happiness and a sense of belonging but also a key measure to strengthen team cohesion and improve work efficiency. We have carried out a series of activities in areas such as employee care, festival visits and consolation, and assistance for employees in difficulty.

Practicing "Making Real Contributions for Employees" in Depth and with Solid Results

We have thoroughly implemented the thematic education of "One Family, One Heart, Working Together, and We Will Succeed", and have persistently carried out the "Making Real Contributions for Employees" initiative, continuously deepening and solidifying its efforts. A series of actions, including research and visits, care and comfort, and solving difficulties for the people, have been steadily advanced. In 2024, we systematically organized the "Sending Clean Vegetables in Spring, Bringing Coolness in Summer, Assisting Students in Autumn, and Delivering Warmth in Winter" activity.



Case: "Summer Refreshment" Series of Consolation Activities

Since June 2024, we have maintained high production levels. Faced with high temperatures and heat, the labor union actively played its role in safeguarding the welfare of employees, acting as a bridge and link. It intensified research into the needs of grassroots employees and increased the frequency of visits to frontline workers, organizing a series of "Summer Refreshment" consolation activities. According to statistics, the labor union distributed a total of 1,650 kg of cooling green tea, over 3,100 boxes of instant noodles, 1,700 boxes of milk, 1,150 cases of ham sausages, and more than 40,000 popsicles to frontline workers as part of its efforts to provide refreshment and warmth. Additionally, it has supplied 240 cases of heatstroke prevention medicines, including Chinese herbal Huoxiang Zhengqi Pills and Floral Tonic, to various units.

To make the "Summer Refreshment" activities a regular practice, the labor union organizes the canteen to boil mung bean soup twice a day and the grassroots branches organize young volunteers to deliver the soup to production sites, bringing refreshment directly to frontline workers.



Happiness Zhongtong: Social Benefits Become Prominent

While routinely and systematically carrying out internal care, we increased the introduction of people-oriented policies and organized a series of caring and beneficial actions for the public. In 2024, the labor union innovatively engaged in social resource cooperation, collaborating with external hospitals, gas stations, and telecommunications operators to provide convenience for employees.

We collaborated with experts from the Jinan Institute of Traditional Chinese Medicine to provide on-site diagnosis of spinal diseases for employees. The experts stayed at the factory for 14 days and provided free services to over 200 employees. In collaboration with Aier Eye Hospital, we organized a free eye health clinic, offering a complete set of services including vision testing, stress relief, correction, physiotherapy, cleaning, and follow-up treatment, benefiting over 150 employees. We also collaborated with Sino-truk Insurance Brokerage Company to launch a "Family Service Day" event, where they taught employees about insurance risk knowledge and built a safety barrier for family life.

We successively communicated with Haigene Hospital and the city center hospital to introduce 9 sets of preferential health check-up packages, cooperated with a telecommunications company to launch 5 sets of telecom service packages and organized on-site processing of PetroChina e-cards, maximizing benefits and discounts for employees.

We collaborated with Mengda Real Estate and Shengshi Xuefu to conduct exclusive group purchase discount activities for Zhongtong employees, holding two on-site promotion events.

We enhanced our communication with the Municipal Trade Union Federation and the Charity Federation, and carried out caring projects such as assistance for employees in difficulty and the "Education Dream Comes True" initiative. The "Medical Assistance for the Needy" program has helped five employees in difficulty, with a total assistance amount of nearly 50,000 yuan. The "Education Dream Comes True" initiative has enabled more than 30 company employees to receive subsidies for further education.

Effectively Addressing Employee Needs

We insist on conducting grassroots visits and research to accurately grasp employee needs, focusing on urgent and difficult issues that employees face, and safeguarding their immediate interests. In 2024, company leaders took the lead in visiting the front line to conduct surveys and research. Labor unions, the manufacturing system, and other functional departments regularly went to the front line, grassroots levels, and work teams to listen to employees' voices and focused on resolving more than 20 issues related to safety, environment, and labor protection. We also continued to conduct occupational health check-ups, special check-ups for female employees, and comprehensive health check-ups for all staff. In 2024, we organized a total of over 4,000 person-times of various health check-ups. Meanwhile, to fully leverage the role of work teams as the front-line fortress in addressing employee concerns, the labor union organized each branch to conduct research at the staff canteen, collected employees' opinions, and improved and optimized 15 items. Efforts were continuously made to enhance the service level of the canteen, improve the dining environment, enrich the variety of meals, and enhance the quality of meals. The clean, hygienic, nutritious, healthy, and warmly served dining experience has received positive feedback from employees.



Cultural and Sports Activities to Boost Vitality

We organized a wide variety of cultural and sports activities, focusing on stimulating employees' enthusiasm for entrepreneurship and enhancing their sense of belonging, honor, and value. In terms of sports, there is a staff home and an activity center where leaders lead frontline employees in sports such as basketball, badminton, and table tennis. In terms of culture, we actively hold calligraphy and painting competitions, group weddings, and other activities.

Case: Cultural and Sports Activities

In 2024, we mainly organized the following cultural and sports activities:

- (1) We systematically organized 12 special events to celebrate May Day. Grassroots branches conducted basketball friendship matches, badminton and table tennis competitions, and fun contests based on actual situations.
- (2) We hosted a staff basketball tournament to celebrate the 75th anniversary of the founding of the nation and the "Four Ones" thematic education. The tournament featured 10 men's teams and 4 women's teams, with 26 matches held over 21 days, concluding successfully.
- (3) We participated in the Sinotruk table tennis competition and the "Four Ones" badminton competition. The women's singles team ranked eighth, and the overall team ranked ninth. A badminton friendship match was also held with Sinopec Liaocheng Petroleum Company, elevating our employees' badminton capacities.
- (4) We organized the "Three Emphases" anti-corruption Zhongtong Calligraphy and Painting Exhibition, collecting over 30 pieces of work. After evaluation, 6 pieces were recommended and submitted to Shandong Heavy Industry Group.



