



北京京城機電股份有限公司

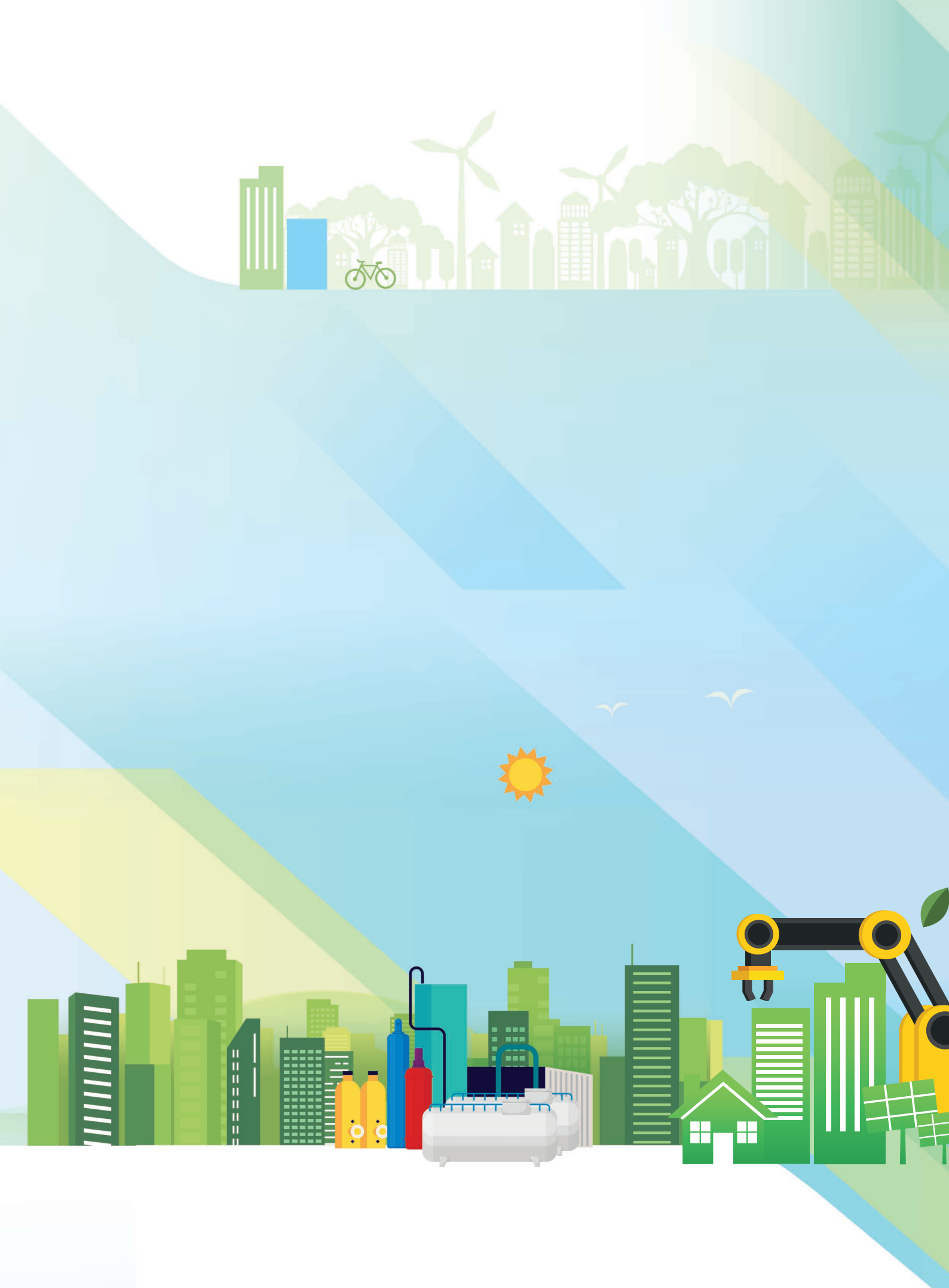
Beijing Jingcheng Machinery Electric Company Limited

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

(H Share Stock Code: 0187; A Share Stock Code: 600860)



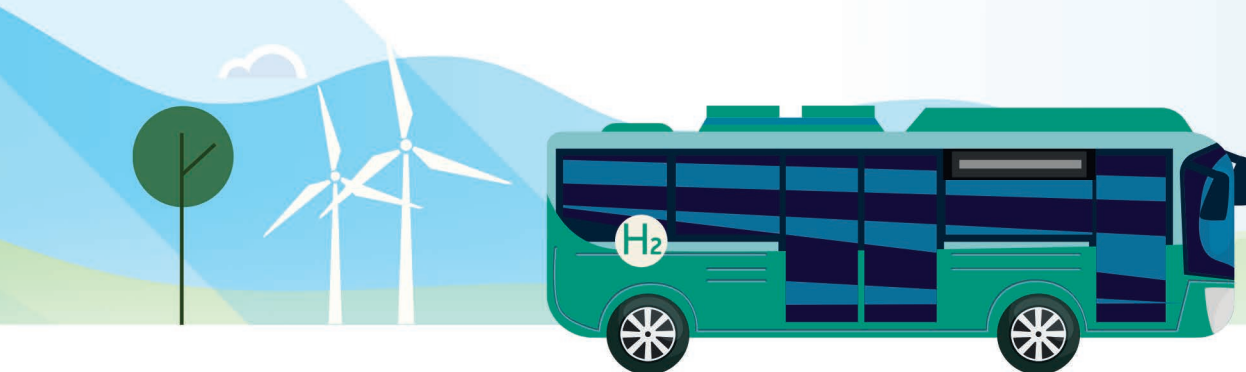
Environmental, Social
and Governance Report
2024





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ABOUT THIS REPORT



1. Report Description

This report is the Environmental, Social and Governance Report for the year of 2024 issued by Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司) (“Beijing Jingcheng” or the “Company”). The board (the “Board”) of directors and all directors of the Company guarantee that there are no false information, misleading statements or material omissions in the contents of this report, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of its contents, and have reviewed and approved this report.

2. Introduction

Beijing Jingcheng is listed on the Shanghai Stock Exchange (the “SSE”) (A shares) and The Stock Exchange of Hong Kong Limited (H shares) with a registered capital of RMB547,665,988. Its subsidiaries include Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司) (“Tianhai Industry” or “Beijing Tianhai”), Qingdao BYTQ United Digital Intelligence Co., Ltd. (“BYTQ”) and Jingcheng Holding (Hong Kong) Company Limited (京城控股(香港)有限公司) (“Jingcheng HK”). The Company is committed to creating a leading enterprise engaged in the manufacturing of gas storage and transportation equipment and provision of services and a comprehensive intelligent manufacturing solutions services provider.



ABOUT THIS REPORT



This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Board confirms that it has reviewed and approved this report. Beijing Jingcheng has always regarded sustainable development as its long-term development direction. This report aims to present stakeholders with a description of the Company’s key issues and environmental, social and governance (“ESG”) issues and the management approach in respect of sustainable development, its compliance with the Listing Rules of the Stock Exchange and the SSE, and the relevant policies, regulations in the environmental, social and governance aspects of its business operations, in order to achieve sustainable development.

3. Reporting Period and Scope

This report covers the 2024 financial year from 1 January 2024 to 31 December 2024.

The scope of this report includes but is not limited to the Company and its subsidiaries (the “Group”), being:

- (1) Beijing Jingcheng Machinery Electric Company Limited
- (2) Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司) (“Tianhai Industry” or “Beijing Tianhai”)
- (3) Qingdao BYTQ United Digital Intelligence Co., Ltd. (“BYTQ”)
- (4) Tianjin Tianhai High Pressure Container Co., Ltd. (天津天海高壓容器有限責任公司) (“Tianjin Tianhai”)
- (5) Kuancheng Tianhai High Pressure Container Co., Ltd. (寬城天海高壓容器有限公司) (“Kuancheng Tianhai”)



- (6) Shanghai Tianhai Composite Cylinders Co., Ltd. (上海天海複合氣瓶有限公司) (“Shanghai Tianhai”)
- (7) Beijing Tianhai Cryogenic Equipment Co., Ltd. (北京天海低溫設備有限公司) (“Tianhai Cryogenic”)
- (8) Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd. (北京明輝天海氣體儲運裝備銷售有限公司) (“Minghui Tianhai”)
- (9) Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. (北京天海氫能裝備有限公司) (“Tianhai Hydrogen Energy”)
- (10) BTIC America Corporation (天海美洲公司) (“BAC”)
- (11) Jingcheng Holding (Hong Kong) Company Limited (“Jingcheng HK”)
- (12) Beijing Jingcheng Haitong Technology Culture Development Co., Ltd (“Jingcheng Haitong”)

4. Reporting Principles

Materiality:

By gathering the feedback from various stakeholder groups about their concerns, interests and expectations in terms of the Company’s sustainable development, material ESG issues of the Company are identified and endorsed by its senior management for future strategic development.

Quantitative:

Quantitative reporting principles are applied and demonstrated through the disclosure of measurable key performance indicators (“KPIs”) under both Environmental and Social sections. To ensure that readers can grasp a better understanding of the Company’s sustainability performance, detailed disclosure in measurable format can be found in several performance tables.

Balance:

Upholding the good practice of transparent disclosure, the Company conforms to the principle of balance when preparing the ESG Report so as to portray and deliver to the readers both the outstanding achievements and room for improvement of the Company’s sustainability performance in the 2024 financial year.

5. Feedback to this Report

The interests and needs of different stakeholders have been taken into consideration to the fullest extent possible while preparing this report. The Company will continue to improve the content of future reports. For enquiries and opinions, please contact us at:

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MESSAGE FROM THE GENERAL MANAGER

Dear stakeholders:

We are pleased to present our 2024 Environmental, Social and Governance Report for the year ended 31 December 2024. We regard this report as one of the most important, direct and effective communication channels between the Company and its investors and stakeholders and use this channel to deliver our ongoing operational plans and initiatives to our stakeholders every year.

2024 was a crucial year for attaining the strategic goals and tasks of the “14th Five-Year Plan”. The Company proactively implemented the “Five Initiatives” and proactively integrated them into the new development pattern, took the opportunity of transformation development and innovation development to firmly grasp the works and tasks, while making solid progress in market expansion, technological innovation, reforms and adjustments, as well as quality and efficiency improvement; meanwhile, we strove to promote the further expansion of the Company’s scale and business, and conducted in-depth explorations and researches on potential capital operation projects, with the aim of accumulating momentum for the industrial transformation and upgrading of the Group and the listed companies. The Company always adheres to the enterprise spirit of “integrity, dedication, learning, innovation and determination to be first-class” and implements the operation philosophy of “abiding by laws and regulations, safety and health, and green operation”. We unswervingly promote the sustainable development strategy, actively construct and improve the strategic plan of “high-end, precise and advanced” industry structure, and advance the equipment manufacturing business in the direction of high-end, intelligent and core basic technology solutions.

The Company always insists on being market-oriented, actively integrates marketing resources, accelerates products restructuring, eliminates disadvantaged products, and further focuses on advantaged products to form the base for the Company’s sustainable and healthy development, to strengthen the optimization and integration of internal management of the Company, to enhance management, to accelerate operational efficiency, to increase business synergy level so as to ensure the completion of the annual operation target. As of the end of the reporting period, the Company recorded operating income of approximately RMB1,648,860,246.58, representing an increase of approximately 17.32% year-on-year. While being committed to developing its main business, the Company has significantly improved various emission, energy conservation and environmental protection indicators, and gradually improved its ESG management standard. We have also actively assumed our social responsibility, better realized the allocation of resources and talents, aiming to comprehensively create a “world’s leading gas storage and transportation equipment manufacturing and services enterprise and a comprehensive intelligent manufacturing solution services provider”.



In 2024, the Company made great efforts to maintain its operating efficiency. While developing our principal business, we have never forgotten to take into account the Company's impact on the environment, its obligations to the society and its responsibilities to its stakeholders:

1. Fully committed to enhance operational quality and efficiency while continuing to increase market expansion

For the gas storage and transportation business, in terms of the international market, we increased related extended services by focusing on the new demands from major customers such as Air Liquide and AP in order to enhance customer stickiness and maintain our market share. In terms of the domestic market, with new technologies as our supports, we expanded the products' application scenarios and further realized the development of differentiation and quality enhancement. The conventional cylinders has moved towards mid to high-end level. Tianhai Hydrogen Energy has made significant achievement in developing the composite cylinder market and entered into strategic cooperations with a number of well-known automobile manufacturers and operators, thereby achieving year-on-year growth in sales revenue in 2024.

For the intelligent manufacturing business, the Company made strong breakthroughs in the field of 3C production equipment. The related business expanded rapidly, achieving growth in operating revenue and profit. At the same time, we accelerated the research on the intelligent manufacturing of hydrogen cylinders and digital plants, thereby enhancing the Company's capability to secure orders.

