



京城機電股份

JINGCHENG MAC

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)



2025

Environmental, Social and Governance Report



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# ABOUT THIS REPORT



## 1. Report Description

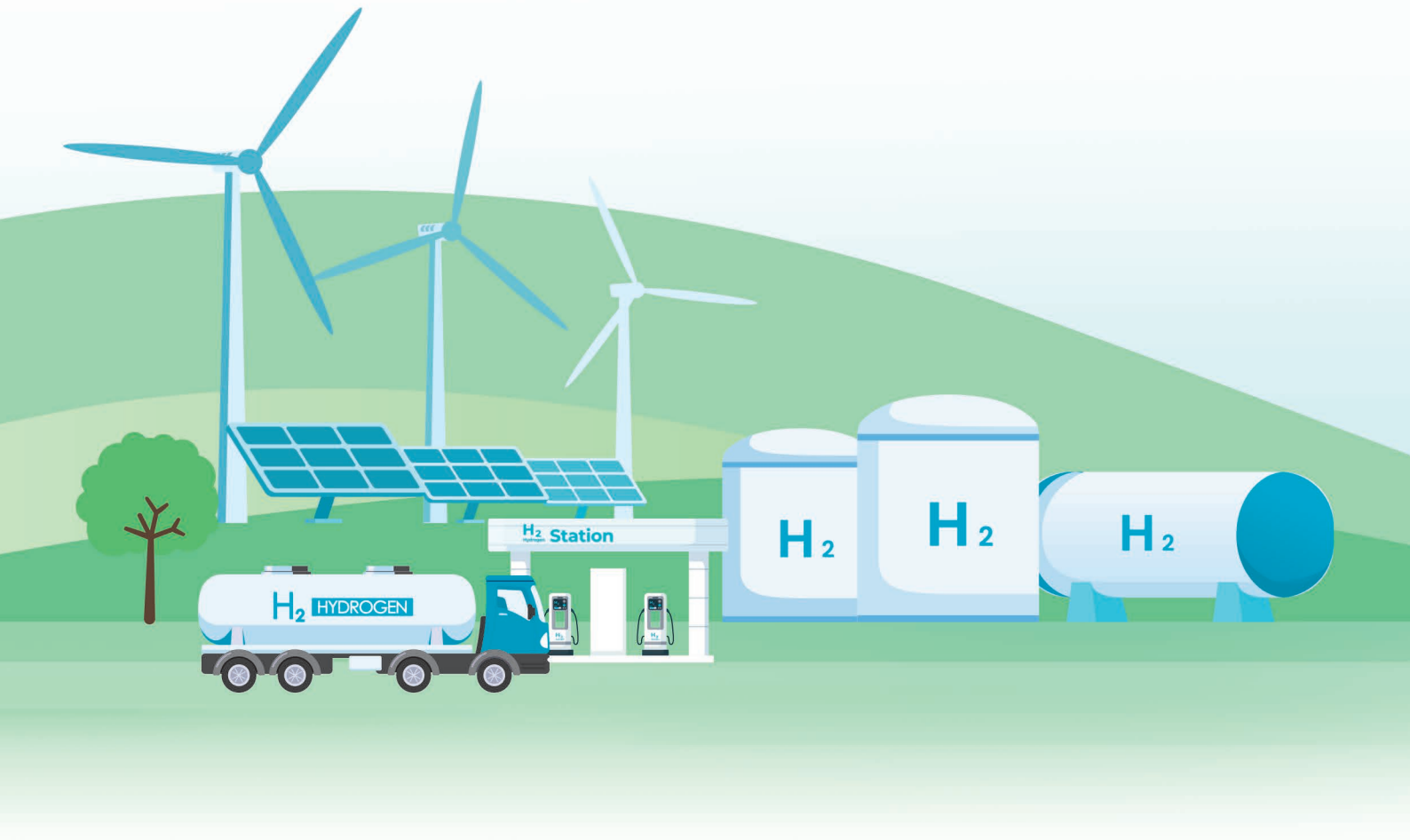
This report is the Environmental, Social and Governance Report for the year of 2025 issued by Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司) (“JINGCHENG MAC” or the “Company”). The board of directors (“Board”) and all directors of the Company guarantee that there are no false information, 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 and Basis of Preparation

JINGCHENG MAC 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 becoming the world’s leading enterprise engaged in the manufacturing of gas storage and transportation equipment and an integrated intelligent manufacturing solution provider.



## ABOUT THIS REPORT



This report has been prepared in accordance with the Self-Regulatory Guidelines for Listed Companies No. 14 – Sustainability Report (Trial) of the Shanghai Stock Exchange (“SSE”) (the “Guidelines”), the Self-Regulatory Guide for Listed Companies No. 4 – Compilation of Sustainability Reports of the SSE (the “Guide”), and the Environmental, Social and Governance Reporting Code (the “HKEX Code”) as set out in the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Board confirms that it has reviewed and approved this report.

JINGCHENG MAC 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 2025 financial year from 1 January 2025 to 31 December 2025.

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

- (1) JINGCHENG MAC
- (2) Tianhai Industry
- (3) 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 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”)
- (8) Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. (北京天海氫能裝備有限公司) (“Tianhai Hydrogen Energy”)
- (9) BTIC America Corporation (天海美洲公司) (“BTIC America”)
- (10) Jingcheng HK
- (11) 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 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 2025 financial year.

#### Consistency:

The Company maintains consistent disclosure methods, indicator metrics and statistical scope in its ESG reports, ensuring the comparability of information across different reporting periods. Any changes that affect data statistics and comparability will be clearly stated by the Company. This principle aims to provide stakeholders with a continuous and reliable basis for trend analysis, objectively reflecting the dynamic progress of the Company’s ESG management.