Fun Contest



Employee Basketball Competition



Employee Badminton Competition



"Three Emphases" anti-corruption Zhongtong Calligraphy and Painting Exhibition

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Sustainable Supply Chain Construction

Zhongtong Bus collaborates with a wide range of supplier partners to seize opportunities and build a "community with a shared future". We engage in joint innovation with supply chain enterprises in key and cutting-edge technologies, driving the electrification, intelligence, and high-end upgrade of products.

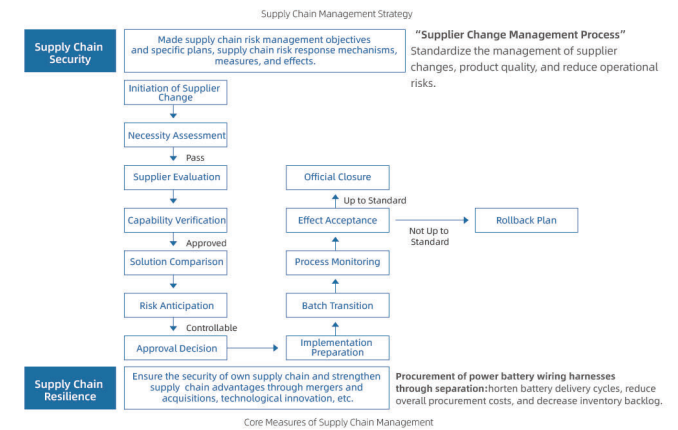
Supply Chain Management System

We comply with international, national, and regional laws and regulations, as well as social responsibility organization standards. We have established a series of supplier management systems, including the **Supplier Selection Management Process**, **Supplier Quality Accountability Management Process**, **Supplier Second-Party Audit Management Process** and **Supplier Change Management Process**. These systems ensure regular product, process, and system audits of suppliers, standardize supplier change management, stabilize product quality, and reduce operational risks. We have also clarified our social responsibility requirements for supply chain partners in multiple aspects, such as labor standards, occupational health and safety, environmental management, trade security, anti-corruption and, anti-commercial bribery.



Supplier Management System Documents

We review from different dimensions such as finance, quality, production, and R&D; carry out annual supply chain risk assessments; perform a comprehensive health check on suppliers; establish emergency plans; and dynamically adjust supply chain planning, continuously enhancing the safety and resilience of our supply chain.



In 2024, we completed 495 bidding and price comparison projects, which were strictly organized and implemented in accordance with the "Bidding and Procurement Management Process" and the "Product Material Bidding Management Process". There were no complaints from suppliers regarding the bidding results. We strengthened competitive procurement, widely expanded channels to attract high-quality supplier resources, and intensified competition to select the best and strongest suppliers. We strictly implemented a procurement method primarily based on bidding, supplemented by price competition, and cautiously used negotiation, inviting qualified suppliers to participate in the competition through a fair and transparent supply chain platform and strictly selecting suppliers according to the competitive results.

We follow the principle of expenditure based on income, and there is basically no phenomenon of arrears in payments to small and medium-sized enterprises accounts. However, at present, we do not have any special provisions in the bidding and tendering process that are favorable for small and medium-sized suppliers to win bids.



Supplier Responsibility Management

As the "chain leader", we focus on the core needs of customers, integrate the upstream and downstream industrial chains, continuously increase R&D investment, expand product platforms in niche markets, and continuously optimize product performance to ensure the continuous and stable improvement of product competitiveness.

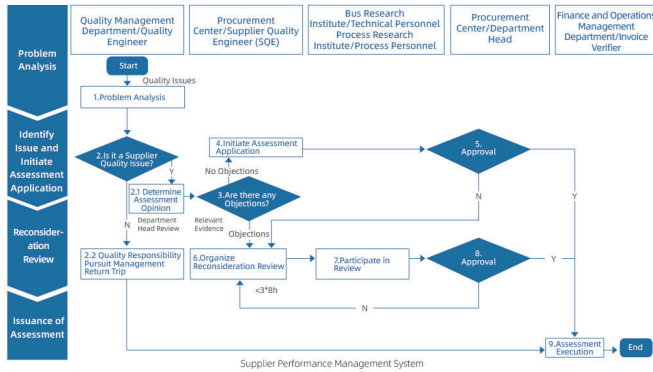
We require that all supplier products comply with national and local laws and regulations, meet national and industry mandatory standards, and conform to our technical and quality requirements. For items not specified in national and industry mandatory standards and our technical requirements, they should meet our own corporate standards and not be lower than the industry level.

Core Control Process of Due Diligence Investigation	Guarantee Mechanism	Measures
Supplier Selection, Optimization, and Elimination Mechanism	Supplier Selection Management Process Product Category Material Bidding Management Process	Establish a due diligence investigation system, strengthen the investigation of suppliers, and establish a supplier entry and exit mechanism.
Supplier Audit	Supplier Second-Party Audit Management Process	Environmental impact assessments on suppliers and the key risks of management
Identify and Assess the Impact of Supplier Environmental Factors	ISO 14001 Certification	Regularly ISO 14001 certification audits to ensure compliance
Evaluate Supplier Prevention and Mitigation Measures for Environmental Impact	Safety Agreement	Sign safety agreements with 35 related suppliers
Disclose Supplier Due Diligence Investigation Situations	Tracking and Rectification Mechanism	Track second-party audit issues, formulate rectification plans, and close the loop on each item