2. Actively assuming social responsibilities and leading in sustainable development of the industry

We unswervingly implement the green development strategy, disseminate advanced new energy ideas to all sectors of society, co-create a green ecosystem, resolutely implement measures to conserve energy and reduce consumption, vigorously apply and promote new technologies and techniques, and constantly eliminate high-energy-consuming and high-emission equipment. The Company has always been in strict compliance with the laws, regulations and industry standards on environmental protection and pollutant emission relating to the state and the place of business, the characteristics of the filled gases, and has formulated strict internal regulatory documents, and has urged its subsidiaries and branches to accelerate work in energy conservation, emission reduction, construction of environmental protection facilities, and green office. We actively develop and promote green products and provide green services to help build China's ecological civilization.

3. Developing hand-in-hand for a better future

We always safeguard the legitimate rights and interests of our employees, respect the diversified development needs of our employees, strengthen occupational health management, raise safety awareness, organize skills training and sports and cultural activities, provide care and warmth for our employees in difficulty, and build a broad platform for their career development. We also strengthen supply chain management, promote industrial integration, deepen international cooperation, and work with partners to complement each other in terms of resource advantages and achieve synergistic development. At the same time, to effectively protect the labour rights and interests of employees, the Company regularly organizes welfare activities and ample cultural functions for employees to enhance the cohesion and centripetal force within the enterprise.



MESSAGE FROM THE GENERAL MANAGER

4. Facilitating sustainable operation with integrity and realizing win-win cooperation

We firmly implement the core values of “creating value with responsibility, establishing an image with integrity”, and attach great importance to the demands of the stakeholders. In 2024, we conducted extensive and in-depth communication with key stakeholders of the Company to further understand the issues of concern and related recommendations and improve our internal management system with a problem-oriented approach and strive to realize the sharing of development results. Through customer satisfaction surveys, we carefully listened to customers’ voices, formulated and implemented improvement measures, practically guaranteed information security and customer privacy, and continuously improved the level of services; we continued to improve the supplier management system and promote the establishment of good communication mechanisms; we actively participated in the formulation of industry standards in the upstream and downstream of the value chain, and proactively created our proprietary brands to achieve a win-win situation with our partners. In 2024, the Company made certain breakthroughs in the fields of environmental, social and corporate governance while ensuring the development and transformation of its principal businesses. On behalf of the management, I hereby express our sincere gratitude to all stakeholders for their support and trust.

The publication of the ESG Report reviews the Company’s efforts in fulfilling its social responsibilities in 2024, in the hope of further strengthening its corporate social responsibility, promoting benefit sharing between the Company and all sectors of the society, especially the stakeholders, enhancing mutual understanding and recognition, and making new and greater contributions to economic and social development through better fulfillment of its corporate social responsibilities.

2025 is the final year for the implementation of the Company’s strategy under the “14th Five-Year Plan”. The Company will persevere in focusing on strategic navigation, creating a “new order” for industrial development, hewing out a “new path” for performance growth, and enhancing strategic concentration. The Company will unswervingly practise our social responsibility and continue to improve in the fields of sustainable development such as market responsibility, employee responsibility, energy conservation and emission reduction. Supported by the stakeholders and government policies, we will continue to take sustainability as our guidance, improving the economic efficiency and accelerating the transformation as our goal, and maintaining harmonious relationships with our staff members as our principle. We will firmly grasp the economic development opportunities brought by the global industrial upgrading, and work with all shareholders and stakeholders against the headwind.

Zhang Jiheng
General Manager
25 April 2025

ABOUT BEIJING JINGCHENG



1. Company Overview

Beijing Jingcheng is listed on the SSE (A shares) and the Stock Exchange (H shares), and completed the restructuring and asset replacement on 31 October 2013, being the only listed company under Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司) (“Jingcheng Machinery Electric”). Currently, the abbreviation of H shares of the Company is “JINGCHENG MAC” and that of A shares is “京城股份”, under the respective stock codes of “00187” and “600860”.

Key economic information for 2024:

Revenue:	RMB 1,648,860,246.58
Net profit Attributable to Parent Company:	RMB 7,477,047.53
Net Assets:	RMB 1,084,156,625.22
Total Assets:	RMB 3,087,048,217.30

Gas storage and transportation segment:

As the Company’s important subsidiary in the field of gas storage and transportation, Tianhai Industry is a group company with seven specialized gas storage and transportation equipment production bases and an American company. The company has the design qualification of A1, A2, C2, C3 class pressure vessels and the manufacturing qualification of A1, A2, B1, B2, B3, C2, C3, D1, D2 class pressure vessels. Now the company can produce more than 800 types of steel seamless gas cylinders, winding gas cylinders, accumulator housings, asbestos-free filler acetylene bottle, welding insulated gas cylinders, carbon fiber full-winding composite gas cylinders (including car-used models), cryogenic tanks and gas station and other products, which are widely used in automotive, chemical industry, fire-fighting, medicine, petroleum, energy, urban construction, food, metallurgy, machinery, electronics and other industries.

By accurately capturing the clean energy market, Tianhai Industry can provide customers with LNG/CNG system solutions through multi-directional technical integration of vehicle LNG cylinders, CNG cylinders, cryogenic storage tanks, natural gas stations and other aspects of technology. The company can also design and manufacture cryogenic storage tanks, IMO tank container products of different volume and pressure levels according to the Chinese pressure vessel standard, EU ADM and 97/23/EC PED, Australia/New Zealand AS1210 and other standards. For a long time, Tianhai Industry has always adhered to the principles of “developing in line with international standards, producing based on international standards and creating on international first-tier level” in manufacturing technology and scientific management, and it has obtained 41 international certification, ISO9001:2015, ISO/TS16949:2009 quality management system certification, ISO14001:2015 environmental management system certification, OHSAS18001:2007 occupational health and safety management system certification. After more than 20 years of development, Tianhai Industry has established a complete and efficient product sales network and after-sales service system for gas storage and operation which covers the whole country, and its products have been exported to over 40 countries and regions on five continents.

The Company has established a good reputation with safe, reliable products and quality service. With its increasing core competitiveness and rapidly improving performance, the company has been awarded with many honorary titles such as China’s Top 100 Enterprises (中國百強企業), Beijing’s Top 10 Foreign-invested Enterprises (北京市十佳外商投資企業), Beijing High-tech Enterprises (北京市高新技術企業), China’s Metal Pressure Vessel Manufacturing Industry Leader Enterprises (中國金屬壓力容器製造行業排頭兵企業) and the National “Labour Day” Awards (全國「五一」勞動獎狀).



ABOUT BEIJING JINGCHENG

Intelligent manufacturing segment:

BYTQ is an overall intelligent factory solutions provider which deeply engages in the home appliances industry. With technological innovation as the core, the company provides enterprises with hardware facilities such as cloud-base, algorithm-driven, configurable multi-platform real-time collaborative system with robotic applications, automation equipment and intelligent logistics to help customers in the manufacturing industry in improving their production efficiency, reducing production costs, opening up information silos, and realizing data-driven manufacturing in a light and highly efficient manner, and provides customers with automation and information construction and upgrade of production lines, as well as overall solutions for intelligent factories.

Based on intelligent manufacturing and the deep integration of information and industrial automation, BYTQ's main products include ground conveyance and assembly system products, suspension chain air conveyance system products, robotic integration application and stamping lines products, non-standard automation machine products, and the development of MES system, APS system, PLM system, WMS system, SCADA system, suspension chain scheduling and other systems. Its products cover home appliances, food, consumer electronics and other industries, and customers include domestic and overseas factories of leading home appliance enterprises such as Haier, Aucma, Hisense and Midea, etc. and it enjoys a good reputation and influence in the industrial automation industry.

BYTQ has built up comprehensive competitive advantages in technology, products, quality, costs and service surrounding the development trend of the intelligent manufacturing industry and won the honorary titles of high-tech enterprise and specialized and sophisticated enterprise producing new and unique products. By leveraging the platform of the listed company under Jingcheng Machinery Electric, BYTQ is developing new markets in new fields and aiming to become a nationally leading overall domestic intelligent manufacturing solution service provider and a first-class domestic enterprise in the field of intelligent manufacturing.

2. Corporate Governance

The Company highly values and strives to improve the corporate governance structure established by the general meeting, the Board, the supervisory committee and the management team, thus forming a well-balanced and coordinated operation mechanism with clear division of powers and responsibilities among decision-making powers, supervision powers and management powers, so as to ensure the effective implementation of the decision-making powers of the general meeting and the Board, and the supervision powers of the supervisory committee, as well as effective compliance of the operation and management powers of the management team.

With the continuous enhancement of sustainability as the core of ESG management, the Company has integrated ESG into routine production and operational practice by the reinforcement of corporate governance and innovative implementation. The Company utilizes ESG as a significant element in achieving its strategic objective of "building the world's leading energy gas storage and transportation equipment manufacturing and service enterprise".



The Company designs and manufactures in strict compliance with relevant environmental protection and pollutant emission laws, regulations and industry standards of the PRC, of its places of operation, and of the pressure vessel manufacturing industry, including GB/T24001-2016 Environmental Management Systems – Requirements with Guidance for Use and GB/T45001-2020 Occupational Health and Safety Management System Requirements with Guidance for Use. Based on these, the Company has established environmental management systems and procedures such as Environmental and Occupational Health and Safety Management System Procedures, Environmental Factors Identification and Evaluation Form and List of Important Environmental Factors, and Solid Waste List. The Company has also established a Safety and Environmental Protection Department to provide staff training on environmental protection knowledge, enhance awareness of environmental protection, supervise and manage environmental protection-related work, with a focus on saving energy and reducing emissions, and manage environmental factors and pollutants emission, so as to ensure smooth production and operation.

3. Business Philosophy

The Company's spirit of "integrity, dedication, learning, innovation and aiming at first-class" has helped it establish a reputation for safe, reliable products and quality service. With its enhanced core competitiveness and rapidly improving performance, the Company provides high quality products for customers and creates value for society.

By adhering to the concept of green manufacturing, the Company actively promotes energy saving, consumption reduction and comprehensive utilization of resources. Besides, the Company makes great efforts to implement the new strategy of "saving energy, reducing consumption and emissions, and enhancing efficiency", and strives to promote the sustainable development of society while constantly improving our intrinsic value and creating maximum return for shareholders.

4. ESG Management Mechanism

The Board of the Company assumes full responsibilities for the management and reporting of the Company in the areas of ESG and is responsible for assessing and identifying the Company's environmental, social and governance risks, and for ensuring that the Company has an appropriate and effective environmental, social and governance risk management and internal control system. The Company's management provides information to the Board to assess the effectiveness of the above systems. Environmental, social and governance requirements contribute to the Company's continued improvement of operation and management.

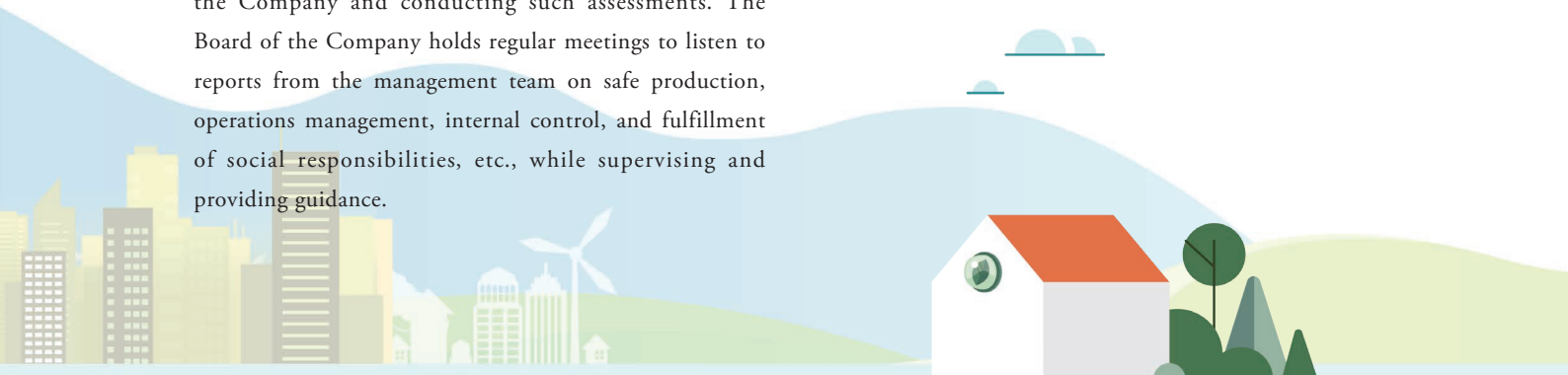




ABOUT BEIJING JINGCHENG

There are four committees under the Board, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Monitoring Committee. In accordance with the division of responsibilities, the Strategy Committee of the Board of the Company shall be responsible for conducting research and making recommendations on the Company's long-term development strategy and major investment decisions, and organizing the policies and practices of the corporate governance, control system and organizational structure of the Company, including advising the Board on corporate governance guidelines and monitoring the Company's implementation of such policies and guidelines to achieve continuous improvement and optimization. The Audit Committee of the Board shall supervise the internal audit system and its implementation, review the internal control system of the Company and organize internal control inspection, evaluate internal control defects and supervise the relevant rectification, and regularly listen to the reports of the Company's internal control work and determine whether the internal control system is operated effectively on a continuous basis. The Nomination Committee of the Board shall be responsible for selecting and making recommendations on the personnel, selection criteria and procedures in respect of the Company's directors and managers. The Remuneration and Monitoring Committee of the Board shall be responsible for formulating the assessment standards of the directors and managers of the Company and conducting such assessments. The Board of the Company holds regular meetings to listen to reports from the management team on safe production, operations management, internal control, and fulfillment of social responsibilities, etc., while supervising and providing guidance.