### 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 2025 Environmental, Social and Governance Report for the year ended 31 December 2025. 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.

The year 2025 was the closing year of the “14th Five-Year Plan”, and also a crucial year for the Company to solidify transformation outcomes and take momentum for new stages of high quality development. The Company took the strategic objectives of the “14th Five-Year Plan” as our core missions, focused on our two major businesses, namely: gas storage and transportation equipment and intelligent manufacturing, closely followed our annual business objectives, deepened market expansion, accelerated technological innovation, drove reforms and breakthroughs, firmly increased quality and efficiency, and collectively advanced various efforts in operation and management; 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 company. The Company always adheres to the enterprise spirit of “integrity, dedication, learning, innovation and determination to be first-class” and implements the operational 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.

By adhering to the market-oriented approach, the Company actively integrated marketing resources, accelerated products restructuring, eliminated disadvantaged products, and focused on our superior products to lay a foundation for the Company’s sustainable and sound development. Moreover, the Company further strengthened the optimization and integration of internal management, enhanced the management, accelerated operational efficiency, and improved the business coordination level so as to ensure the completion of the annual business targets. As of the end of the reporting period, the Company recorded operating income of approximately RMB1,527,964,200. While committed to developing its main business, the Company significantly improved various emission, energy conservation and environmental protection indicators, and gradually improved its ESG management standards. We also actively assumed our social responsibility, better realized the allocation of resources and talents, with a view to becoming the “world’s leading gas storage and transportation equipment manufacturing and services enterprise and an integrated intelligent manufacturing solution provider”.

In 2025, the Company made great efforts to maintain its operating efficiency. While developing our principal business, we also keep in mind the Company’s impact on the environment, its obligations to the society and its responsibilities to the stakeholders:



### 1. Expanding market to solidify the base and optimizing structure to create new horizons

In terms of the gas storage and transportation segment, on the international market, through actively negotiating with clients, optimizing inventory management, and strictly tracking policies, the Company dealt squarely with competition pressure and stabilized market share. Meanwhile, the Company actively explored new market, increased publicity, continued deepening cooperation with major customers, and strengthened its product advantage in gaining access to international market. On the domestic market, we realised product precision layout through differentiation strategy, expanded customer base coverage and actively tapped the cooperation potential of new projects. We made breakthrough in composite cylinder sector, and reached cooperation with a number of new customers while keeping stable cooperation with existing customers, and deeply entered into market segments of relevant products and expanded our scale continuously.

In terms of the intelligent manufacturing segment, the Company firmly advanced its business in the field of traditional home appliances market, and continued cooperation in other productive equipment fields, strengthened long-term strategic cooperation, and laid a solid foundation for subsequent development of the Company. In addition, in face of overall changes of customer's product demands, the Company flexibly allocated various production resources and optimized its project structure considering its own technical features, productivity, management level and other factors.

### 2. Actively assuming social responsibilities and leading the 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. Externally, the Company has always been in strict compliance with the laws, regulations and industry standards issued by the state and the place of business on environmental protection and pollutant emission relating to the characteristics of the filled gases; and internally, the Company 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, resources recycling, environmental compliance management and green office. We actively develop and promote green products and provide green services to help build China's ecological civilization.

### 3. Developing together and moving forward for a bright 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 domestic and international partners to complement each other in terms of resource advantages and achieve synergistic development. Meanwhile, for the purpose



of effectively protecting the labour rights and interests of employees, the Company regularly offers employees generous benefits and organizes enriching cultural activities to enhance our internal cohesion and solidarity.

#### 4. Facilitating sustainable and long-term success with integrity and 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 2025, 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, and optimised the systems and procedures relating to suppliers entry and evaluation; 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 2025, the Company made certain breakthroughs in the fields of environmental, social and corporate governance while ensuring the development and transformation of its principal businesses under the complicated and changeable internal and external conditions. 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 2025, 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.

The year 2026 is not only the beginning year of the “15th Five-Year Plan”, but also a crucial year for the Company to deepen reform and innovation, accelerate transformation and upgrading. Standing on the new historic starting point, we must admit the complexity and uncertainty of external environment, and more importantly recognise the urgent missions to solidify internal reform, increase quality and efficiency. All cadres must further strengthen their sense of mission, maintain strategic resolve, and carry forward the spirit of struggle. With greater determination, more pragmatic work style, and more innovative thinking, they should proactively address development challenges, firmly seize the strategic initiative, and strive to open up new prospects and achieve new leaps for the Company on the new journey of high-quality development.

**Zhang Jiheng**  
General Manager  
27 April 2026



## 1. Company Overview

JINGCHENG MAC 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 2025:*

Revenue:	RMB	1,527,964,195.06
Net Loss Attributable to Parent Company:	RMB	53,630,943.59
Net Assets:	RMB	857,444,904.59
Total Assets:	RMB	3,133,490,813.13

### 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) 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 H<sub>2</sub>/LNG/CNG system solutions through multi-directional technical integration of vehicle hydrogen cylinders, LNG cylinders, CNG cylinders, natural gas stations and other aspects of technology. The company can also design and manufacture 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. Tianhai Industry and its subsidiaries have obtained more than 30 international certifications, as well as ISO9001 and IATF16949 quality management certification, ISO14001 environmental management certification and ISO45001 occupational health and safety management system certification, and have established a complete and efficient product sales network and after-sales service system 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).



### **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-based, 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 subordinate committees 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 “becoming the world’s leading gas storage and transportation equipment manufacturing and service enterprise and an integrated intelligent manufacturing solution provider”.