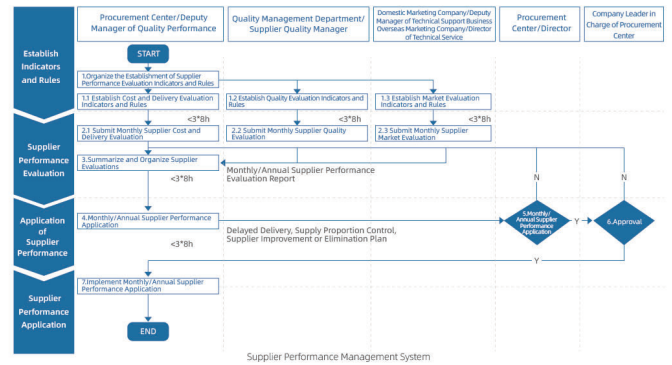
Supply Chain Due Diligence Management System

We have transitioned material procurement from a focus on price to a focus on value. For critical components, we require suppliers to be industry leaders or internationally renowned brands.

We have established a supplier quality management system document, which stipulates that major suppliers must comply with the IATF16949 automotive quality management system. Supplier quality management mainly consists of two aspects: first, supplier admission management and incoming material inspection; and second, quality engineer audit and quality improvement.



We continuously standardize the performance evaluation of qualified suppliers and dynamically manage and monitor them aiming to improve product quality, enhance suppliers' delivery capabilities, and reduce procurement costs. We are committed to building an excellent supply chain system. Through performance evaluation, suppliers are managed in different grades. We also honor A-grade suppliers at the annual meeting.



Case: Zhongtong Bus 2025 Global Strategic Supply Chain Partners Conference

On December 10, 2024, the Zhongtong Bus 2025 Global Strategic Supply Chain Partners Conference, themed "WE ARE ONE—One Family, One Heart, Working Together, We Will Succeed," was successfully held in Jinan, Shandong. Nearly 200 suppliers from around the world gathered to discuss cooperation and development.

The conference reviewed Zhongtong Bus's performance and experience in 2024 from four aspects: market, R&D, quality, and procurement, and elaborated on the development plan for 2025. It also honored the advanced suppliers of Zhongtong Bus in 2024 and clarified the quality index system and cooperative ecosystem for the supply chain in 2025.



Sustainable Supply Chain

Zhongtong Bus adheres to the cooperation principle of balancing fairness and efficiency, combining the economic principle of high quality and reasonable price with the responsibility principle of sustainable development. We collaborate to promote transparent and responsible procurement and to build a sustainable supply chain. We strive to create a healthy development pattern characterized by complementary advantages and mutually beneficial cooperation.

In the supply chain and raw materials sector, we actively explore the development path of green procurement. We advocate the development of a circular economy and seek ways to improve resource utilization efficiency. We strengthen the recycling of resources and reduce the use of packaging materials. In terms of materials, we are committed to using environmentally friendly materials, reducing the use of harmful substances, and ensuring that materials are odorless, wear-resistant, and heat-resistant. In packaging and logistics, we seek more environmentally friendly transportation methods, promote the use of recyclable logistics packaging materials, increase the recycling rate, and reduce resource consumption.



Sustainable Procurement Measures

We sign the "Supplier Integrity and Anti-Corruption Agreement" with all suppliers to ensure fair, just, and open competition among suppliers. Together, they resist all forms of improper conduct, including commercial bribery, to create a business environment based on honesty and trust. They actively maintain their mutual reputation and jointly strengthen the construction of integrity and self-discipline.

At the same time, we screen suppliers using strict human rights and environmental standards. We require suppliers to establish management systems that meet the requirements of ISO 14001. We select suppliers that comply with the corporate social responsibility management system and require suppliers to follow the corporate social responsibility clauses in the Zhongtong Bus cooperation agreement. We ask suppliers to consider the environmental impact in the product design and production process and to implement continuous improvement plans to deal with these impacts. This includes replacing materials, reducing carbon emissions, and improving the treatment and control methods of waste that affects air, water, and soil.

Achievements of Sustainable Supply Chain		
Supplier Training Total Hours	hours	60
Supplier Anti-Corruption Training Ratio	%	55%
Supplier Ratio Certified with ISO 14001 System	%	78%
Supplier Ratio Certified with OHSAS 18001/ISO 45001 System	%	85%
Supplier Ratio Certified with IATF 16949 System	%	93%
Direct Suppliers Signed the "Supplier Code of Conduct" (if applicable) Ratio	%	92%
Number of Suppliers Identified as Having Actual and Potential Significant Negative Environmental and Social Impacts	Number of Suppliers	0

Public Welfare Always on the Way

In 2024, Zhongtong Bus, guided by the philosophy of "Green Manufacturing and Responsible Development", carried out a series of public welfare activities in three major areas: rural revitalization, local development services, and low-carbon travel. We deeply integrated technological innovation with social responsibility to fulfill its commitment to a sustainable future.

Statistics of the Public Welfare Projects		
Total Donation Amount and Related Category Expenditure (classified by public welfare donations and non-public welfare donations; classified by public welfare projects)	Yuan	83965
Other Activities Fulfilling Social Responsibility, Such as Educational Public Welfare, Support for Western Regions, Industry Standard Development, National and Local Public Platform Construction, and Environmental Protection	Number of Times	1
Personnel Involved in Public Welfare Charity and Volunteer Activities	Number of People	200
Number of Public Welfare Charity and Volunteer Activities	Number of Times	7
Total Hours of Employee Participation in Community Activities	Number of Activities	100



Case Study: Rural Revitalization- Zhongtong Bus "Mountain Goods Bus" Connects the Green Rural Revitalization Road

In June 2024, Jinan Public Transport specifically launched the Route 883 Love Fruit Farmer Line in the local area, with Zhongtong N-Series pure electric buses taking on the main role to connect the green rural revitalization road in Jinan. The route runs from Jinan city center to Wopu Village in the southern mountainous area, covering a one-way distance of 39 kilometers. The Route 883 Love Fruit Farmer Line departs punctually from Wopu Village, passing through Wopu, Houxing, Liubu Liujiaju, Daimai An, and Jinniushan, and arrives at the Minzu Street Market in Jinan city in 1 hour and 30 minutes. On this Route 883 bus, half of the space is for passengers and the other half for seasonal fruits and vegetables, which is affectionately called the "Mountain Goods Bus" by everyone.