In order to ensure that the ESG Reporting Guide of the Listing Rules ("ESG Reporting Guide") is effectively implemented, the Company has set up an ESG work management mechanism, of which the Secretary of the Board of the Company shall be responsible for coordination, communicating ESG disclosure requirements with department heads. Meanwhile, each department shall be responsible for the assignment of relevant personnel for the implementation of the specific ESG work. The ESG work management mechanism embodies the work model of ESG management with the leadership of the Company's Board and the joint engagement of the management and multiple departments of the Company, which fully guarantees the effectiveness and applicability of its ESG management.





5. Promoting Industry Development

Over the years, the Company has been devoted to promoting sustainable industrial development by taking an active lead in improving a series of national industry standards and refining product-related laws and regulations. The Company has participated in the following industry organizations:

Organization	Membership
Beijing Association of Mechanical and Electrical Industries (北京機電行業協會)	Deputy-director
China Industrial Gases Industry Association (中國工業氣體工業協會)	Member
Clean Energy Vehicles and Ships Branch of the China Communications and Transportation Association (交通運輸協會清潔能源車船分會)	Director
Beijing Association of Automobile Manufacturers (北京汽車行業協會)	Director
Beijing Mechanical Engineering Society (北京機械工程學會)	Member
Henan Industrial Gases Industry Association (河南工業氣體協會)	Member
China Federation of Logistics & Purchasing Hazardous Chemicals Logistics Sub-branch (中國物流採購聯合會危化品物流分會)	Member
Hebei Industrial Gases Industry Association (河北工業氣體協會)	Director
Zhongguan Village Hydrogen Energy and Fuel Cell Technology Innovation Industry Association (中關村氫能與燃料電池技術創新產業聯盟)	Deputy-director
Beijing Federation of Industrial Economics (北京工業經濟聯合會)	Member



ABOUT BEIJING JINGCHENG

6. Honours and Awards

In 2024, with its competitive strengths in the industry and outstanding management results, the Company has been continuously recognized by the government, various industry associations and authoritative certification bodies. Some honours and awards obtained by the Company and its subsidiaries in recent years are as follows:



High Tech Enterprise



Specialized and New “Small Giant” Enterprise Certificate



Qingdao City Specialized and New Small and Medium-sized Enterprise



High Tech Enterprise

ESG MANAGEMENT APPROACH



1

Engagement Stakeholders



As a responsible manufacturing enterprise, and in response to the call of the national clean energy policies, the Company incorporates the concept of green development into every step of its routine production and operations. Through continuous enhancement of emissions treatment, energy savings and emissions reduction, construction and operation of environmental protection facilities and green offices, and other efforts, the Company strives to coordinate the development of production and operations with environmental protection, and to make positive contribution to saving energy, reducing emissions, and the development of China's environmental protection industry.



ESG MANAGEMENT APPROACH

We highly value our communications with each stakeholder, and strive constantly to improve our stakeholder engagement mechanism, enhance operational transparency, disseminate the concept of corporate social responsibility through multiple channels, understand and actively respond to stakeholders' needs, and make progress in partnership with stakeholders.

Stakeholders	Expectations and Demands	Communication and Response
Government and regulatory authorities	<ul style="list-style-type: none"> ▶ Compliance with laws and regulations ▶ Payment of taxes ▶ Support for economic development ▶ Creation of job opportunities 	<ul style="list-style-type: none"> ▶ Conducting business in compliance with relevant laws and regulations ▶ Regular communication with regulatory authorities ▶ Pay taxes according to law
Investors	<ul style="list-style-type: none"> ▶ Return on investment ▶ Risk management ▶ Safe production 	<ul style="list-style-type: none"> ▶ Regular disclosure of operating information ▶ Investor meetings ▶ On-site inspection
Customers and business partners	<ul style="list-style-type: none"> ▶ Good faith and truthful performance of the agreement ▶ Fair, just and open procurement ▶ High-quality products ▶ High-quality services ▶ Fulfilment of the diverse needs of customers and creation of value for them 	<ul style="list-style-type: none"> ▶ Business communications and contracts ▶ Open tendering and price comparison ▶ Assurance of product quality ▶ Customer satisfaction surveys
Employees	<ul style="list-style-type: none"> ▶ Occupational health ▶ Remuneration and benefits ▶ Career development ▶ Employee caring 	<ul style="list-style-type: none"> ▶ Occupational health examination ▶ Provision of satisfying remuneration and benefits ▶ Provision of training ▶ Workers Congress, staff forums, suggestion box and recreational activities
Environment	<ul style="list-style-type: none"> ▶ Energy savings and emissions reduction ▶ Ecological protection 	<ul style="list-style-type: none"> ▶ Communications with local regulatory authorities and residents ▶ Managing emissions and enhancing efficient use of resources and energy
Industry	<ul style="list-style-type: none"> ▶ Development of industry standards ▶ Promotion of industry development 	<ul style="list-style-type: none"> ▶ Involvement in development of industry standards ▶ Attending industry forums ▶ Visits and inspections with industry peers
Community and the public	<ul style="list-style-type: none"> ▶ Engagement in community development ▶ Support for charitable activities 	<ul style="list-style-type: none"> ▶ Public welfare undertakings ▶ Volunteer services



2

Fulfilling Green Operational Responsibilities





ESG MANAGEMENT APPROACH

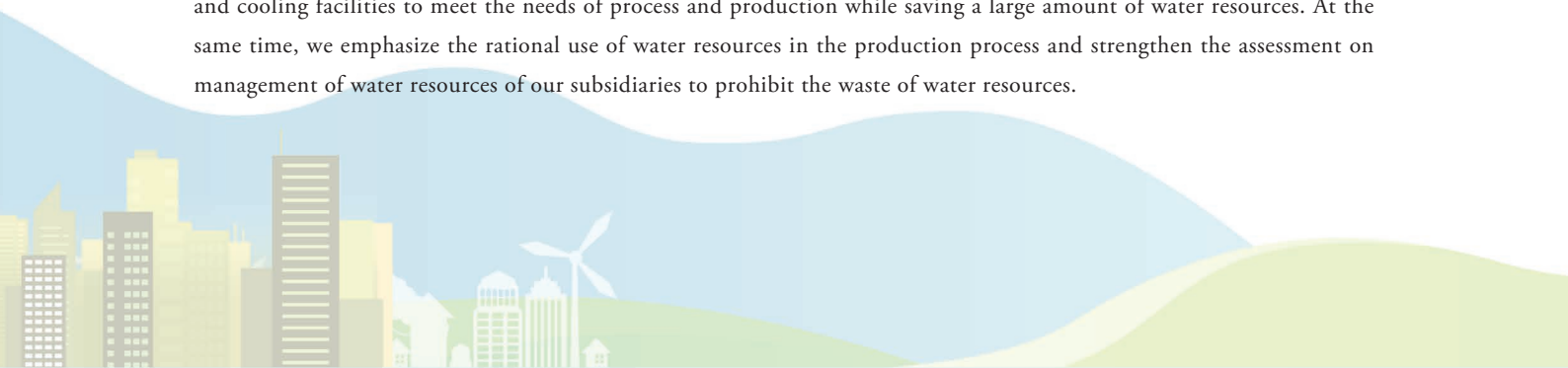
“Innovation, coordination, green, openness, and sharing” are China’s five major development concepts. The Chinese government has made addressing climate change a major strategy for national economic and social development, further promoted the construction of ecological civilization, and developed a green economy, making the active promotion of various emission reduction measures as the core of policies to address climate change.

The Company actively responds to the call of the national clean energy policy by incorporating the concept of green development into every step of its routine production and operations. Through continuous enhancement of emissions treatment, garbage classification, energy savings and emissions reduction, construction and operation of environmental protection facilities and green offices and other efforts, the Company strives to coordinate the development of production and operations with environmental protection, and to make positive contribution to saving energy, reducing emissions, and developing China’s environmental protection industry.

In order to continuously reduce energy consumption, reduce carbon dioxide emissions, improve energy utilization, and achieve the goal of comprehensive and sustainable development, the Company established and implemented a management system according to the specific requirements of “Energy Management System Requirements” (GB/T23331) and DB44/T1944-2016 “Carbon Emission Management System Requirements”.

The Company has always insisted on promoting the concept of rational water use and water conservation and has continuously strengthened water resource management. The water supply of the Company is mostly municipal. In order to further improve the efficiency of water resources, we have set up practical targets on water efficiency. Our general goal is to significantly reduce the overall water consumption per unit and enhance the reuse rate of industrial water, especially in the key area of cooling water, we are committed to significantly increase the recycling rate and reduce the amount of water used in the cooling process per unit of product. In order to keep track of the achievement of these targets in real time, we have set up a dynamic review and tracking mechanism to regularly analyze water consumption data, assess the effectiveness of water conservation and make timely adjustments to our strategies.

In practice, cooling accounts for a large proportion of the total volume of industrial water used. In order to save water resources, on the foundation of complying with the laws and regulations of the locations in which the Company operates and obtaining the corresponding compliance documents, the Company has increased the number of looped water pipes and cooling facilities to meet the needs of process and production while saving a large amount of water resources. At the same time, we emphasize the rational use of water resources in the production process and strengthen the assessment on management of water resources of our subsidiaries to prohibit the waste of water resources.





(1) Emissions

As a manufacturing enterprise, the Company designs and manufactures in strict compliance with relevant environmental protection and pollutant emissions laws and regulations and industry standards of the PRC and of its places of operation, and of the pressure vessel manufacturing industry, including GB/T24001-2016 “The Requirements of Environmental Management System and User’s Guide”, GB/T45001-2020 “The Requirement of Occupational Health and Safety Management System and Guide for Use”, etc. Based on these, the Company has established environmental management systems and procedures such as the “Environmental and Occupational Health and Safety Management System Procedures Document”. The Company has also established a Safety and Environmental Department and formed a leading group of energy saving and emission reduction to supervise and manage environmental protection-related work with a focus on energy savings and emissions reduction. The Company identifies environmental factors annually and develops protection measures accordingly. To this end, the Company established the “Environmental Factors Identification and Evaluation Form and List of Important Environmental Factors” with reference to the “Solid Waste List” to manage its environmental factors, waste disposal, etc. Waste generated by the Company’s production is treated in full compliance with the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and other relevant environmental protection laws and regulations, as well as local governments’ administrative measures for solid waste. The waste is classified for collection and treatment within the Company. Domestic waste is transferred to municipal departments for treatment, while treatment of hazardous waste is entrusted to qualified and permitted units from governmental ecological and environmental departments, after classification is done. The Company issued the “Notice on Strengthening Environmental Protection Work” which requires different sections of the Company including technical, supply, sales, equipment and production to formulate standards, enhance communication and reduce hazardous waste from their respective sources. The Company provides staff training on environmental protection knowledge to raise environmental awareness. Meanwhile, an environmental production management system was formulated and implemented to penalize and educate departments that cause environmental damage. The Company has also established a specialized department to supervise safe production and environmental protection and ensure the coordinated development of production and operations and environmental protection.

The construction projects of the Company are carried out in strict accordance with the requirements of the “three simultaneities”, and we actively participate in the accident rescue mission organized by the Municipal Emergency Bureau, fulfilling our corporate social responsibilities. The emission data of major subsidiaries is as follows:



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A. Measures for reduction of exhaust gas emission:

Implementer	Emission reduction measures
The Company and its subsidiaries	To regularly maintain the exhaust gas treatment facilities
Minhui Tianhai	To use low-nitrogen burner and lower the amount of nitrogen oxides generated in the combustion process by optimizing the structure and operating parameters of the burner. To use graded combustion technology which delivers the air required for combustion into the furnace in stages, so that the fuel is first burned under anoxic conditions in order to inhibit the generation of nitrogen oxides
Kuancheng Tianhai	To adopt lightweight product design
Tianhai Hydrogen Energy	To adopt scientific production scheduling and centralize the use of pollution-producing facilities; to regularly maintain purification facilities to ensure that the emission standard is met
Tianhai Cryogenic	To regularly conduct inspections, regularly replace the bag filter and activated carbon to meet the emission standard

The emission data is as follows:

Greenhouse gas	Emission data
Sulfur dioxide	Approximately 0.338 ton
Nitrous oxide (oxynitride)	Approximately 12.92 tons
Carbon dioxide	Approximately 13,563.11 tons
Total	Approximately 13,576.368 tons

Note: Except for the aforesaid greenhouse gas, the Company does not generate other greenhouse gases such as methane, hydrogen carbon compounds, etc. The emission concentration of various facilities of the Company meets the requirements of relevant department.