The Company designs and manufactures in strict compliance with the environmental protection and pollutant emission laws, regulations and industry standards issued by the PRC and its places of operation, relating to the characteristics of pressure vessel, 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 services. With its enhanced core competitiveness and steadily developing 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. 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





# ESG MANAGEMENT APPROACH

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 compliant operation of environmental protection facilities, social responsibility practices, sustainability governance, and other efforts, the Company strives to coordinate the development of production and operations with environmental protection, and to make positive contribution to the green development of China.





# 1 Sustainability Management

Issues Addressed:

- Stakeholders Engagement

Content Index of this Chapter

1. ESG Governance Mechanism
2. Stakeholders Engagement
3. Materiality Assessment





### (1) ESG Governance 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.

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 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 requirements of the Guidelines, the Guide and the HKEX Code are effectively implemented, the Company has set up an ESG Working Committee and developed 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 assign relevant personnel for the implementation of the specific ESG work. The ESG Working Committee 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.



**(2) Stakeholders Engagement**

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. As we continuously improve the communication channels and dialogue mechanisms, we advance together with all parties by taking full account of their views in our daily operations.

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



### (3) Materiality Assessment

According to the relevant requirements of the Guidelines, the Guide and the HKEX Code, considering the Company's business operation characteristics and the industry we belong to, we are gradually establishing a materiality assessment system based on dual materiality analysis, to explore scientific assessment approach, and on the basis of ESG governance, systematically sort our material ESG issues, identify the impacts of sustainability-related risks and opportunities on the Company, and conduct specific management actions and information disclosures based on materiality.

#### Materiality identification process

##### *Step 1: Understand corporate activities and business relationship background*

We fully sort the Company's business activity scope and business relationship background during the year, deeply understand the latest requirements of relevant laws, regulations and regulatory policies, analyse the Company's operating conditions and external sustainability trend changes, identify affected major stakeholders, thus laying a solid foundation for assessment.

##### *Step 2: Establish a list of topics*

We identify ESG materiality topics by comprehensively referencing regulatory disclosure requirements, international ESG standards and initiatives, industry regulatory requirements and standards, benchmark against exemplary disclosures from industry peers, select totally 20 topics in environmental, social and governance aspects, thereby forming the Company's ESG list of topics for the year.

##### *Step 3: Dual materiality assessment*

###### **A. Impact materiality assessment**

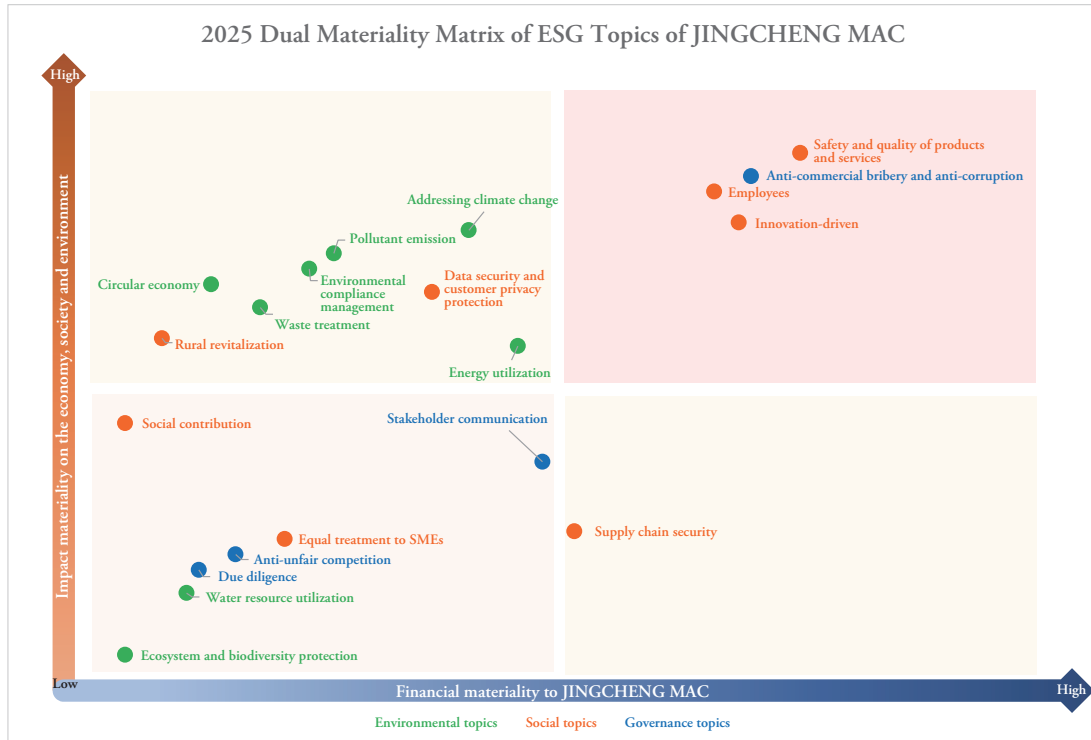
The Company invites internal and external stakeholders, including governmental and regulatory bodies, directors, management, shareholders and investors, ordinary employees, suppliers and partners, industry associations etc., to research and sort the impact materiality of all topics in the list of ESG topics by seminar, survey, reporting and other means. Factors affecting the materiality assessment include impact scale, impact scope, likelihood of potential negative impact and irreparability of negative impact.

###### **B. Financial materiality assessment**

The Company adopts survey approach and communicates with external shareholders, internal executives and financial experts in respect of financial materiality. In the process of financial materiality assessment, we make qualitative analysis mainly from the perspective of "reliance and impact on resources and relations", evaluate possible financial impacts of all topics in short, medium and long term, and judge their financial materiality. Financial materiality assessment factors include the likelihood and extent of financial impact.