The Zhongtong N-Series pure electric buses have deeply optimized the interior space, widening the aisles inside the bus. This not only improves the pass ability within the bus but also provides ample space for more villagers to carry their mountain goods. The "Mountain Goods Bus" carries not only a variety of fruits and vegetables but also the joy and happiness of the village' lives.



Case: Public Convenience Service - Zhongtong N10 Boosts Green Public Transportation in Shigatse

Shigatse, located in the southwestern part of the Tibetan Plateau, has an average altitude of over 4,000 meters. Known as the "Hometown of Barle" and home to the world's highest peak—Mount Everest, it is rich in natural and historical cultural landscapes. It is one of the must-visit places for tourists in Tibet. Improving the public transportation environment has become key to the local people's livelihood and the development of the tourism industry.

25 Zhongtong N10 new energy buses have been serving the Shigatse area since 2022, mainly operating on the No. 2 and No. 8 main bus routes. Over the past two years of operation in Shigatse, these buses, with their stable performance, have brought convenient, comfortable, and green travel experiences to the local residents and tourists from other places.



Responding to the Belt and Road Initiative

Today, under the framework of the Belt and Road Initiative, economic and trade cooperation between Asian and European countries is constantly deepening and becoming more substantial. The continuous delivery of bulk orders of Zhongtong Bus has been continuously supporting countries along the Belt and Road, creating high-quality transportation services and demonstrating its global brand influence. In the future, Zhongtong Bus will bring better travel experiences to more countries and regions around the world with higher-quality products and more comprehensive market solutions, setting new examples for modern travel. In 2024, the overseas exports of Zhongtong Bus increased by 63% year-on-year.

Case: Zhongtong H12 Serves the 8th China-Asia-Europe Expo

The Zhongtong H12, the latest generation of luxury tour buses, served as the transportation service guarantee vehicle for the 8th China-Asia-Europe Expo themed "New Silk Road Opportunities and New Vitality for Asia-Europe". Zhongtong Bus has experience in serving several editions of the China-Asia-Europe Expo. This high-level platform, which strengthens communication and promotes economic and trade cooperation among countries, attracted more than 1,900 enterprises from 50 countries, regions, and international organizations.

The model serving this expo was the new H12 luxury tour bus, which features comfort, safety, energy efficiency, and intelligence. Many intelligent designs and configurations, such as the 2+1 seat layout, complemented by a 5A-level healthy cabin and all-weather collision avoidance automatic emergency braking and other intelligent driving assistance systems, provided the guests with a more comfortable and safer riding experience.



Case: Chilean President Gabriel Boric attended the delivery ceremony of a batch of Zhongtong electric buses.

On May 9, 2024, Chilean time, the delivery ceremony of a batch of Zhongtong electric buses was successfully held in Rancagua, O'Higgins Region, Chile. Chilean President Gabriel Boric, Chilean Minister of Transportation Juan Carlos Muñoz, and Governor of O'Higgins Region Pablo Silva Amaya attended the ceremony and delivered speeches.

The batch of Zhongtong electric urban buses delivered this time are all N-series low-entry buses, which will operate in Rancagua, O'Higgins Region, Chile. At the delivery ceremony, President Gabriel Boric personally experienced the Zhongtong bus and expressed his full affirmation. He said that the Zhongtong electric vehicles are stable, safe, and pollution-free. The design is highly user-friendly and fully considers the needs of people with disabilities. The operation of these electric vehicles will make an important contribution to the improvement of the air environment in Rancagua.

The introduction of these electric buses is an important measure taken by the local government to improve the local public transportation environment and optimize people's travel methods. With the gradual operation of the vehicles, Rancagua will enter a truly green travel era.



Industry Benchmark and Excellence Leadership

Actively Contributing to Industry Development

Zhongtong Bus has an open and cooperative attitude, deepening exchanges and cooperation with the government, industry associations, and peer enterprises. As the chairman unit of the China Association of Automobile Manufacturers (CAAM) Bus Branch and the chairman unit of the "Bus Technology and Research" magazine, we actively cooperate with the government to explore industry development issues and offer rational suggestions for the implementation of standards and policies. This contributes to the high-quality development of China's bus industry and jointly creates a new era of safer, smarter, and greener travel.

Participation in Standard Development and Revision

As an active participant and leader in the bus industry, we deeply understand the importance of participating in standard setting. We not only see it as a key path to enhancing corporate competitiveness but also as a mission to fulfill social responsibilities and promote healthy industry development. We actively respond to national calls and deeply integrate into standardization strategies. Through technological innovation and experience accumulation, we have contributed significantly to the revision and improvement of several national bus industry standards. Leveraging our profound expertise in new energy buses, safety performance, and cabin environment optimization, we have participated in the discussion and drafting of several core standards, including JT/T 1025-2024 Specification for hybrid electric public bus, JT/T 1503-2024 Technical requirements and test methods for digital vision system of commercial vehicles, GB 24406-2024 Strength of student seat and their anchorages of special school bus, GB/T 25982-2024 Limits and measurement methods for bus interior noise, and T/O 391-2024 Low-Voltage Lithium-Ion Battery Starting Power Systems for Heavy-Duty Commercial Vehicles. In 2024, we participated in the development and revision of 10 national, industry, and group standards that were released. We also organized discussions on two industry standards: type dividing and class rating for commercial motor-vehicles of passenger transport and type dividing and class rating for public buses. Through these efforts, we have not only consolidated our leading technical position in the industry but also made positive contributions to promoting technical upgrades across the entire bus industry chain, regulating market order, and enhancing competitiveness.