Hazardous waste	Emission data
Benzene	Approximately 0.031 ton
Benzene series	Approximately 1.312 ton
Non-methane hydrocarbon	Approximately 0.993 ton
Particle	Approximately 0.304 ton
Dust emission of shot blasting process	Approximately 0.575 ton
Total	Approximately 3.21 tons

Note: The emissions concentration of various facilities of the Company meets the requirements of relevant departments.



B. Measures for reduction of wastewater discharge:

Implementer	Discharge reduction measures
Kuancheng Tianhai	The production wastewater flows to the wastewater treatment facility through the sewage pipe of the plant, while the domestic waste water flows to the Kuancheng county sewage treatment plant through the municipal sewage pipe network
Tianhai Cryogenic	To regularly test, increase the usage of circulating water, strictly control the work and discharge of the sewage treatment station to meet the discharge standard

The emission data is as follows:

Total amount of industrial wastewater produced		182,113.93 tons
of which	Emission	Emission data
1	Chemical oxygen demand (COD)	Approximately 18.691 tons
2	Ammonia nitrogen	Approximately 0.76 tons
3	Suspended solids	Approximately 11.207 tons
4	Total phosphorus	Approximately 0.092 ton
5	Flora and fauna	Approximately 0.083 ton
6	Petroleum	Approximately 0.116 ton
	Total	Approximately 30.949 tons

Note: The emissions concentration of various facilities of the Company meets the requirements of relevant departments.





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C. Measures for waste reduction:

Implementer	Waste reduction measures	
The Company and its subsidiaries	In order to protect the ecology and reduce the pollution of waste to the surrounding ecology, the Company resolves to effectively control all types of wastes discarded, classify the domestic wastes and the non-metallic wastes generated in the course of production and process them separately. In order to protect the ecology and reduce the pollution of waste to the surrounding ecology, the Company resolves to effectively control all types of wastes discarded, classify the domestic wastes and the non-metallic wastes generated in the course of production and process them separately.	
	Of which	<ol style="list-style-type: none">1. Hazardous waste: viscous oil waste, spray paint waste, etc. are collected by the entities with waste disposal qualifications certified by the State Administration of Environmental Protection for recycling2. Non-hazardous recyclable waste: scrap metal materials and parts, non-hazardous packages are collected by the waste recycling company3. Other general waste: household waste is disposed by the municipal government
Tianjin Tianhai	Customized procurement of pipes to reduce the production of general solid waste	

In order to effectively control the waste generated from production, office and domestic waste and to better meet the requirements of laws and regulations while fulfilling the responsibilities of state-owned enterprises, so as to achieve the goal of environmental protection, the Company will set the following measures and targets to reduce waste emissions.

1. Optimize craftsmanship to achieve the waste reduction target from the technical perspective. The subsidiaries reduce the waste (scrap) by reducing the consumption of fixed number of products through the customization of raw materials and the renovation of the heating and processing process.
2. Manage details to achieve the waste reduction target from the lean production perspective. The Company strengthens the management and regulates the operation to avoid the occurrence of rushing, seeping, dropping and leaking (跑、冒、滴、漏) and strengthens the maintenance and repair of equipment and facilities, so as to maintain their normal working condition and keep control on the discharge of waste.



3. Conduct quantitative control to achieve the waste reduction target from the conservation perspective. For office consumables, such as lights, light tubes (bulbs), wastepaper, waste motor oil, etc., the departments which use them will send the discarded parts to the competent department to exchange for new ones. For labour protective equipment such as gloves, protective glasses and masks, they are collected by the department which uses them and reported to the safety and environmental protection department for replacement with new ones. Used labour protective equipment is collected for centralized treatment by the safety and environmental protection department in accordance with the requirements of toxic and hazardous/dangerous wastes.
4. Advocate electronic office, encourage employees to use electronic office, implement electronic documents and information and strive to promote paperless office to reduce the use of paper as much as possible. At the same time, the Company requires employees to reuse paper and print on both sides of the paper, except for confidential documents which must be kept by the Company.

D. Management of non-hazardous waste:

The Company generates non-hazardous recyclable waste in its business operations such as scrap steel, scrap aluminum and waste moulds. During the reporting period, the total generated amount was approximately 2,226 tons which were collected by recycling companies, and small amount of other wastes such as domestic waste generated were collected by the municipal government for disposal.

Packaging materials consumption of the Company in 2024:

Packaging box	Approximately 70.5 tons
Foamed plastics	Approximately 5.3 tons
Total	Approximately 75.8 tons

While strictly complying with relevant laws and regulations such as the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes”, the Company took strong measures to ensure the safe and effective disposal of hazardous waste, at the same time, promoted the efficient recycling of nonhazardous waste to reduce the environmental impact caused by the waste generated from production and operation, and promote the environmental protection and waste reduction work of the enterprise. For hazardous waste, each company regularly entrusted qualified units to dispose of hazardous waste in accordance with the requirements of hazardous waste management and managing and controlling well the corresponding processes of storage, import and export, and transfer.





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(2) Use of resources

The Group adheres to the principle of promoting the efficient use of resources and continues to make efforts to optimize the use of resources. The Group advocates green office and low carbon living to create an energy-saving and emission-reducing office and operating environment and continues to introduce and improve resource efficiency and environmental protection measures for the Group. In order to implement the basic national policy of resource conservation and environmental protection, the Group has established a set of management systems and implemented effective incentive policies.

The Group has set up clear energy consumption targets with the aim to comprehensively improve the efficiency of energy utilization, reduce the overall energy consumption level and gradually build a green and sustainable energy usage model. To achieve these goals, we have taken a series of practical steps. First, we carried out comprehensive energy audits to gain an in-depth understanding of the energy usage of various business segments, and to accurately identify the critical aspects of energy waste as well as potential room for energy saving. Secondly, based on the audit results, we formulated targeted energy-saving improvement plans, covering equipment upgrading, process optimization, adjustment of operating standards and other aspects, so as to ensure the plans are scientific and effective. Furthermore, we strengthened staff training on energy saving and raise awareness of energy saving in all staff, so that every employee can consciously practice energy saving behaviors in their daily work and form a good atmosphere for all staff to participate in energy saving. At the same time, the Company actively introduced advanced energy-saving technologies and equipment to provide strong support for the energy-saving goals at the hardware level.

The Group has identified and formulated relevant energy saving measures to ensure the reduction of energy consumption. The Group has also formulated a relevant code of conduct for energy saving and emission reduction to strengthen energy saving management and reduce energy consumption of office equipment so that all employees should bear the responsibility. At the same time, a regular inspection and reporting mechanism has been established to track energy consumption on a regular basis to ensure the effective implementation of energy saving and emission reduction work.

Energy consumption (including natural gas, water, electricity, etc.) of the Company and its major subsidiaries in 2024:

No.	Energy	Measuring unit	Total consumption for 2024	Energy consumption per RMB10,000 output
1	Natural gas	0'000 cubic meters	788.262	0.1349
2	Petrol, diesel	Tons	45.66	0.0009
3	Heat	Million kJ	27,783.48	0.0122
4	Electricity	0'000 kWh	5,769.1032	0.0912
5	Water consumption	Cubic meters	270,082.66	3.4745



At the same time, in order to reduce the significant impact on the environment and natural resources, the Group has formulated a series of comprehensive policies that are easy to implement and track. In the resource procurement process, priority was given to raw materials and suppliers that are renewable, recyclable or have less impact on the environment to reduce resource consumption and environmental pollution from the source. During production and operation, the Group followed the clean production principle, adopted environmentally friendly production techniques and technologies to reduce the emission of pollutants such as exhaust gas, wastewater and waste residue. The Group strengthened its waste management and implemented separate collection, treatment and recycling to increase the reuse rate of resources. As for water resources, in addition to increasing the recycling rate, the Group has also strengthened the maintenance and management of water equipment to eliminate rushing, seeping, dropping and leaking (跑、冒、滴、漏) in order to minimize the waste of water resources. In office and daily operations, the Group promoted paperless offices to reduce the use of paper, and encouraged the use of electronic documents and online communication tools; advocated green travel and encouraged employees to prioritize low-carbon travel methods such as public transportation, cycling or walking. In addition, the Group also actively cooperated and communicated with environmental protection organizations and government departments to jointly promote the sustainable development of industry and society.

Climate change

The Company actively responds to the “dual carbon” strategy and thoroughly studies the “Opinions of the CPC Central Committee and the State Council on the Complete, Accurate and Comprehensive Implementation of the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality”, “Carbon Peaking Action Plan before 2030” and other related guidelines or policies. In response to the global energy transformation trend, the Company has incorporated green and low carbon into its strategic plan, actively explored the road of product technology transformation and upgrading, and systematically planned the energy supply reformation to help the country achieve the “dual carbon” goal.

Climate-related issues

The Company recognizes the importance of identifying and mitigating significant climate-related issues; therefore, the Company is committed to managing potential climate-related risks that may affect the Company’s business activities. The Company also incorporates climate risk into its enterprise risk management to identify and mitigate different climate-related risks. In 2024, we continued to promote the identification on climate risks to proactively identify the physical risk and transformation risk brought by climate change during the Company’s production and operation process, so as to lay a solid foundation for the Company to better mitigate the impact brought by climate risk and further enhance the Company’s ability to adapt to climate change.

Policy and regulatory risk

Supervision organization and capital market rating index have been increasing their requirements for corporate environmental information disclosure. If the Company fails to disclose environmental information as required, it may face compliance risks.

Physical risks

An increase in the frequency and severity of extreme weather events, such as typhoons, storms and flooding caused by heavy rainfall, could cause damage to infrastructures, which could lead to disruption of the Company’s business operations and disruption and injury to employees. Such events could disrupt supply chains, interrupt business operations and damage the Company’s assets. In response, the Company identifies these risks and prioritizes those having a significant impact in order to take the first precautionary steps, while the Company explores changes in its business model in order to mitigate or avoid these significant impacts on business operations.



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Transition risks

The Company strictly complies with climate laws and regulations to support a global vision of carbon neutrality. If the Company fails to comply with the laws and regulations applicable to its business from time to time, its business operations could be materially and adversely affected. Negative publicity may also arise if the Company fails to comply with climate change compliance requirements. The Company's related capital investments and compliance costs may also increase as a result. To address policy and legal risks as well as reputational risks, the Company regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert top management when necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

(3) Safe production

In 2024, in compliance with the work deployment requirements of the Municipal Party Committee and the Municipal Government, the Municipal Emergency Bureau, the Municipal SASAC, and the holding company, the Company strengthened its fulfilment of the main responsibility for production safety, fully promoted the implementation of various work, urged all departments and subsidiaries to work towards the goal of eliminating all kinds of production safety accidents. With the setting up of dual control mechanism, education and training, inspection and comprehensive assessment as the means, the Company made much progress in production safety, and providing strong safety protection for the Company's high-quality development.

1) System and process improvement

Based on the people-oriented principle, the Company strictly implemented the "Safe Production Law of the PRC", the "Safe Production Regulations" of local governments, and specific requirements for safe production. The Company has established 45 safety-related rules and regulations under the "Safe Production Management System and Safe Production Contingency Plan" and implement systems in practical work. In keeping with "Single Position, Double Responsibilities, the Party and the Government are Both Responsible" for safe production, the Company has established the safe production responsibility systems for staff members at all levels and positions. The Company signs a Letter of Safe Production Responsibility at the beginning of each year, which serves as a reminder that responsibility for safety falls to every individual. In compliance with safety governance standardization requirements, the Company undertakes to self-examine and rectify as needed matters pertaining to production safety, and the headquarters of the Company obtained the certificate of "Beijing Safety Culture Demonstration Enterprise" and has subsequently obtained (along with its subsidiaries) Level 2 and Level 3 certificates of Safety Standardization to further promote safe production. As a preventive measure, the Company annually formulates a list of EHS team members, re-identifies potential sources of danger and environmental factors and formulates specific measures to identify and evaluate the laws and regulations which are applicable to the Company in accordance with GB/T24001-2016 "The Requirements of Environment Management System and Guide for Use" and GB/T45001-2020 "The Requirements of Occupational Health and Safety Management System and Guide for Use". In accordance with "One Enterprise One Standard, One Position One List", the Company also investigates and manages potential safety risks, carries out monthly summary and analysis, and implements any needed rectification work. The Company organizes staff activities such as "Safety Month" and "119" emergency plan drills and carries out drills for X-ray leakage, object hitting and fire drills to reinforce their ability to cope with emergencies, preventing serious injuries or above level accidents and reducing the occurrence of minor injuries.