##### *Step 4: Findings to guide report disclosure*

We will make quantitative analysis on the dual materiality assessment findings, and derive the materiality matrix. The Board will consider the materiality topics and their priority in this survey, and confirm that the materiality topics in this survey in comparison with other ESG topics embody the most favoured direction of the Company's ESG efforts of this year. Meanwhile, the Company will disclose the materiality analysis process and findings in the ESG Report of the year, according to the requirements of the Guidelines.



**Notes:**

1. By reference to the list of topics under the Guidelines, the Company for the first time adopts dual materiality analysis and identify materiality topics this year.
2. “Employees” topic covers “Employment and Recruitment”, “Employees’ Interests Protection”, “Employees’ Remuneration and Benefits”, “Employees Training and Development” and “Occupational Health and Safety” among others.
3. The Company is not engaged in bioscience, AI and other scientific research, technology development or other activities sensitive to scientific and technological ethics, and therefore the topic of “Scientific and Technological Ethics” is not applicable.

Degree of Dual Materiality	ESG Topics	
<b>High</b>	<ul style="list-style-type: none"> <li>▶ Safety and quality of products and services</li> <li>▶ Innovation-driven</li> </ul>	<ul style="list-style-type: none"> <li>▶ Anti-commercial bribery and anti-corruption</li> <li>▶ Employees</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>▶ Addressing climate change</li> <li>▶ Data security and customer privacy protection</li> <li>▶ Environmental compliance management</li> <li>▶ Circular economy</li> <li>▶ Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Energy utilization</li> <li>▶ Pollutant emission</li> <li>▶ Waste treatment</li> <li>▶ Supply chain security</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>▶ Stakeholder communication</li> <li>▶ Equal treatment to SMEs</li> <li>▶ Due diligence</li> <li>▶ Ecosystem and biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>▶ Social contribution</li> <li>▶ Anti-unfair competition</li> <li>▶ Water resource utilization</li> </ul>



# 2

## Addressing Climate Change

Issues Addressed:

- Addressing Climate Change

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## (1) Governance

Upon prudent internal studies, including systematic interviews with executives and management, in-depth analysis on previous financial statements and operational data, as well as overall assessment on the Company's long-term strategies, in consideration of extensive external stakeholders survey and stringent dual materiality analysis, the Company believes that climate change topics currently and in predictable future does not or will not constitute significant impact and financial materiality on the Company's ordinary operating activities and financial performance. However, in order to comply with local regulatory requirements of the place of listing, respond to the increasing transparency requirements of capital markets, and uphold our long-term commitment to sustainable future, the Company still decides to disclose climate related governance, strategy, risk control and metrics in details systematically by reference to mainstream framework. This is to clearly display the Company's governance philosophy, risk awareness and management capabilities to investors and other stakeholders, and provide meaningful reference for its decision making.

The Board of Directors as the supreme governing body of the Company is fully liable for the ultimate supervision on climate related risks and opportunities. In existing organisational structure, the Board of Directors will include such duties into its core functions, and authorise its subordinate committees and the ESG Working Committee to supervise collaboratively within their respective terms of reference. The Board of Directors ensures its competence required for supervising climate-related issues through diversification of its membership backgrounds and regular professional training, and systematically receives and assesses such issues and related impacts through the regular operating reports submitted by the management (at least semi-annually) and the specific briefings obtained in considering major strategic and investment decisions. In strategy development and important decision making, the Board of Directors clearly requires to put climate related risks and opportunities as an important consideration, and carries out prudent balancing and assessment. The Board of Directors directly considers whether to approve the Company's key climate metrics and goals, and strictly supervises the execution and progress of such goals by regularly listening to the management's reporting.

Currently, the Company has not officially included specific climate related performance indicators into its senior management annual performance examination and remuneration rating system. To implement management responsibilities and ensure the enforcement of climate strategy, the Board of Directors supplements this by strengthening governance supervision process. The Board of Directors and its committees conduct independent, normalised internal review and inquiry on the management's climate related performance, as an important basis of assessing the management's overall performance. In management execution level, the senior management led by general manager is explicitly authorised to take charge of the ordinary management and integration of climate topics. The Company establishes functional teams to integrate climate risk assessment and management process deeply into core business processes such as investment decision making, operational management and supply chain control. The management shall regularly report to the Board of Directors officially, where involved climate information and data management will be included into the Company's unified internal control and audit procedures. The Company will continue to review its incentive and examination mechanisms, with a view to further improving its performance management system matching with long-term climate goals when appropriate in the future.



### (2) Climate related risks and opportunities

Climate change related topics did not have a material impact on the Company's operating activities and financial performance in the past. Based on forward looking management principle and high attention to stakeholders' information demands, the Company has identified climate related risks and opportunities that may affect the Company's cash flow, financing channels and capital cost in short, medium and long term, by systematic internal evaluation, and has developed corresponding short, medium and long term objectives.

The Company has identified major climate related risks that fall in the scope of transition risks and physical risks.

In respect of transition risk, in medium to long term, if the carbon pricing mechanism deepens or industrial regulations tighten, the Company may face rising compliance cost, exerting pressure on our operating cash flow, while the corresponding equipment renovation or technical upgrading may also increase our capital expenditures. Meanwhile, in the market transition to low carbon products, insufficient response may affect our sales income growth in medium to long term, and thus restrict our operating cash inflow. In addition, increased fluctuation of energy and raw material price may also affect our operating cost and cash flow stability.