Enhancing Brand Influence

In 2024, we continued to deepen our global layout by holding two global partner conferences in Jakarta and Mexico. We also showcased our products at several internationally renowned exhibitions, including VDV in Germany, IAA in Hannover, URBANTRANS in Russia, the Middle East and North Africa Industrial Exhibition, and SITCE in Singapore. Our global brand influence continued to grow. With our excellent reputation and high manufacturing standards, we received numerous prestigious honors, establishing a trustworthy brand and demonstrating the strength of a major country.



Case: Zhongtong Bus Attends the 2024 Singapore SITCE Exhibition

Zhongtong Bus showcased its heavyweight products at the 2024 Singapore SITCE Exhibition. This exhibition is jointly organized by the International Association of Public Transport (UITP), the Land Transport Authority of Singapore (LTA), and MSI Global Pte Ltd. Held biennially, it is a significant event in the transportation sector in the Asia-Pacific region.

Zhongtong Bus continues to focus on overseas markets, exploring the globalization path of "Made in China" and has secured an important position in the global market with our strong product capabilities and innovation. Our overall quality and global reputation are continuously rising. Taking this exhibition as an opportunity, Zhongtong Bus will actively promote the green transformation and development of Singapore's public transportation industry. With the concepts of high-end manufacturing, intelligent manufacturing, and green manufacturing, we aim to drive the global public transportation industry towards a better future.



Case: Zhongtong Bus Attends the 2024 Hannover International Commercial Vehicle Show

The Zhongtong H13E all-electric intercity bus was showcased at the 2024 Hannover International Commercial Vehicle Expo, Germany, offering a more targeted solution for the global high-end electric passenger market. The Expo attracted well-known automotive manufacturers, component suppliers, and technology service providers from many countries and regions around the world, presenting the latest development trends and innovative achievements of the global commercial vehicle industry. During the Expo, Zhongtong Bus held a full-scene solution launch, which garnered high attention and praise from on-site customers, audiences, and media.



08

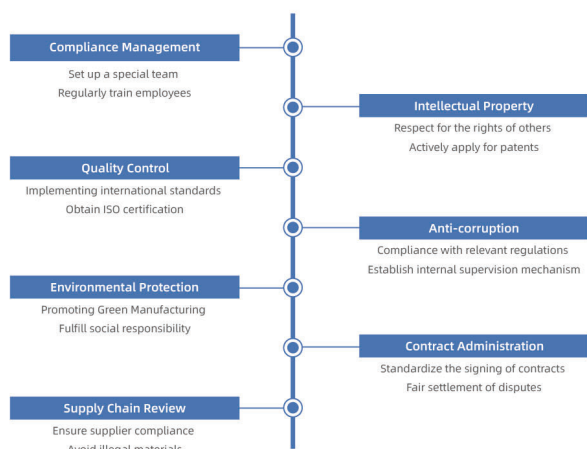
EU Regulations Compliance



Zhongtong Bus actively expands into overseas markets, complying with all applicable laws, regulations, industry standards, and rules in the countries and regions where it operates, as well as relevant international treaties and regulations. At the same time, we built a "technology & standards & services" model to promote the internationalization of product certification and develop differentiated competitive strength.

Export and Trade Compliance Risk Management

To adapt to the globalization strategy and respond to the rapidly changing international environment and complex situations, Zhongtong Bus continuously familiarizes itself with and strictly complies with the relevant laws and regulations on market access, environmental protection, land, taxation, labor, foreign exchange, intellectual property, and other areas in overseas markets. We abide by international rules and practices, pay attention to the assessment and early warning of compliance risks, establish and improve the internal control and compliance management system, strengthen the internal mechanism for compliance review, effectively identify, analyze, and control compliance risks, deal with external risks involving trade protectionism and export controls, properly select risk-responding strategies to reduce negative impacts, and continuously refine internal management and practices. We coordinate the compliance system construction and business compliance implementation of various links through the following seven specific measures to ensure that our international trade activities are legal and compliant.



Zhongtong Bus Overseas Business Compliance Measures

Facing the policy and legal risks related to export controls, particularly the EU's **Corporate Sustainability Due Diligence Directive (CSDDD)**, the **New Battery Act**, and other national legislations concerning ESG or human rights, we have been working closely with third-party organizations and initiatives. We have been actively sorting out the clearer overall roadmap and specific requirements in existing proposals and implementing them into our management system, as well as the risk identification and response in our existing export business.

EU Corporate Sustainability Due Diligence Directive (CSDDD)

With the establishment of the EU's sustainability-related regulatory framework, there has been an accelerated consensus and implementation of responsible business practices within the automotive industry supply chain. By collaborating with our supplier network, Zhongtong Bus will promote sustainability on a larger scale and create a positive impact.

We plan to gradually establish a due diligence mechanism for potential environmental and human rights impacts within our supply chain operations, actively incorporating due diligence into our company policy. We will develop processes to address identified and screened risks: (i) identifying adverse impacts and prioritizing them, (ii) preventing potential adverse impacts, (iii) ceasing or mitigating actual adverse impacts, and (iv) providing remedy and grievance mechanisms. In addition, we will regularly conduct monitoring and evaluation and publicly report on related progress. Currently, the management measures that we have taken in our own and supply chain operations regarding potential environmental and human rights impacts are as follows:

In accordance with the requirements of EU laws and regulations and market demand, we select enterprises within the industry that have relevant qualifications and capabilities for industrial matching. In addition, we have passed EcoVadis, which covers indicators such as environment and labor human rights.