2) *Safety, environmental protection knowledge and legal education, operational procedure training*

The Company provides new staff members with company-level, factory-level and team-level safety education. Staff members are only regarded as qualified to work after examinations have been passed. All new construction personnel coming to the Company from outside units are provided with safe production, security and fire safety education and training. The Company organizes training for employees on knowledge related to safe production laws and regulations, safe production, traffic safety, management concepts, hazardous chemical safety training, emergency safety, the Company's safety management system, safety construction of teams, occupational health and safety knowledge as well as dust explosions, and to participate in fire safety training. It also organizes training for team leaders on the prevention system of safe production incidents, risk management and evaluation of enterprise safety, employee behavior safety management, theory and practice of team safety culture construction, and the establishment of a comprehensive emergency response system. The Company organized specialized training held by higher-level departments and government organizations for the main responsible personnel and specialized safety officers of Beijing Tianhai, Minghui Tianhai, Tianhai Hydrogen Energy and Tianhai Cryogenic to take part in and obtain the related training certificates. Government regulations and company systems are correctly communicated to and led by employees to improve their protection capabilities. The Company organizes training on occupational disease protection for employees in occupational hazard positions to raise their awareness of complying with regulations and requirements. Lectures on the use and inspection of fire extinguishers and fire hydrants are organized for representatives from various departments and



Fire drill





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workshop personnel of the Company, and drills on the use of fire hydrants and fire extinguisher as well as company-level fire emergency drill are also organized. According to the “Suggested List of Safety Risks Identification for Industrial Enterprises in Beijing”, the Company carried out comprehensive safety risk identification and assessment, formulated a safety risk assessment report to define the list of risk sources and control measures, and set up emergency rescue teams and emergency equipment to ensure effective and rapid risk management and control. Each department of the Company carried out the activity of identifying risk factors for all employees in their positions and implemented systematic and dynamic management of the identified hazards and risk factors to make a clear bottom line and description of situation for improvement of the control and guarantee measures.



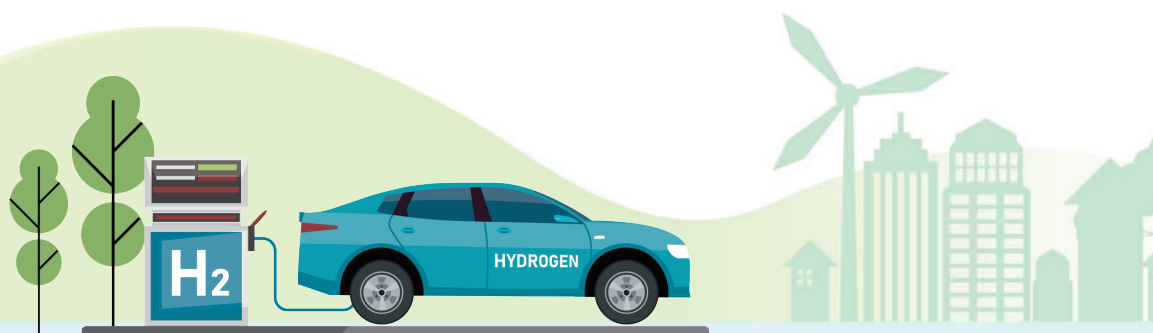
Regular safety inspection





3) Bases of relevant policies and data of precautionary measures

Monitoring locations of hazards	Frequency	Points	Qualified points	Unqualified points
	1	383	349	34
Occupational health checks	Frequency	Pre-job health check	On-the-job health check	Post-job health check
	1	112	481	18
Local laws, regulations and requirements	GBZ/T189.8-2007 “Measurement of Physical Agents in Workplace Part 8: Noise”; GBZ/T189.8-2007 “Measurement of Physical Agents in Workplace Part 7: High Temperature”; GBZ/T192.1-2007 “Monitoring of Dust in Workplace Part 1: Total Dust Concentration”; GBZ159-2004 “Sample Specification of Hazardous Substances Monitoring in Workplace”; GBZ2.1-2019 “Occupational Exposure Limit of Hazards in Workplace Part 1: Chemical Hazards”; GBZ2.2-2007 “Occupational Exposure Limit of Hazards in Workplace Part 2: Physical Agents, the Law on the Prevention and Control”.			





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4) Data and measures of safe production management

Production safety	Work-related injuries	Year	Total (%)	Death (%)	Serious injury (%)	Minor injury (%)	Near misses (%)
		2024	4.5	0	0	4.5	0
		2023	2	0	0	2	0
		2022	3	1	0	2	0
	Loss days	593					
	Safety investment	Tianhai Cryogenic invested RMB782,307.01, Kuancheng Tianhai invested RMB477,358.03, Minghui Tianhai invested RMB1,345,192.21, Tianhai Hydrogen Energy invested RMB1,789,117.81, Shanghai Tianhai invested RMB653,193.55, Tianjin Tianhai invested RMB3,746,962.57, Beijing Tianhai invested RMB81,648.62, BYTQ invested RMB1,777,761.67. The total amount was RMB10,653,541.47.					
	Fire prevention measures	<ol style="list-style-type: none"> 1. Establish responsibility system of fire prevention post and management system of fire safety; 2. Organize fire examination regularly; 3. Organize fire drill, strength fire prevention training and publicity; 4. Equip with fire-fighting apparatus and fire prevention facilities; 5. Increase the escape indication signals and upgrade the main control device of the central control room. 					
	Safety measures	<ol style="list-style-type: none"> 1. Establishing the dual-prevention mechanism of risk control and hidden danger identification, enhance identification and management of production safety risks and control of production safety risk levels, identification of risk factors and risk control. Strengthen the safety education training and emergency drill; 2. Strengthen the implementation of the responsibility system of production safety and the prevention, supervision, reward and punishment of responsibility system for all employees. Execute safety commitment agreements, establish safe production targets, manage the systems, establish and improve the safety responsibility; 3. Strengthen the management of dangerous goods, strengthen operational safety procedures, occupational health checks and training, relevant parties' management, labour protection supplies management and the implementation of responsibility system of inspection and supervision; 4. Set out specifications based on the safety measures required by the "three simultaneities" and install safety facilities. Establish safety management organizations, assign special safety management personnel and formulate safety management requirements, provide regular safety education training to personnel and require the special workers to report duty with certificate based on the safety management system of Beijing Tianhai, establishing a dual-prevention mechanism of risk control and investigation on potential hazards. 					
	Regulatory methods	Establish a dual-base system for risk grading control and hidden danger investigation and governance, clarify responsibilities and implement safety education, safety inspection at each level and safety reward and penalties.					



3

The People-Oriented Principle for Creating Harmonious Labour Relations



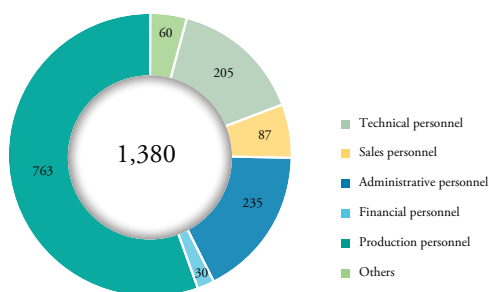


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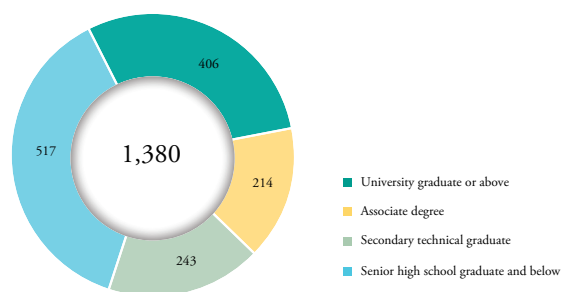
The Company regards its employees as the cornerstone of growth. We cherish their hard work and regard them as the Company's precious wealth. Not only is the Company committed to creating a safe working environment and a smooth career development path for employees, but also safeguarding the labour rights and interests of employees, providing them with generous benefits, improving the training system, carrying out rich cultural activities, and cultivating employees' sense of belonging in the factory, so as to stimulate the enthusiasm and creativity of employees, and enhance the cohesion and centripetal force within the enterprise.

(1) Management of employees

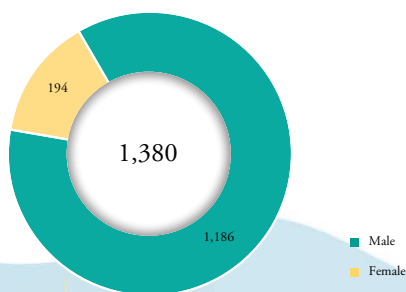
The Company embraces and values the diversity of employees and pay efforts to gather talents from different cultures and social backgrounds in order to fully utilize talents. Following on from strategic requirements of “transforming from manufacturing to service-oriented manufacturing business” and “marching towards high-end brand from mid-to-low end brand”, the Company strives to enhance the quality and efficiency of employees' work by establishing production and work procedures which fully utilize their enthusiasm, initiative and creativity. In this way, our employees contribute to achieving the Company's aim of becoming a first-class, internationally competitive enterprise.



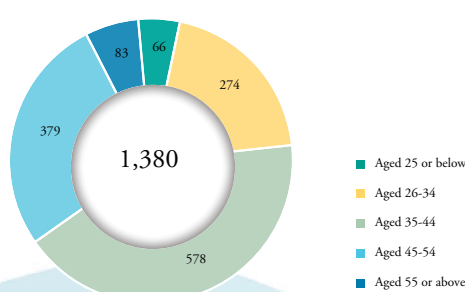
Picture: Employee by profession



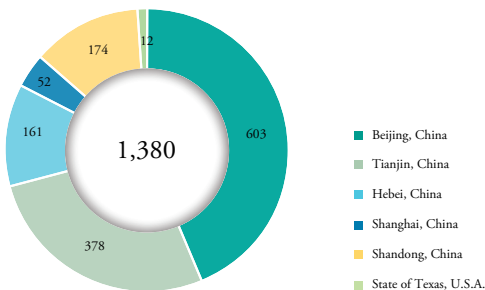
Picture: Employee by education level



Picture: Employee by gender



Picture: Employee by age



Picture: Employees by region

(2) Employment policy

The Company insists on the principle of equal employment as well as compliance with the relevant laws and regulations of the countries where its overseas projects are located, actively creates a diverse and inclusive work environment, prohibits employment discrimination, respects and treats employees of different nationalities, genders, ages, academic qualifications, races, religious beliefs and cultural backgrounds fairly, and provides equal employment opportunities for employees.

The Company values and protects the legal rights of all employees according to the law and maintains strict compliance with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, and relevant local laws and regulations. The Company strictly complies with the “Law of the People’s Republic of China on the Protection of Minors”, strictly prohibits the use of child labour and have in place a strict recruitment review mechanism to regularly examine the recruitment procedure and the employment information to ensure employment compliance. If any non-compliance is found, we will promptly contact and report to the relevant department and terminate the employment contract. The Company sets out strict regulations on the working hours, rest days and vacations of employees in accordance with the “Labour Law of the People’s Republic of China” to eliminate the occurrence of forced labour and other acts.

The Company organizes personnel recruitment annually based on operational plans and the number of employees consequently required for various positions. Recruitment targets fresh graduates and the general public in order to encompass people from all walks of life and classes. The Company upholds a “people-oriented” principle, with emphasis on the basic human rights of employees and prevention of any discrimination based on gender, age, nationality, religion, marital status, disability etc., with regards to recruitment, determination of salaries, promotions and training. The Company ensures that all employees enjoy fair, equal and open job opportunities. It offers suitable positions to disabled employees and implements “equal pay for equal work”. At the same time, it strictly protects employees’ personal information and prevents the leakage of such information. All these policies show the concern of the Company to every employee, and foster employees’ sense of belonging.



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Step	Item	Content
1	Human resources requirements	All departments and branches of the Company put forward employment requirements in strict accordance with rules and regulations;
2	Formulate plans	The Company prepares recruitment information according to the summarized needs, and formulates detailed recruitment plans to ensure the maximum utilization of human resources;
3	Implement recruitment	The Company releases recruitment information through various ways including online release, offline campus recruitment and internal competition to ensure the diversification of talent sources;
4	Organize interviews	After the selection and confirmation of candidates, the Company will regularly or irregularly organize interviews to have a comprehensive understanding of candidates;
5	Complete enrollment procedures	The Company performs the enrollment formalities for selected and determined personnel, signs legal labour contracts, provides induction training and completes the enrollment procedures.