In respect of physical risk, in long term, extreme weather events may constitute intermittent disruption to individual facility's asset safety and operating continuity, resulting in repair cost or business interruption loss, with negative impact on cash flow generation. In terms of financing channels and capital cost, if the climate risk management results are not fully recognised by financial institutions and capital markets, the Company may face harsher terms or certain restraints on debt or equity financing in the future, thus potentially raising the capital cost.

Meanwhile, climate transition is also accompanied by obvious opportunities. By continuously increasing resource efficiency and using renewable resources, the Company expects to reduce operating costs in medium to long term, and thus contribute positively to the cash flow generated in operating activities. Market demand for low carbon solutions increases, pointing out a clear direction for product green upgrading and innovation, which expects to raise new income source in medium to long term, to enhance cash flow resilience. Moreover, by aligning with green finance framework, the Company may expand financing channels, and obtain diverse financing tools such as green bonds, which helps optimise financing conditions and has positive impact on reducing overall capital cost.

The Company defines "short term" as future 1 to 2 years, defines "medium term" as future 3 to 5 years, and defines "long term" as more than 5 years ahead. Such definitions match with the Company's strategic planning cycle, key investment return period and major debt period structure, ensuring the consistence between climate risk assessment and financial and strategic decision making vision. The Company has the following financial objectives relating to climate management at different stages:



Stages	Main objectives
Short term (1-2 yrs)	Coordinate with professional consulting agencies, carry out personnel training; sort the Company's related assets and business operations, define climate related assets and business scope considering industry requirements and standards, and explore standalone accounting calibre.
Medium term (3-5 yrs)	Perform proper data collection and traceability, and timely disclose the impact data on the Company's business segments and overall financial conditions based on its actual business operations and relevant industry standards and requirements.
Long term (>5 yrs)	Achieve normalized and standardized disclosure of relevant information to meet the requirements of both domestic and international standards; promote further integration of ESG management with main businesses, support the company's green and low-carbon development, and enhance its sustainable competitiveness.

The Company will continue to improve relevant management strategy in response to subsequent potential changes.

### (3) Business model and value chain

From the perspective of current impact, climate related factors have not substantially changed the Company's core business model, and the impacts expect to be mainly reflected in the medium to long term transition pressure and adaptation.

In business model level, major transition risks (such as tightening of policies and regulations, iteration of low carbon technologies, and shifts in customer preferences) expect to drive the Company to gradually optimise its operating efficiency, adjust its product and service portfolio, and evolve toward more energy-saving, low-carbon development mode. This requires the Company to integrate climate resilience deeply into long term strategy. Meanwhile, climate related physical risks (such as long term temperature change or extreme weather) are not anticipated to have a systematic impact on its core assets supporting business model and its operating continuity in the foreseeable future.





In value chain level, the potential impacts of climate related changes are more integral and penetrating. In the upstream, climate policies and cost delivery expect to be the major influencing factors. Suppliers are facing the rising carbon cost, the increasing environmental requirements or climate event interrupting their operations, which may gradually deliver to the procuring cost, supply stability and concerted emission reduction requirements. The Company has already included supply chain climate resilience assessment into the long term planning of suppliers' management system. In internal operation level, the operation link is the core of response to transition risks and grasp efficiency opportunities. The impacts may expect to concentrate on energy structure optimisation, production process energy efficiency increase, waste management and reallocation of relevant capital expenditures. In the downstream level, downstream customers and end markets demand more for low carbon products, solutions or transparent information disclosure, which is a critical opportunity for the Company to innovate products, upgrade services and reshape brand value. Moreover, failure to timely respond to market transition may also pose long term market share risks.

In addition, the impacts of climate related risks and opportunities are somehow concentrated in the Company's business model and value chain. Geographically, the potential exposure of physical risks is relatively concentrated in the productive or warehousing facilities (e.g. a supplier's coastal warehouse is destroyed by extreme weather) located at individual climate sensitive areas (such as coastal areas, water resource tense areas). Transition risks and opportunities have no apparent geographic concentration, but basically consist with the Company's overall business layout and market distribution. In terms of asset types, energy consumption intensive productive facilities, assets using specific high carbon technique, and transportation equipment relying on traditional fossil fuels are more sensitive to transition policies (i.e. carbon pricing, energy efficiency standards), being the priorities of risk management and technology renovation. Meanwhile, such facilities are also critical vehicles of reducing costs, increasing efficiency and creating financial opportunity by upgrading energy efficiency. R&D facilities and related intangible assets are the core of grasping product innovation and technology opportunities.

#### **(4) Strategy and decision making**

The Company has already included climate change into its consideration of long term development strategy and material decision making. Although its financial materiality is not apparent according to current assessment, the Company has established a systematic management framework and planned strategic response accordingly, in order to enhance business resilience, grasp transition opportunities and respond to stakeholders' expectation.

The core strategy of the Company is to integrate climate factors into its ordinary operation and long term planning, through forward looking management and progressive input. Specifically, in respect of business model and resources allocation, the Company expects to gradually optimise assets and energy structure in medium to long term, prioritise capital allocation in the fields of energy efficiency increase, recycling economy and low carbon technology application etc., to further optimise the process. In corporate operation, the Company reinforces the leadership and penetration of energy saving & emission reduction and efficient production in the full operation chain, strengthen the publicity and education of relevant philosophy and practices, make them heard, remembered and practised by employees. Meanwhile, we have established appropriate supervision feedback mechanism to advance management in many aspects.