Flexible Work:

On one hand, we will optimize working hour management based on the actual situation of production orders and implement a production rotation system. On the other hand, we will increase the use of flexible labor, introducing labor dispatch and outsourcing personnel during peak seasons.

Supplier Access Management:

We have specific environmental or social requirements for suppliers. For example, in terms of vehicle interior, there are corresponding environmental and odor requirements for specific products, and spot checks are conducted irregularly. For all suppliers, we require them to obtain the ISO 14000 Environmental Management System certification and the ISO 45001 Occupational Health and Safety Management System certification.

Supplier Quality Management:

We will establish a performance evaluation mechanism for suppliers, with monthly, semi-annual, and annual frequencies, covering four dimensions: cost, delivery quality, and after-sales service. In terms of quality, we supervise suppliers' quality rectification through 8D reports.

Supplier Communication and Collaboration Mechanism:

We hold an annual supplier conference to inform suppliers of our requirements regarding supply chain risk management and prevention. In addition, we regularly conduct technical exchanges to improve products in aspects such as weight reduction and noise reduction.

Green Products:

We take measures such as material lightweighting, changing control strategies, and optimizing vehicle design to reduce product energy consumption and create green products. In 2024, the electric vehicles exported to Portugal by the company used biodiesel-powered heating systems, significantly increasing the vehicle's driving range. The double-decker electric buses provided to Singapore by us adopted the sixth generation of new energy-saving technology, with energy consumption reduced by about 18% compared to the previous generation. In addition, we are actively developing cutting-edge green products such as hydrogen-fuel-cell vehicles.

Recycled Materials:

We have significantly reduced the use of non-recyclable materials, such as PVC, and actively applied lightweight eco-friendly materials. For example, for the interior, ABS molding materials are used, which have good recyclability. They can be completely recycled through crushing and melting and then re-processed into new interior materials through injection molding, with no resource waste. We will, in the future, incorporate requirements for the proportion of recycled materials in raw material procurement based on the regulations of the European Union.

Environmental-friendly Materials:

We recommend and encourage the use of environmentally friendly materials. The Process Research Institute has established enterprise standards such as the **Management Measures for Non-Metallic Materials**, which specify the limit values for environmental indicators of relevant materials. Additionally, we actively follow the EU's requirements for interior materials, including R118 flame retardancy and odor.

Zhongtong Bus has become the first domestic enterprise to obtain the first WVTA certificate under the new EU regulations. Our cybersecurity capabilities have gained international recognition.

Zhongtong Bus has officially passed the EU UN R155/R156 regulation certification and successfully obtained the first WVTA certificate for Chinese commercial vehicles since the implementation of the new EU regulations. This milestone not only signifies that Zhongtong Bus's cybersecurity capabilities have reached the top international standards but also represents a historic leap in the journey of Chinese intelligent connected vehicles to expand globally.

Previously, the EU made a series of adjustments to the market access technical regulations on driver fatigue monitoring during vehicle operation, protection of vulnerable road users outside the vehicle, and vehicle cybersecurity and incorporated them into relevant EU regulations. Faced with the EU's strict cybersecurity access standards, Zhongtong Bus, relying on our full life cycle cybersecurity protection system, has achieved comprehensive breakthroughs in the fields of vehicle hardware security architecture, software risk prevention and control, data encryption and transmission, and remote upgrade management. Certified by EU authoritative institutions, our vehicle cybersecurity management system (CSMS) and product protection capabilities have gained international recognition, injecting Made-in-China safety confidence into the European and even the global market.

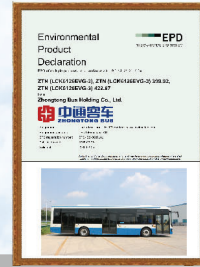
As a leader in the Chinese bus industry's "going global" efforts, Zhongtong Bus has always driven high-quality development with technological innovation. This certification not only highlights our forward-looking layout in the fields of intelligent connectivity and electrification but will also lead the domestic automotive industry chain to accelerate our upgrade and promote the alignment of Chinese standards with international ones. In the future, we will continue to deepen our globalization strategy and convey the quality and responsibility of Chinese manufacturing to the world with safe, green, and intelligent travel solutions.



Certifications



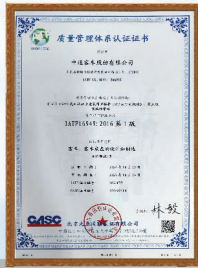
Zhongtong Bus ISO 50001 Energy Management System Certification



Zhongtong Bus Model (EPD) Certificate



Zhongtong Bus VECTO Carbon Emission Certification



Zhongtong Bus IATF16949
Quality Management System Certification



Zhongtong Bus ISO 45001
Occupational Health and
Safety Management Certification



Zhongtong Bus EcoVadis Evaluation Score

Prospect of 2025

Looking into the future, Zhongtong Bus will continue to embrace the core value that "customer satisfaction is our purpose", adhere to technology leadership, and pursue innovation to drive high-quality development. With an unwavering conviction and a pragmatic approach, we will strive towards the goal of becoming a world-class strong enterprise in green and intelligent buses. We are committed to building an outstanding company that serves the public and benefits society and to continuously improving and innovating in areas such as environmental protection, social welfare, and employee care.