(3) Employment promotion, remuneration and incentive policies

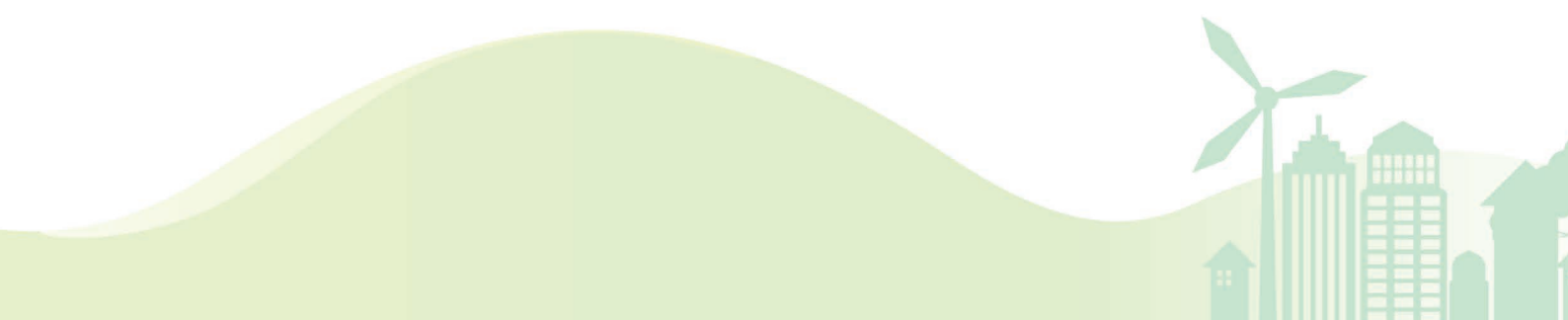
To provide employees with a broad development platform, the Company has formulated the “Middle-level Leading Cadre Selection and Appointment Processes and Operational Procedures”. This standardizes the administrative measures and selection and appointment procedures for middle-level leading cadre and specifies the processes and operational procedures for organizational selection, internal recruitment and open selection (social recruitment). Regarding promotion, we offer fair opportunities to each employee, maintaining an impartial attitude and issuing announcements for staff promotion to ensure the fairness and openness of the process, and that our staff enjoys fair remuneration and benefits.

The Company adopts a performance-based diversified remuneration system with job performance as its primary basis for determination of salary. Based on fixed job positions, the job performance salary determines the relative value of the position through evaluation and determines the salary level with reference to labour market price levels, to ensure both the internal and external fairness of remuneration. On this basis, the Company has developed the “Administrative Measures for Core Talents”, which entitles engineering and technical staff at technical grade upon appraisal to the corresponding executive-level remuneration and offers technology innovation incentives to employees of technology innovation. For marketing staff and basic production workers, the “Annual Assessment Approach for the Sales Department” and the “Annual Assessment Approach for Piece-rate Wage” are implemented respectively. An annual salary system applies to senior management in accordance with “Administrative Measures for Performance Appraisal of Senior Management”. We implement a diversified remuneration policy with hierarchical classification in accordance with differences in work nature.

To enhance the staff's zeal for work and creativity, the Company has established a diversified incentive mechanism. Meanwhile, in order to actively build a platform for realizing employees' own value, the Company organizes and carries out evaluation activities for a number of staff positions and departments.



Activities	Content of activities	Results of activities
Unprecedented safe production model team	The Company organized trainings on production safety and corresponding periodic assessments for its employees	6 teams in the system of the Company were awarded the “Safe Production Model Team” for 2024
“Ankang Cup” competition	In conjunction with the Company’s “Safety into communities, into Rural Areas, into the Public Places, into the Nature and into the Internet” & “Safe Month” safety promotion activities, the Company carried out a series of competition activities of the “Ankang Cup” with the theme of “Identification and rectification of safety hazards and acceleration of the development of safety and health”	The production cutting team of Minghui Tianhai was awarded the “Winning Team of Ankang Cup of Jingcheng Machinery Electric”, and the trade union of Beijing Tianhai was awarded the “Winner of ‘Ankang Cup’ competition of Jingcheng Machinery Electric” and the “Winner of ‘Ankang Cup’ competition in Beijing”
Caring working model	The Company vigorously promoted the deeds of model workers, labour spirit and craftsmanship, and extensively carried out the advance commendation of model workers	Given the positive ambience with an aim to become the working model, the Company selected 1 “Model Worker in Jingcheng Machinery Electric”
Labour competition	The Company carried out labour competition to motivate employees to contribute to the transformation and development of the Company and quality improvement and increase efficiency with practical actions	The Company commended six major projects which have made significant contribution to the production and operation work and the subsequent development of the enterprise. The Company selected and commended 23 model pacesetters and experts on their position, 10 advanced groups and 10 excellent projects of reducing cost and increasing efficiency





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Activities	Content of activities	Results of activities
Promote to increase income and and strive to be the best salesperson	The Company carried out labour competition in the sales system to encourage the sales team and employees to make continuous effort in market competition, strive to develop new market and improve the core competitiveness of the enterprise	The Company selected and commended a total of 19 “Top sales”, “Sales experts” and excellent salespersons
Establishment of innovation office	The employees’ innovative workshop actively carried out technical breakthroughs, technical innovation and inventions creation activities and organized the participation in the national and Beijing staff innovation commendations to stimulate employees’ passion at work and vitality in innovation and creativity	Beijing Tianhai’s deep-cooling pressure vessel innovation workshop was recognized as an industry-level innovative workshop by Beijing Industry and National Defence Trade Union; Tianhai Hydrogen’s R&D of Large Volume Automotive Compressed Natural Gas Cylinders with Plastic Liners and Fully Winding Gas Cylinders won the bronze prize at the 18th Beijing Invention Competition; Kuancheng Tianhai’s project named Homemade Cylinder Automated Framing Machine won the second prize of 2024 National Machinery, Metallurgy and Building Materials Industry Workers’ Excellent Technological Innovation Achievements; Minghui Tianhai’s project named R&D in Key Technology and Product Development of Automotive Liquid Hydrogen Storage System won the third prize of 2024 National Machinery, Metallurgy and Building Materials Industry Workers’ Excellent Technological Innovation Achievements



(4) Labour standards

All work at the Company is voluntary, with no forced, indebted, contract-bound or involuntary prison labour used. All employees are entitled to resign freely upon providing reasonable notice to the Company. The Company does not allow child labour in any of its workplaces. “Child labour” refers to labourers who are under the age of 16 (or the age prohibited by law). The number of working hours shall not exceed the maximum hours stipulated by local laws, so that our employees can get enough rest. Employees are also entitled to leave for reasons of marriage, maternity, bereavement, paternity, breastfeeding and others, in addition to paid annual leave.

(5) Talent cultivation

The Company provides systematic training to employees according to its business development strategy. By encouraging their use of spare time for learning, employees’ knowledge, skills and quality are improved and their personal development needs are fulfilled, enabling them to better meet the Company’s operational needs. To this end, training conducted by the Company focuses on the five big areas of common sense, job skills, emergency response, production safety, and anti-corruption and integrity. Incentives are also provided to employees in accordance with Company policy.

In 2024, according to the “2024 Training Plan”, the Company completed a total of 45,806 hours of training, involving a total of 8,979 training participants, with an average training time per person of 33.2 hours, of which training time for male employees was 33 hours per person and training time for female employees was 35 hours per person, and the percentage of employees participating in training was 100%.

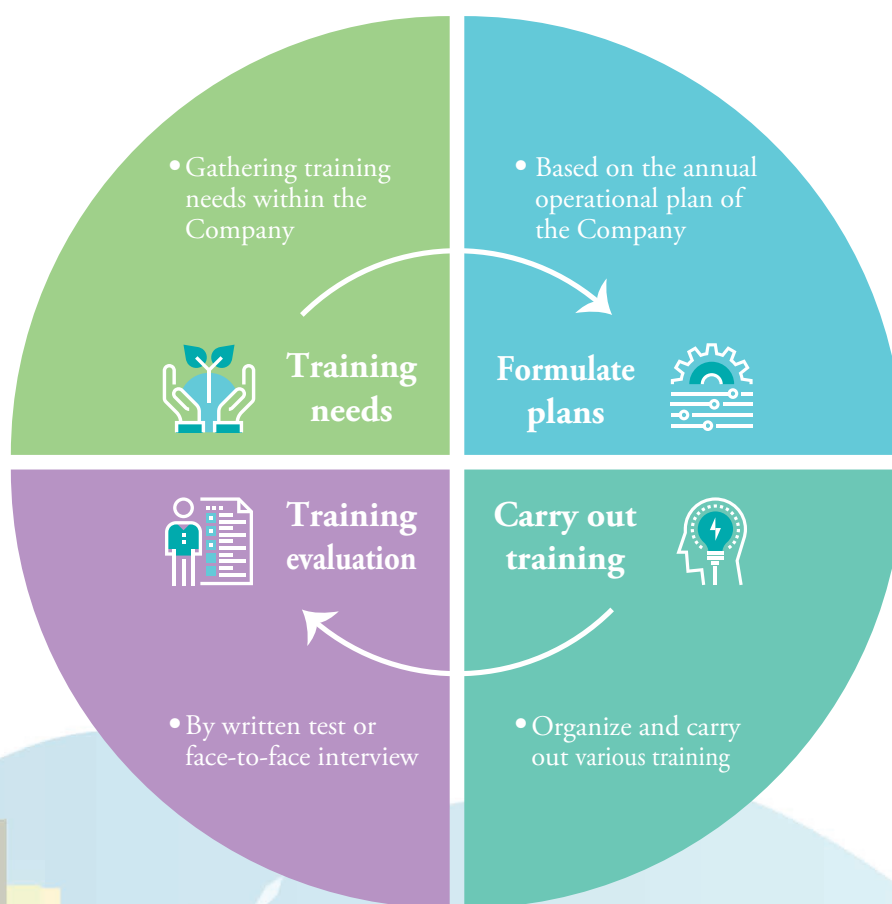
While the Company is conducting comprehensive training, it also offers special training for different types of employees and carries out trainings on professional knowledge and skills and other areas such as technical, sales, administrative, financial and production in order to enhance the professional skills of professional staff and cultivate their talents.





ESG MANAGEMENT APPROACH

Types of employees	Total training hours	Training hours per person	Percentage of employees participating in training
Technical personnel	6,861	33	100%
Sales personnel	2,053	24	100%
Administrative personnel	7,866	33	100%
Financial personnel	1,261	42	100%
Production personnel	27,452	36	100%
Others	313	5	100%
Total	45,806	33.2	100%



Picture: Training system of the Company



According to the content of its annual training plan, the Company organized and completed “Training on Management Reinforcement for Managers at Mid-level and Above”, “Course for Newly Appointed Middle-level Executives of the Directly Affiliated Enterprises”, “Efficiency Enhancement and Standardized Management of Design Based on the Model Library Training for Technical Personnel”, “Training on Finite Element Analysis Software”, “Skill Enhancement Training for Sales Personnel”, “IATF16949 Standard and Training for Internal Auditors”, “Skill Enhancement Training for Technical Positions”, “Training on Siemens System Maintenance Programming and Debugging”, etc..



Photo: Skill Enhancement Training for Sales Personnel



Photo: Training for Internal Auditors



Photo: Skill Enhancement Training for Technical Positions

(6) Care for employees

A. Employees' welfare

The Company supports the development and growth of its employees. It carries out in-depth workforce building and reform in the industry, while using various economic and technological innovation activities such as labor competition, construction of innovative workshops, position innovation, proposals of rationalization, small reforms, etc., to support the Company's high-quality development and promote the employees and the Company to grow together. We vigorously promote the deeds of model workers, labour spirit, craftsmanship and innovation, strengthen the demonstration and leadership of model, set up models and benchmarks, so as to create an atmosphere of striving for excellence.



ESG MANAGEMENT APPROACH

The Company takes care of the living of its staff to create a harmonious atmosphere. The Company has good knowledge of its employees and listens to their voices to understand their living and help them solve their practical problems. The Company also carries out activities such as home visits, subsidy granting, mutual assistance and convenience services.

The Company actively supports employees who are in difficulties. It insists on being employee-centred in its works, serves the livings of the staff and supports the populations that are in difficulties. It conscientiously supported two employees in need and actively solicited support from multiple channels such as the Beijing Red Cross and Jingcheng Machinery Electric Warmth Fund, thereby effectively securing the basic living of employees who are in difficulty.

The Company continued to take out mutual insurance purchase and handle the claims. The Company increased the protection of mutual insurance, adjusted the type of insurance from single-type insurance to comprehensive insurance, actively carried out mutual assistance and relief activities, and handled serious disease insurance compensation for three persons. The Company handled a total of 233 members' inpatient medical treatments, hospitalization allowances, warm mutual assistance secondary reimbursement and claims, reducing the economic pressure of employees with burden of medical treatment.

The Company has prepared for trade union brand series of consolation funds. During the dual festivals, the Company carried out caring activities and gave consolation money to 30 employees who were in difficulties, model workers, employees suffered from illness and those who stuck to their duties. During the summer dog days, the Company launched the Coolness Delivery in Summer activity, delivering cooling supplies for frontline employees working under high temperatures and effectively safeguard the personal safety and health of the employees, so that the staff can work comfortably and safely during summer. Trade unions at all levels conscientiously organize sympathy teams to comfort employees in need so that they can deeply feel the warmth of "home" and the warmth of "family", giving words of consolation and concern to 44 employees on maternity, sickness and hospitalisation, work-related injuries or retirement. The Company organized the "Golden Autumn learning assistance" event and helped two employees with difficulties and 15 employees whose children started to study in universities to apply for grants. We also distributed stationaries to 20 employees who have children admitted to primary school from kindergarten. We organized activities such as blood pressure measurement, blood glucose measurement, key duplication, sewing, and mobile phone screen protector application on Spring Festival, Leifeng Day, 1 July festivals and anniversaries to provide convenience to its employees. We continued to arrange employees' birthday celebrations, distribute a wide range of birthday gifts with the Company's LOGO to better meet the diverse needs of employees, and further enhance employees' sense of belonging and promote the building of corporate culture.