To align with the above strategies, the Company has developed preliminary climate risk management and opportunity grasping framework, and on this basis plans to continue furtherance of direct and indirect efforts. Direct efforts include energy saving diagnosis and renovation of our own operating facilities in due time, reinforced construction of environmental compliance management system, and assessment of renewable resources application. Indirect efforts focus on supply chain collaboration, drive upstream suppliers to improve environmental performance through green procurement initiative, and jointly enhance the climate resilience of value chain. Whereas there are uncertainties in the industry transition path, policy details, technical cost and other key external parameters, the Company has not developed a detailed quantitative transition plan covering the goal of net zero emission across the entire value chain. The Company will keep a close eye on external environment change, and when appropriate will assess the necessity of developing a comprehensive transition plan.

The above strategic direction and supporting adaptation measures are in the stage of start and early implementation. The Company will continue to review internal and external changes, dynamically adjust our action paths and resources allocation, to ensure the effectiveness and adaptability of our strategies.

### **(5) Current financial impact and expected financial impact**

The Company in the principle of prudence has assessed how climate related risks and opportunities affect the Company's financial status, financial performance and cash flow current and in the predictable future, and our disclosures are based on valuable information obtainable by current reasonable means and the management's reasonable judgment.

During the reporting period, upon assessment, there is no asset, liability, revenue or expense item directly corresponding to any identified climate related risk and opportunity, which is separately presented or specially explained in the Company's financial statements, mainly due to:

- ① Climate related financial impact cannot be separately identified: The impacts of climate related risks and opportunities on the Company's finance are highly coupled with market demands, industry policies, supply chain fluctuations and other factors, and additionally there is no unified accounting calibre for climate related assets and businesses in the gas storage & transportation and intelligent manufacturing industries, which cannot be precisely divided or defined, thus any estimated data will lack reference value and not meet relevant disclosure requirements.
- ② Lack of specialized quantitative accounting capacity: Climate related financial information quantitative disclosure shall match local accounting principles in mainland China and Hong Kong, backed by professional tools and talents, however, the Company currently has not completed the erection of relevant professional systems; if a special accounting is made in the short term, high cost will be generated and the data accuracy will be hardly guaranteed, which does not meet the cost effectiveness principle.



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- ③ Separate accounting of relevant capital data not yet performed: Climate-related capital expenditures, financing and investments are all included into the Company's overall funds collective management, without special accounting item, and what's more, the conventional R&D, production capacity upgrading and other investments in the two major business segments are deeply integrated, impossible to separate precise data, thus failing to form the calibre meeting the disclosure requirements.
- ④ Temporarily not disclosed based on materiality principle: Considering the Company's principal business nature and it's assessed by many parties that currently climate related financial impacts have not exerted substantial influence on the Company's production, operation and financial status, which does not fall into the important scope of current stage operation and development, so we make no quantitative disclosure based on the materiality principle.

As at the date of this report, the management believes that there is no material risk of significant adjustment of the book values of assets or liabilities in the financial statements of next reporting year, caused by climate related issues.

Looking forward in medium to long term, the Company expects climate-related risks and opportunities will progressively affect our financial performance and cash flow through given management strategy. Major expected financial impact paths include:

- a. Capital allocation and investment plan: To implement mitigation and adaptability measures corresponding to our management strategy, the Company expects to increase capital inputs in the fields of energy-saving technology renovation, clean energy application and green R&D among others in medium to long term. This portion of funds will be mainly from our operating cash flow and conventional financing channels, expecting to have certain influence on our investing cash flow.
- b. Operating cost and efficiency: By planning and gradually implementing continuous energy efficiency increase and resource recycling projects, the Company expects to save operating costs in long term, thus contributing positively to our operating cash flow. Meanwhile, the potential rise of compliance cost may also become part of hedging factors.
- c. Income structure and growth: The market opportunity for low carbon products or solutions may expect to support income structure optimisation in medium to long term, and may open new growth driver, and thus influence our operating cash inflow.

Although the Company has not disclosed relevant quantitative information at this stage, considering the actual situations of the two principal businesses, we have gradually conducted qualitative assessment on and response to climate related risks. In the future, the Company will steadily advance our disclosure system building according the above financial progress goals. When the professional accounting capacity and standard data calibre are formed, once relevant issue meets the disclosure standards, we will strictly follow the local stock exchange codes in mainland China and Hong Kong, to make complete, accurate, timely disclosure in subsequent regular reports, and practically perform our information disclosure obligation as a listed company, and ensure entire stakeholders' legitimate rights and interests.



## (6) Climate resilience

The Company recognises that prudent climate scenario analysis is an important tool for us to assess our long term resilience. Currently, the Company has not used a detailed quantitative model for analysis, in consideration of prudence and accuracy: on one hand, there are high uncertainties in global and regional climate policy paths, technology cost curves and market transition speeds among other critical parameters, challenging reliable long term quantitative forecasting; on the other hand, the highly refined physical data, value chain emission data and financial impact reflection system required for constructing precise quantitative model are still in the stage of construction and integration within the Company. Therefore, we believe that currently the qualitative analysis based on reasonable scenario assumption, allows us to more reliably and precisely identify critical risk exposures and strategic adjustment directions, providing practicable decision making reference for reinforcing business resilience, while also laying a solid foundation for quantitative analysis in the future when data and methodology are well-developed.

### (I) Overview of Climate Resilience Assessment

During the reporting period, the Company completed a preliminary mainly qualitative climate resilience assessment, indicating that at present and in predictable future, the Company's overall business model and strategic direction would show basic resilience in front of identified climate related transition risks and physical risks. It's assessed that major risks are concentrated in long term policies and market transition pressures, instead of prompt physical threat to existing assets. In response to such potential progressive impacts, our strategic priority is to enhance our adaptability by continuing to optimise our operating efficiency, prudently planning our capital expenditure direction and maintaining our technical path flexibility. Key uncertainties considered in the assessment process mainly include: the evolution paths and execution forces of global and regional climate policies, the speed and cost curves of low carbon technology commercialisation, as well as the actual growth pace of market demands for green products or solutions. The Company believes that through its existing governance structure, financial soundness and progressive management improvement, the Company is able to adjust strategy and business model in response to climate developments over the short, medium and long term.