We are always committed to green development, actively fulfilling our social responsibilities, improving corporate governance, safeguarding the rights and interests of investors, accelerating transformation and upgrading, and propelling the company towards high-quality development to create greater returns for shareholders. We are dedicated to achieving low-carbon, circular, and green production models by employing advanced environmental protection technologies and equipment, enhancing resource utilization efficiency, reducing pollutant emissions, and strengthening environmental risk management and emergency response capabilities. We have also refined our employee welfare system, improved employee remuneration and satisfaction, intensified employee training and development, provided more career advancement opportunities and promotion space, inspired employees' innovative spirit and creativity, and continuously focused on their physical and mental health. We have increased its investment in public welfare activities, collaborated with more public welfare

organizations and social groups, jointly launched public welfare projects, offered more assistance and support to vulnerable groups, spread positive energy, set social trends, and contributed to society.

In 2025, we will embrace a more open, inclusive, and collaborative attitude, actively fulfill our corporate social responsibilities, and work together with all sectors of society to promote sustainable development. While firmly seizing development opportunities and striving for high-quality growth, we will actively engage in public relations and philanthropic endeavors. Looking ahead, Zhongtong Bus will continue to achieve new successes and breakthroughs, creating greater value for society.

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Key Performance Indicators

Part I : Economic Indicators		
Indicator	Unit of measure	Result 2024
Annual revenue	billion Yuan	57.34
Tax paid	billion Yuan	1.28
Total employees	people	3601
Annual vehicles production	Vehicle	11643
Annual vehicles sold	Vehicle	11409
Annual New energy vehicle exported	Vehicle	419
Operating income	billion Yuan	57.34
Revenue growth rate	%	35.11
Total profit	billion Yuan	2.69
Total profit growth rate	%	156.85
Net profit attributable to shareholders of the parent company	billion Yuan	2.49
Growth rate of net profit attributable to shareholders of the parent company	%	258.12
Weighted average return on equity	%	8.47
Earnings per share	Yuan	0.42
End-of-period liability to asset ratio	%	63.96

Part II : Governance Indicators		
Indicator	Unit of measure	Result 2024
Times of anti-corruption training	times	40
Anti-corruption training duration	Hour	50
Employee anti-corruption training: number of employees participating in anti-corruption related training	people	1000

Part II : Governance Indicators		
Indicator	Unit of measure	Result 2024
Employees dismissed or disciplined due to corruption, and the total number of confirmed incidents	times	3
The amount involved in litigation or major administrative punishment due to the company's unfair competition behavior	yuan	0
Total number of customers and employees affected by information leakage incidents	people	0
Fines and litigation cost losses caused by corruption and bribery incidents	yuan	0
Number of board of directors	people	7
Number of board meetings	times	6
Number of shareholders' meetings held	times	3
Number of supervisors on the Supervisory Board	people	3
Number of supervisory board meetings held	times	5

Part III : Environmental Indicators		
Indicator	Unit of measure	Result 2024
Scale of environmental investment	Million Yuan	3
The completion rate of " environmental impact assessment " and the implementation of "Three Simultaneities" for new and expansion projects	%	100
Environmental accidents and complaint rate on environmental issues	%	0
Environmental facilities equipping rate and normal operation rate	%	100
Amount of significant fines for violations of environmental laws and regulations	yuan	0
Number of non-economic penalties for violations of environmental laws and regulations	times	0

PartIII: Environmental Indicators		
Indicator	Unit of measure	Result 2024
Nitrogen oxide (NO _x) emissions	t	3.81
Nitrogen oxide (NO _x) emission density	t/vehicle	0.00042
Sulphur dioxide (SO ₂) emissions	t	3.04
Sulfur dioxide (SO ₂) emission density	t/vehicle	0.00033
Emissions of volatile organic compounds (VOCs)	t	19.13
Emission density of volatile organic compounds (VOCs)	t/vehicle	0.0021
Non-methane hydrocarbons (NMHC) emissions	t	19.13
Emission density of non-methane hydrocarbons (NMHC)	t/vehicle	0.0021
The total amount of hazardous waste generated	t	772.07
The density of hazardous waste generated	t/ Vehicle	0.084
Compliance rate of major pollutant emissions	%	99.9
Total discharge of main industrial wastewater	t	52095
Industrial wastewater discharge concentration	t/ Vehicle	5.69
COD emission concentration	mg/L	64.1
Ammonia nitrogen emission concentration	mg/L	3.44
Total phosphorus emission concentration	mg/L	0.169
Total water consumption	t	350437
Total freshwater consumption in production	t	312064.12
Total circulating water consumption	t	13865648
Recycling amount of industrial water resources	t	13865648
Recycling rate of industrial water resources	%	97.53
Coal consumption of coking coal, lignite, anthracite, etc.	GWh	0
Electrical power consumption	kWh	40941172
Total natural gas consumption	m ³	3547679
Total diesel consumption (Oil for forklift equipment in factory)	kWh	46.48
Electricity(Purchased)	kWh	40941172
Heat(Purchased)	GJ	32333.5

PartIII: Environmental Indicators		
Indicator	Unit of measure	Result 2024
Total energy consumption	tce	11011.13
Energy intensity	tce / ten thousand Yuan	0.01759
Sales volume of new energy vehicles	Vehicle	2738
Total greenhouse gas emissions	t/CO ₂ e	37616.48
Scope 1: Greenhouse gas emissions (natural gas, diesel)	t/CO ₂ e	7816.50
Scope 2: Greenhouse gas emissions (purchased electricity, purchased heat)	t/CO ₂ e	29799.98
Next 1 year to buy sustainable packaging machinery and equipment budget plan (vehicle interior and spare parts packaging)	Yuan	3000000
Percentage of green buildings with new plants planned in the next 3 years	%	100
The replacement ratio of pure electric vehicles instead of fuel vehicles in the future	%	80
The proportion of battery recycling and echelon utilization of new energy vehicles	%	20
Utilization rate of renewable plastics	%	10

Notes:

1、The scope of greenhouse gas emission accounting includes both direct and indirect emissions within the operational control of the organization (including production and living activities).