B. Cultural and sports activities to boost employees' vitality

Since 2024, the Company has actively launched activities with various forms and rich in contents to create a positive cultural atmosphere, promote positive energy, and arise the enthusiasm of employees for devoting to their work. During the Spring Festival, the Company considerably launched various activities, such as the “Celebrate the New Year with Soaring Dragons and Welcome the Spring Festival with a Bright Future” series of Spring Festival cultural activities including the “Twisted into a Single Rope to Commence the Battle” tug of war competition, “Uniting Hearts in Pursuit of Honor and Gathering Power to Manifest the Spirits” Honor of Kings competition and “Gathering with Friends and Family with Cards in a Clash of Brainpower” qiaosanxia card game competition, all of which were great successes, creating a joyful atmosphere during the festival, with warm blessings to the employees for the Spring Festival of the Year of the Dragon with best wishes for the future. During Women’s Day on 8 March, the Company’s trade union organized all female employees to carry out the “Inspiring Women’s Spirit on a New Journey to Pursue Dreams” female workers walking activity, creating a healthy, upward and harmonious atmosphere. As the 75th anniversary of the founding of the People’s Republic of China approached, the Company held a collective flag-raising ceremony as well as organized and participated in the employee art performance for the 75th anniversary of the founding of the People’s Republic of China celebrated by Jingcheng Machinery Electric. 26 employees successfully took part in the “We are All Dream Chasers” program, which demonstrated the patriotic sentiment and fighting spirit of all employees and gathered the confidence and momentum on the new journey to promote the Company’s high-quality development while jointly looking forward to the bright future of Chinese-style modernization. During the critical period of the fourth quarter, the Company launched the “Gathering Power through Ball Games to Push Forward in the Fourth Quarter” table tennis and billiards competition to raise employees’ morale in doing a good job for the final stage for the year with determination and high spirits, and completing the annual goals and tasks well. On weekdays, various interest clubs of the labour union carried out small and diversified sports and cultural activities such as table tennis, billiards, badminton and walking.





4

Creating Value and Contributing to Society





(1) Strictly governing the enterprise according to law

The Company strictly follows laws and regulations such as the “Company Law of the People’s Republic of China” and the “Code of Corporate Governance for Listed Companies”, under the guidance of the Company’s articles of association. The Company continuously improves the standardization of system and process construction and the level of informatization, and operates in accordance with the laws. The Company also continues to strengthen its legal foundation management, and reinforces the legal review of contracts, rules and regulations and major decisions, thereby laying a solid foundation for the Company’s high-quality development. In accordance with the requirements of the audit plan, it carries out internal control evaluation, internal control audit and special audits of affiliated enterprises in a solid manner to promote the improvement of the Company’s risk prevention and control capabilities. The Company deepens and expands the results of audit and legal works, and gets well-prepared for the future works, and formed the “Case Compendium” and “Reminder List” to support the Company’s healthy and continued development.



Photo: Presentation and training session for the “Case Compendium” and “Reminder List”



ESG MANAGEMENT APPROACH

(2) Promoting corruption-free operation

In order to improve the supervision and management of the Company's business ethics and anti-corruption practices, we continue to optimize relevant management rules and organizational structure to enhance management standards.

We strictly comply with the "Anti-Unfair Competition Law of the People's Republic of China", the "Criminal Law of the People's Republic of China", the "Anti-Monopoly Law of the People's Republic of China" and relevant laws and regulations of the countries where our overseas projects are located and insists on operating in compliance with the law and consciously maintain a fair and just market order. The Company has a clear integrity discipline, and prohibits corruption, fraud, money laundering, extortion, deception, improper transfer of benefits and other acts in violation of law. The Company has set up an internal disciplinary office and selected employees to form a top-down management system of the Company's Disciplinary Inspection Commission to optimize the management structure, integrate resources of disciplinary forces and continuously strengthen internal supervision so as to deeply promote the construction of an organization with integrity, raise the awareness of all employees, suppliers and customers on corruption-free operation, and build a clean corporate culture. During the reporting period, the Company did not have any litigation related to corruption, bribery and improper competition.

The Company insists on the building of the anti-corruption culture as an important element for starting the all-round strict governance of the Party, embedding the concept of integrity into the minds of state-owned enterprise employees, and strengthening the alerting education. With the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guidance, the Company insists on governing the enterprise according to the rules and regulations and discipline, vigorously promotes the anti-corruption culture in the new era and puts forward the clean concept deep into every employee's mind so as to create a clean political ecology and provide a strong guarantee for the sustainable and healthy development of the Company and its direct subordinate units.

To strengthen the supervision of important sections and key areas of corruption-free operation, the Company has carried out special supervisions on issues such as special rectifications on supplies procurement and illegal entertainment, reviews on the special rectification on business hospitality, supervisions on the "formalism, bureaucracy, hedonism and extravagance" on key nodes, consistent implementation of the three-year combat for production safety and normalization, rectifications and investigations on production safety during autumn and winter, talent selection and employment, 6S management, filing management, and "Taking immediate action on receiving complaints". The Company also pays close attention to major projects, key areas, key posts and important works, strengthens the supervision of departments with concentrated power, intensified capital and rich resources as well as the responsibility of leaders. We have effectively prevented the occurrence of corruption, negligence of duty and malpractice. The Company held an all-round strict governance of the Party (Party Building) and discipline inspection work meeting for 2024 and conducted a deterring education conference with the theme of "learning from cases and promoting reform with cases" in 2024, fully implemented the spirit of the superior's deterring education conference, and analyzed cases of violation of discipline and law through watching deterring education films, such that the party members would become alert, understand the bottom line and be aware of discipline, actively stay self-disciplined and behave themselves, truly respect the laws and discipline, and abide by rules and regulations.

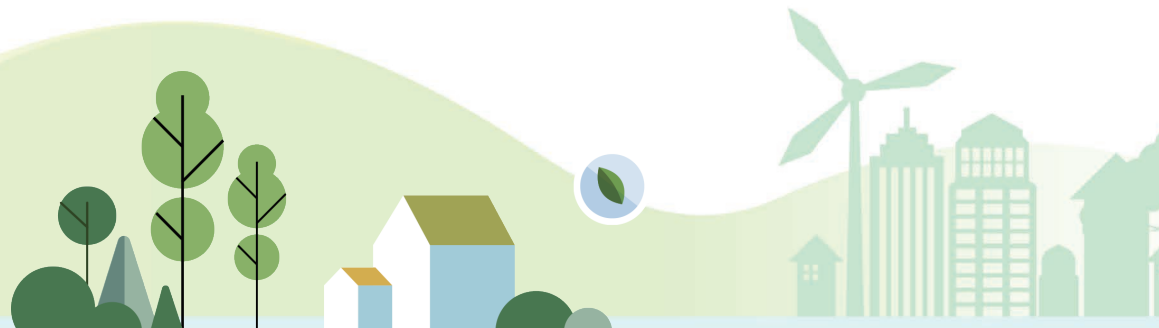


During the reporting period, the Group was not aware of any legal cases relating to corrupt practices of the Company and its employees.

The Company's Disciplinary Inspection Commission can receive various report through various whistle-blowing communication channels such as communication report phone call, email and mail. In accepting communication report and handling report and accusation and problems and clues, the Company implements issues set out in the "Management Measures on the Acceptance of Communication Reports and Handling of Reports and Accusation and Problems and Clues by Reports Disciplinary inspection and Supervision Organization" of Jingcheng Machinery Electric. In order to improve the management of business ethics supervision and whistle-blowing, the Company has standardized the whistle-blowing channels and procedures to ensure that complaints and reports are handled in a timely and effective manner. We have established an open channel with diversified means to report corruption concerns, which allows whistleblowers to make relevant anti-corruption reports through various channels. To protect the basic rights of whistleblowers, the Company maintains strict confidentiality of the whistleblower's identity and the content of the whistle-blowing matter, and retaliation against the whistleblower in any form is strictly prohibited.



Photo: Holding of the "2024 Tianhai Industry All-round Strict Governance of the Party (Party Building) and Discipline Inspection Work Meeting"





ESG MANAGEMENT APPROACH



Photo: Holding of the “Tianhai Industry 2024 ‘Learning from Cases and Promoting Reform With Cases’ Alerting Education Conference”

(3) Protection of intellectual property

The Company implements comprehensive management of the management, use and risk prevention and control of intellectual property rights, and strictly abides by the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, etc. in its production and operation activities and established a comprehensive intellectual property management system documentation.

The Company has incorporated the strengthening of protection of intellectual property rights into its management work, and through the establishment of a series of knowledge management systems, provides guidance to the Company’s intellectual property rights management activities, handles patent applications, trademark maintenance, and avoids infringement of intellectual property rights and patented technologies to maintain the Company’s brand image.

To protect its own innovative technologies and brand, the Company has applied for a number of patented technology and trademark registrations in China and overseas. Among them, Beijing Tianhai owned 131 valid patents, BYTQ owned 36 valid patents, and the Company had 31 patents pending for registration. Meanwhile, the Company has registered the trademarks of JP, BTIC, BYTQ etc. in 19 countries and regions, including the European Union, Canada, the United States and Singapore; and trademarks for self-owned brand names of JP, BTIC, Tianhai Gas Cylinder, BYTQ, etc. at the Trademark Office of the State Administration for Industry and Commerce of the PRC.



(4) Protection of information security and privacy

The Company attaches great importance to information network security. In order to fully implement the requirements of the “Network Security Law”, the “Personal Privacy Protection Law” and “Data Security”, the Company systematically promoted network security governance through the trinity strategy of systematic construction, technological innovation and management upgrading during the year, for which our investment in network security increased by 40% compared with that of the previous year, while continuing to reinforce the security cornerstone of digital transformation. We have achieved remarkable results in the following areas: First, the institutional system has been upgraded. In accordance with the requirements of the relevant systems at the higher level, based on the systematic construction of an information security system framework covering the entire business scenario, two systems and regulations were revised and one regulation was repealed, thus forming a three-dimensional system matrix covering network security, data governance and project management, and realising a comprehensive iteration of security control standards. Second, the compliance capacity has been established. Strictly following the standards on network security level protection 2.0, we completed the Level 2 security assessment and certification of core business systems, and established a regular closed-loop management mechanism of “monitoring and assessment, rectification and optimisation, and review and verification”. During the year, 0 high-risk vulnerabilities were found, 89 security configurations were optimized, and the protection capability of key systems was improved by 300%. Third, the technical protection has been upgraded. We deployed advanced security equipment such as next-generation firewalls, intrusion detection systems (IDS) and Web application firewalls (WAF), and constructed a three-dimension and multi-layered protection system of “border protection, intrusion prevention and behavioral audit”. The terminal protection system has achieved 100% coverage, and the virus blocking rate has increased to 99.97%, with the annual network security failure rate staying at 0. Fourth, the all-staff responsibilities have been implemented. The Company innovatively implemented “network security grid management”, signed the “Letter of Undertakings on Network and Information Security Responsibilities” with all employees, completed the annual 15 hours per capita of immersive security trainings during the year, and increased the rate of employees’ reporting on security incidents by 65% year-on-year. Fifth, the emergency response system has been strengthened. We built a resilient structure of “dual-active data centre + off-site disaster recovery”, verified the business continuity plan through all-element practical emergency response drills, and achieved the recovery targets of RTO<4 hours and RPO<15 minutes for the core system. The Company established a 7×24-hour network security monitoring centre and successfully blocked more than 12,000 network attack attempts during the year.





ESG MANAGEMENT APPROACH

(5) Customer services

To enhance its connection with customers and understanding of their needs, the Company has established an extensive after-sales system and an after-sales department to provide services in the areas of packaging guidance, repair, information consultation, complaints, and others. On receiving calls from customers, the after-sales department records the customer's information and then determines a preliminary approach to their issue based on the content of the complaint. Simple guidance on repair can be provided over the phone. Cases which cannot be dealt with over the phone are handled with the corresponding procedures in accordance with Company regulations. After completion of each after-sales case, the problem situation, results, responsible department and person, preventive and corrective measures, etc. are all recorded. In 2024, the Company received a total of 446 calls, including 214 for consultations and inquiries and 232 for handling of after-sales services.

The Company strives to rectify all product defects in a timely manner. In the unlikely event that any product is recalled, it will be handled in accordance with the "Procedures for Handling and Control of Returned Products". The quality of the Company's products, which are related to vehicle parts and components, is of crucial importance to the ultimate safety of consumers. Therefore, we are committed to the product quality, and we assume full responsibility for accidents arising from the failure of our products. Upon receiving a customer complaint, we will establish a task force in accordance with the global 8D problem-solving methodology to give a prompt response to the customers, investigate the reasons for the issue, and develop an improvement plan to avoid similar incidents.