### (II) Scenario analysis methodology

In climate resilience assessment, the Company referred to mainstream qualitative analysis framework, and prudently considered some scenario elements related to our own business:

Scenario selection and scope: The analysis mainly referred to certain transition scenarios pointed out by IEA and other authorities, depicting different policies and technology paths to be adopted on the globe to achieve the given climate objectives. The analysis stressed on climate-related transition risks, and duly considered chronic factors in physical risks (such as long-term temperature trend). The selected scenario was deemed as reference and basis due to its extensive market recognition and its potential relevance with local policy tendency in the place where the Company was mainly operating. This assessment did not use quantitative modeling with specific temperature rise scenarios strictly aligned with the latest international agreements.





**Analysis framework and assumptions:** The analysis adopted a qualitative reasoning approach, with core assumptions including: a) Climate policies will show a general trend of gradual tightening; b) The cost of low-carbon technologies will continue to decline over time; c) Consumers' and clients' environmental awareness will continue to rise. The analysis is aligned with the Company's strategic planning cycle (medium to long term) and covers the Company's main operational business segments.

**Assessment nature and limitation:** As aforesaid, this assessment is a preliminary qualitative analysis, for the purpose of identifying critical risk exposures and strategic adjustments, instead of accurate financial forecasting. Due to lack of mature internal qualitative model and highly refined external data, the Company currently has not offered specific quantitative financial information on the findings of scenario analysis. This round of assessments were completed within the reporting period, marking the beginning of the Company's systematically managing climate resilience. In the future, the Company will continue to improve this efforts and explore more structured assessment approaches closely following the enrichment of internal and external data and the improvement of analysis capability.

### (7) Risk management

During the reporting period, the Company was committed to establishing and improving a set of systematic management process, to identify, assess, prioritise and monitor climate related risks and opportunities, and integrating it deeply into the Company's overall risk management system, to support the above strategic decision making and enhance long term business resilience.

In specific process of risk management, the Company systematically perform relevant works through a cross-functional executive work group led by the Board of Directors, covering strategy, operation, finance and supply chain among other key functions. This process is performed at least yearly, and the inputs used in the process mainly integrate the dynamics of external policies and regulations, the qualitative conclusions of international mainstream transition scenarios, industry research and internal energy consumption, operational and value chain information, covering all principal business segments of the Company. In risk identification process, the Company makes qualitative analysis by reference to international authoritative transition scenarios, to reveal the potential policy, technology and market risk paths in medium to long term. For identified risks, the assessment is mainly based on their nature (such as compliance, operational, or market risks), the likelihood based on current trends, and the potential impact on operations and strategy. On this basis, climate risks are prioritised within the Company's overall risk framework, in consideration of their impacts, likelihood and preparedness and comparing them with other types of risks. The Company achieves continuous monitoring by incorporating key metric tracking, policy scanning, and supply chain monitoring into the agendas of regular management meetings. Compared with the previous reporting period, the core methodology remains stable.



In respect of opportunity management, the identification and assessment process is in parallel with risk management, but inputs focus more on scanning market trends, customer needs, and technological developments. Opportunities are assessed mainly in consideration of their strategic fit, potential scale, and resource requirements, and initially prioritised according to their strategic importance.

Currently, climate risk management is initially integrated into the Company’s existing system, reflected in governance supervision, annual risk assessment agenda and related summary report. However, its quantitative financial impacts have not been fully embedded in financial model, and the integration degree will be furthered in the future. The Company will continue optimising the process to improve the synergy and effectiveness of management.

**(8) Greenhouse gas emission**

**1) Greenhouse gas emission overview:**

Indicators	Current	Previous
GHG scope 1 emissions (tCO <sub>2</sub> e)	14,577.34	N/A
GHG scope 2 emissions (tCO <sub>2</sub> e)	20,024.24	N/A
GHG scope 3 emissions (tCO <sub>2</sub> e)	N/A	N/A
GHG total emissions (tCO <sub>2</sub> e)	34,601.58	N/A
The methods used to calculate GHG emissions, such as the emission factor method and the material balance method	Emission factor method	
Standards on which the accounting of GHG emissions is based, such as the Guidelines for Greenhouse Gas Emission Calculation and Reporting for Key National Industry Enterprises or other standards	GHG Protocol: A Corporate Accounting and Reporting Standard (2004)	GHG Protocol: A Corporate Accounting and Reporting Standard (2004)
Whether to engage a third-party organization to verify or attest to the Company’s GHG emissions and other data	No	No





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In 2025, the Company continued to measure its GHG emissions in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). The information and data on the measurement of GHG emissions are as follows:

### *a. Calculation process of GHG scope 1 emissions*

In 2025, the GHG scope 1 emissions mainly came from the combustion of fossil fuels, specifically including petrol, diesel and natural gas. The input data used for measuring the relevant GHG emissions are as follows:

(1) Petrol combustion emissions (expressed in metric tons of carbon dioxide):

Annual consumption: 6.17 tons

Fuel heat:  $6.17 \text{ tons} \times 44.8 \text{ GJ/ton (calorific value)} = 276.416 \text{ GJ} = 0.276416 \text{ TJ}$

Emission factor:  $18.9 \text{ tC/TJ} \times 0.98 \text{ (carbon oxidation rate)} \times 3.6667 \text{ (molecular weight ratio of CO}_2 \text{ to carbon)} = 67.914 \text{ tCO}_2/\text{TJ}$