2、The carbon emission factor for electricity refers to the electricity emission factor for Shandong Province published in the "Electricity Carbon Dioxide Emission Factor for 2022" by the Ministry of Ecology and Environment and the National Bureau of Statistics in December 2024. Other factors are calculated in accordance with the guidelines issued by the National Development and Reform Commission in the "Interim Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial Sectors".

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
Total number of employees at end of year	People	3601
Number of new employees	People	304
Number of graduates employed	People	141
Minority employees at the year end	People	67
Number of employees by type of employment (full-time employees + dispatched workers)	people	3930
Distribution of year-end employees by gender (female / male)	People	446/3155
Year-end employee distribution by age group (under 30 / 30-50 / over 50)	People	982/2316/301
Year-end employee distribution by region (North China / Northwest China / Southwest China / East China / South China / Northeast China / Hong Kong, Macao and Taiwan / Overseas regions)	People	72/22/11/3403/53/40/0/0
Number of employees by employee position [research / support (including sales, supply chain and business support personnel, etc.) / management / operation]	People	1280/667/1654
Members of the highest governance body	People	8
Total number of minority employees	People	67
Number of disabled people employed	People	46
Labor contract coverage	%	100
Social insurance coverage	%	100
Social insurance paid	Yuan	118074431
Coverage of physical examination and health records	%	100
Percentage of employees subject to regular performance and career development evaluations	%	100
Proportion of employees participating in trade unions	%	100
Number of incidents of child labor, forced labor and human trafficking	Times	0

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
Total number of resigned employees	People	108
Annual employee turnover rate	%	3.35
Staff turnover rate by gender (female / male)	%	3.52/1.66
Employee turnover rate by age group (under 30 / 30-50 / over 50)	%	9.68/1.96/0.41
Staff turnover rate by region(Inside/Outside Liaocheng City)	%	3.02/5.23
Staff training organized	Hour	93526
Average hours of employee training	Hour	27.8
Total training investment of employees	Yuan	823100
Total number of staff training	People	3359
Training ratio for employees at different levels	%	100
Average number of training hours per employee-by-position (research / support / management operations)	hour	27.8
Percentage of active labor force signing labor agreement	%	100
Strike days	Day	0
Total number of suppliers	Items	869
Proportion of first-level suppliers conducting daily and irregular audits	%	5
Proportion of suppliers certified by ISO14001 system	%	78
Proportion of suppliers certified by OHSAS18001 / ISO45001 system	%	85
Proportion of suppliers certified by IATF16949 system	%	93
Percentage of direct suppliers signing Supplier Code of Conduct	%	92
Number of suppliers identified as having significant actual and potential negative environmental and social impacts	Items	0
Safety production investment	Yuan	4030000
Number of safety accidents	Cases	0
Number of near-miss incidents (company employees & contractor employees)	People	0

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
The frequency of recordable injury (company employees+ contractor employees)	times / year	0
Severe injury accident rate	%	0
Mild injury accident rate	%	0
Number of occupational disease accidents	Times	0
Proportion of occupational diseases	%	0
Economic losses due to safety accidents	Yuan	0
Safety production training	Times	6
Safety production training	Person times	16838
Safety production training (total duration of safety production training)	Hour	39271
Safety production training coverage	%	100
Complaint handling ratio	%	100
Customer satisfaction rate	%	86.49
R&D investment	Yuan	235,990,226.33
Cumulative patent	piece	774
Number of new patents added	piece	39
Proportion of R&D personnel	%	16.4
Other activities to fulfill social responsibilities, such as public welfare education, support for the west, industry standard setting, national and local public platform construction, ecological environment protection, etc.	Times	11
Volunteers	People	200
Number of charitable and voluntary activities	Times	7
Total hours of employees participating in community activities	Hour	100

Feedback

Dear Reader,

Thank you for taking the time out of your busy schedule to read the **Zhongtong Bus Holding Co.,LTD Sustainable Development Report 2024**. We sincerely hope that you will provide us with your valuable comments and suggestions on the report and our work. You may fill out the questionnaire and send it back to us either by mail or by scanning and emailing it. Your feedback is greatly appreciated!

Address: No. 261, Yellow River Road, Liaocheng City, Shandong Province

Phone: 400 - 760 - 8000

1. Which category of Zhongtong Bus's stakeholders does your workplace belong to?

☐ Internal Management

☐ Internal Employee

☐ Customer and Potential Customer

☐ Community

☐ Non - Governmental Organization

☐ Other (Please Specify) _____

☐ Shareholder/Investor

☐ Supplier/Partner

☐ Government and Regulatory Authorities

☐ Expert and Scholar

☐ Public

2. Are the issues you are concerned about all reflected in the report?

☐ Yes

☐ Somewhat

☐ No

3. Your overall evaluation of the 2024 Sustainability Report:

• Readability (The expression is easy to understand, the design is aesthetically pleasing, it is engaging, and the information you need is easy to find)

☐ 3 points (Good)

☐ 2 points (Fair)

☐ 1 point (Poor)

• Credibility (The information in the report is genuine and trustworthy)

☐ 3 points (Good)

☐ 2 points (Fair)

☐ 1 point (Poor)

• Completeness of Information (Both positive and negative aspects of information are covered, and it meets your information needs)

☐ 3 points (Good)

☐ 2 points (Fair)

☐ 1 point (Poor)

4. Can you easily find the information you are interested in within the report?

☐ Yes

☐ Somewhat

☐ No

5. Besides the content already disclosed in the report, what other information would you like to see?