(6) Quality assurance

The Group has established stringent processes and systems to ensure that all its products and services comply with all the relevant laws and regulations, as well as internal rules including (but not limited to) the "Product Quality Law". The Group's quality policies are: To implement a zero-defect quality management strategy; maintain continuous innovation and improvement; observe laws and regulations, enhance customer satisfaction; provide environmental-friendly, safe, high-quality products and services. The Group has formulated a quality management system for its manufacturing facilities and obtained ISO9001 and IATF16949 certifications.





The Company makes all practical efforts to correct product defects in a timely manner. In the unlikely event that a product is recalled, it will be handled in accordance with the Procedures for “Handling and Control of Returned Products”. The quality of the Company’s products, which are related to vehicle parts and components, is of crucial importance to consumer safety. Therefore, we are committed to product quality, and we assume full responsibility for accidents arising from the failure of our products.

In order to handle product failures in a timely manner, the Company has established a complete set of efficient failure response mechanisms. After product sales, we have established a multi-channel customer feedback system, including a 24-hour customer service hotline, an online feedback platform and regular customer visits, to ensure that we can receive customer feedback on product failures as soon as possible. Once we receive any feedback on failure, our professional after-sales technical team will respond immediately, record the failure situation in detail, and quickly initiate a preliminary analysis. For urgent and serious failure, the technical team would contact the customer in time to understand the specific situation and make a preliminary judgment of the problem based on the description of the failure.

If it is assessed that on-site treatment is necessary, we will arrange for experienced technicians to promptly arrive at the customer’s site. The technician will bring the necessary testing equipment and repair tools, conduct a comprehensive and detailed inspection and diagnosis of the faulty product, and immediately carry out on-site repairs after determining the cause of the failure. If on-site repairs are not possible, we will provide the customer with spare products to ensure their normal usage is not affected, and the faulty product will be transported back to the Company for further analysis and repair.

During the repair process, we operate by strictly following the requirements of the quality management system, recording and monitoring each repair process to ensure the quality of repair. After the repair is complete, we will carry out strict testing and inspection of the product to confirm that its performance meets the shipping standards before delivering to the customer.

Regarding accidents arising from the failure of our products, the Company takes full responsibility in a highly responsible manner. Once it is confirmed that the accident is caused by the failure of our products, we will immediately activate the accident emergency response plan. On the one hand, we will actively cooperate with the relevant departments to investigate the incident, provide detailed product information and technical support, and assist in identifying the cause of the incident. On the other hand, we will proactively communicate with affected consumers to understand their needs and losses, and provide necessary assistance and compensation in a timely manner. Based on the actual losses caused by the accident, including personal injury compensation and property damage compensation, we will formulate a reasonable compensation plan in accordance with relevant laws and regulations and industry standards, and pay the compensation in the shortest time possible. At the same time, we will conduct in-depth analysis of the accident, summarize the lessons learned, and take targeted improvement measures to prevent the recurrence of similar accidents, in order to protect the legitimate rights and interests of consumers and the safety of their lives and properties.



ESG MANAGEMENT APPROACH

Upon receiving a customer complaint, we will establish a task force in accordance with the global 8D problem-solving methodology to the customers, investigate the reasons for the issue, and develop an improvement plan to avoid similar incidents.

(7) Supply chain management

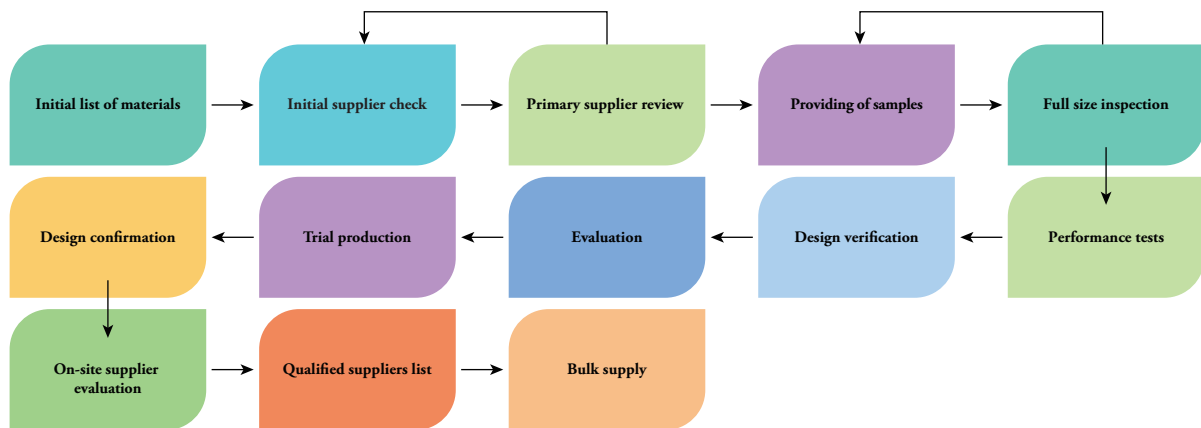
The Company conducts an annual evaluation for suppliers to ensure the quality of suppliers. The Company may reduce the size of our business dealing with sub-standard suppliers or even remove them from the Qualified Suppliers List.

To ensure the fairness of the selection and evaluation of the Group's suppliers, strengthen the daily management and quality assessment of the Group's suppliers, standardize the behavior standards of suppliers, we have established the "Materials Procurement Management System", "Control Procedures for Supplier Development and Evaluation" and "Supplier Evaluation Rules" and other systems. For the Group's 237 Class A material suppliers, we have performed supplier surveys, small batch trial production of samples, on-site evaluation of suppliers and application and approval by the Procurement Management Committee to manage the selection of suppliers. The Group may sign formal contracts with the suppliers to avoid risks and conduct regular evaluation and monitoring of their performance, and in case any problems is found during cooperation, the supplier concerned is urged to make improvements in a timely manner.

In terms of supply chain management, the Group implements a centralized procurement model for bulk supplies and general supplies for its subsidiaries and communicates with the suppliers on environmental and safety issues, while monitoring their social responsibility obligations in accordance with relevant national policies, thereby manage and control the environmental and social risks. During risk identification, the Group conducts comprehensive research on the suppliers' environmental and social responsibility performance before selection, arranges on-site inspections and assessments for key or high-risk suppliers, and refers to their third-party certifications and periodic reports. In terms of implementation and monitoring, the Group established a quantitative assessment of the risk monitoring index system, conducted regular audits and inspections of the operation of its management system, organized training for its suppliers and regularly communicated with them, and set up an information-sharing platform to disseminate in a timely manner the industry's latest environmental protection policies, social responsibility requirements as well as advanced environmental protection technologies and management experience, so as to promote communication and cooperation among suppliers, and to jointly enhance the overall level of environmental and social responsibility in the supply chain. At the same time, suppliers that violate environmental and social responsibility requirements would receive warning, suspension from cooperation and other punitive measures. In serious cases, the supplier qualification would be revoked to ensure effective management and control of environmental and social risks in the supply chain.



The Group's production and equipment materials are procured through the Transparent Procurement Platform, enquiries are made online while approval is performed offline, and the offline approval process and the procurement process are reviewed and feedback invited through the Transparent Procurement Platform to ensure the procurement process is transparent and fair. In the procurement process of raw materials, the Company implements green procurement and priority will be given to products with low carbon and environmental protection in the production process.



(8) Social contributions

The Company actively fulfills and assumes its social responsibilities, attaches great importance to and actively gives back to society. In 2024, it organized employees, party members and young party members on a wide scale to provide volunteer services.

A good social environment is the soil for the survival and development of an enterprise. The Company takes the initiative to fulfill and assume its social responsibilities, attaches great importance to and actively gives back to society. In 2024, we intensified our efforts to help target poverty alleviation areas and organize various poverty alleviation activities. In response to the requirements of the "Garbage Classification Regulations", the Company strengthened the garbage classification work; actively responded to the government's call, quickly organized manpower and material resources, and invested in the national pandemic prevention work.

a. Targeted poverty alleviation

The Company insisted on sharing development results with society, ensuring people's livelihood, as well as enhancing people's livelihood and well-being during development. We have stepped up efforts to help target poverty alleviation areas, implemented a variety of effective poverty alleviation projects, and concentrated our efforts to win the battle against poverty. We actively participated in community communication, organized various poverty alleviation activities, and actively gave back to society.



ESG MANAGEMENT APPROACH

The Company continued to help fight the battle against poverty by conducting consumer poverty alleviation and target poverty assistance. The total purchase of products for poverty alleviation by our canteens during the year amounted to RMB358,067 and the total purchase of products for poverty alleviation by the labour unions amounted to RMB417,400.

In 2024, under the same conditions, the Company determined and reserved over 30% of the total amount of agricultural and sideline products purchased by the Company's canteen for targeted procurement of poverty alleviation agricultural and sideline products from Beijing's poverty alleviation cooperation poverty-stricken areas and the Beijing Consumer Poverty Alleviation Industry Double Innovation Center. The person-in-charge of the canteen determined the place of purchase that meets the requirements through on-site visits. In order to implement the instructions and requirements of the superiors, the Company purchased poverty alleviation products as much as possible. The total purchase of poverty alleviation products in the canteen amounted to RMB358,067.

The Company also mobilized the labour unions under the Group to purchase poverty alleviation consumer products designated by Beijing under the same conditions in accordance with relevant regulations for union welfare, employee holiday regards, and so far, the employee holiday condolences purchased by the labour union were all poverty alleviation products, and the cumulative amount was RMB417,400.

b. Garbage classification

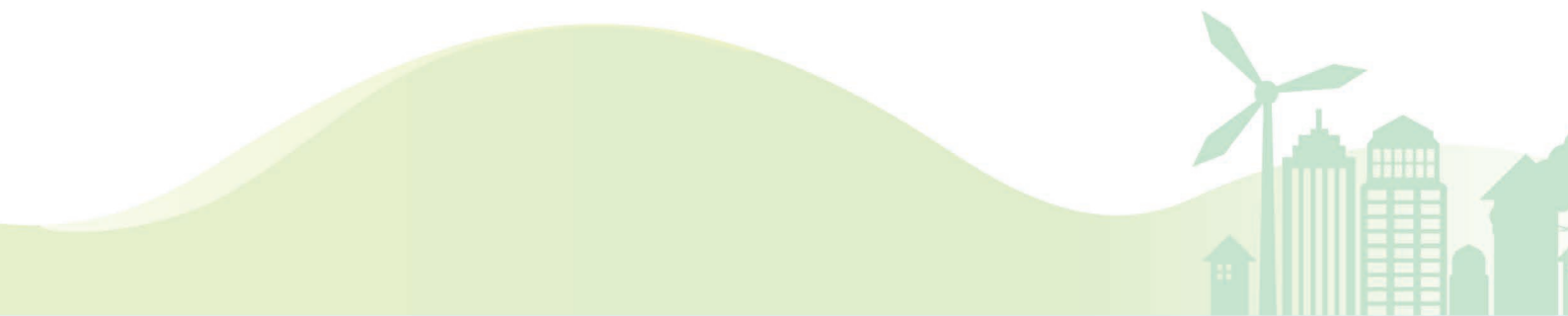
The Company actively responded to the call of the municipal government according to the requirements under the "Garbage Classification Regulations" to strengthen garbage classification, save resources, create a good ecological environment, formulate relevant rules, place four types of garbage bins for kitchen waste, other garbage, discarded masks, and recyclable garbage in public areas, set up a special team for garbage classification, and arrange personnel on duty to supervise by random inspection and access to monitors, etc.

The Company organized its employees to participate in garbage classification learning session, organized knowledge lectures, knowledge competitions, and implemented the "dual registration" mechanism according to the requirements of the Party Committee Organization Department, requiring party members and employees to participate in community-organized garbage classification activities every month, and no less than 2.5 hours each time.

APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE



A. Environmental			
A1	Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste	Fulfilling Green Operational Responsibilities
A2	Use of resources	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials	Fulfilling Green Operational Responsibilities
A3	The environment and natural resources	General disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources	Fulfilling Green Operational Responsibilities
A4	Climate change	General disclosure Description on significant climate-related issues that have and will have an impact on the issuer, and actions to address them.	Fulfilling Green Operational Responsibilities





APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE

B. Social			
B1	Employment	<p>General disclosure</p> <p>Information on:</p> <ul style="list-style-type: none">(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	The People-Oriented Principle for Creating Harmonious Labour Relations
B2	Health and safety	<p>General disclosure</p> <p>Information on:</p> <ul style="list-style-type: none">(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Fulfilling Green Operational Responsibilities
B3	Development and training	<p>General disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities</p>	The People-Oriented Principle for Creating Harmonious Labour Relations
B4	Labour standards	<p>General disclosure</p> <p>Information on:</p> <ul style="list-style-type: none">(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	The People-Oriented Principle for Creating Harmonious Labour Relations
B5	Supply chain management	<p>General disclosure</p> <p>Policies on managing environmental and social risks of the supply chain</p>	Creating Value and Contributing to Society



B. Social			
B6	Product responsibility	<p>General disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress 	Creating Value and Contributing to Society
B7	Anti-corruption	<p>General disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering 	Creating Value and Contributing to Society
B8	Community investment	<p>General disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests</p>	Creating Value and Contributing to Society