Emissions:  $0.276416 \text{ TJ (fuel heat)} \times 67.914 \text{ tCO}_2/\text{TJ (emission factor)} = 18.77 \text{ tCO}_2$

(2) Diesel combustion emissions (expressed in metric tons of carbon dioxide):

Annual consumption: 38.71 tons

Fuel heat:  $38.71 \text{ tons} \times 43.33 \text{ GJ/ton} = 1,677.304 \text{ GJ} = 1.6773 \text{ TJ}$

Emission factor:  $20.2 \text{ tC/TJ} \times 0.98 \times 3.6667 = 72.585 \text{ tCO}_2/\text{TJ}$

Emissions:  $1.6773 \text{ TJ} \times 72.585 \text{ tCO}_2/\text{TJ} = 121.75 \text{ tCO}_2$

(3) Natural gas combustion emissions (main source of emissions) (expressed in metric tons of carbon dioxide):

Annual consumption: 6,676,948 Nm<sup>3</sup>

Fuel heat:  $6,676,948 \text{ Nm}^3 \times 389.31 \text{ GJ}/10,000 \text{ Nm}^3 = 259,940.26 \text{ GJ} = 259.9403 \text{ TJ}$

Emission factor:  $15.3 \text{ tC/TJ} \times 0.99 \times 3.6667 = 55.539 \text{ tCO}_2/\text{TJ}$

Emissions:  $259.9403 \text{ TJ} \times 55.539 \text{ tCO}_2/\text{TJ} = 14,436.82 \text{ tCO}_2$

Therefore, the total GHG scope 1 emissions are: petrol emissions + diesel emissions + natural gas emissions = 18.77 tons + 121.75 tons + 14,436.82 tons = 14,577.34 tons





The above calculation results can be summarised in the following table:

A No.	B Fuel type	C Annual consumption (t, 10,000 Nm <sup>3</sup> )	D Calorific value (GJ/t, GJ/10,000 Nm <sup>3</sup> )	E (=C×D) Fuel heat (GJ)	F (=E/1,000) Fuel heat (TJ)	G Carbon content per unit calorific value (tC/TJ)	H Carbon oxidation rate	I Molecular weight ratio of CO <sub>2</sub> to carbon	J (=G×H×I) Emission factor (tCO <sub>2</sub> /TJ)	K (=F×J) Emissions (tCO <sub>2</sub> ) O <sub>2</sub> )
1	Petrol	6.17	44.8	276.416	0.27642	18.9	0.98	3.67	67.91	18.7725162
2	Diesel	38.71	43.33	1677.304	1.6773	20.2	0.98	3.67	72.59	121.747692
3	Natural gas	667.695	389.31	259,940.3	259.94	15.3	0.99	3.67	55.54	14,436.8222
4	Annual emissions									14,577.342

**b. Calculation process of GHG scope 2 emissions**

In 2025, the GHG scope 2 emissions came from the consumption of purchased electricity (indirect emissions from purchased electricity). The calculation process is as follows:

Enterprise electricity consumption: 35,093.3 MWh

Indirect emission factor for electricity: 0.5706 tCO<sub>2</sub>/MWh

Emission calculation

Calculation formula: Purchased electricity consumption × Indirect emission factor

Calculation results: 35,093.3 MWh × 0.5706 tCO<sub>2</sub>/MWh = 20,024.24 tCO<sub>2</sub>

The above calculation results can be summarised in the following table:

Indirect carbon dioxide emissions from electricity consumption of the reporting entity (GHG scope 2 emissions)			
Year	Enterprise electricity consumption (MWh)	Indirect emission factor (tCO <sub>2</sub> /MWh)	Indirect emissions (tCO <sub>2</sub> )
2025	35,093.3	0.5706	20,024.23698





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### *c. Regarding the selection of the emission factor method*

- (1) Compared with other calculation methods such as the material balance method, the emission factor method requires data that is more readily available, enabling the Company to account for the relevant data with relatively minimal costs and manpower, making it the most efficient and economical approach.
- (2) The emission factor method is widely adopted for calculation within the industry, providing many cases for reference and guidance.
- (3) The Company has consistently used the emission factor method to account for relevant data in previous years.

Compared with the previous periods, the Company did not change the relevant calculation methods, input data or assumptions during the reporting period.

### *d. Regarding location-based GHG scope 2 emissions*

As stated above, the Company's GHG scope 2 emissions are indirect emissions from purchased electricity. The Company's operations involve multiple energy-consuming sites, and the channels for obtaining emission factor data for different regional power grids vary. Moreover, some regions have not yet published officially recognized and timely updated emission factor parameters. As a result, it is difficult to implement an accurate location-based GHG scope 2 emissions accounting without incurring excessive costs, and there are practical difficulties in disclosing the relevant data. Therefore, similar to the accounting for GHG scope 1 emissions, the Company adopts a unified emission factor (i.e., without considering geographical differences) for the relevant statistics, and location-based GHG scope 2 emissions are not applicable.

### *e. GHG scope 3 emissions*

During the reporting period, the Company temporarily did not quantify or disclose the GHG scope 3 emissions. We understand that scope 3 emissions are an integral part of overall carbon management, and continue to pay attention to the development of related methodology and practices. Current non-disclosure is mainly based on the following prudent considerations: firstly, scope 3 emissions involve entire value chain, the data collection highly relies on external partners, so it's really difficult currently to obtain complete, accurate and justifiable firsthand data; secondly, the accounting standards for scope 3 emissions and the delineation of boundaries are still different across the globe and the country, different assumptions may result in significant errors, impacting the information comparability and reliability; moreover, given the Company's business model and dual materiality analysis, scope 3 emissions are not core factors having material financial impacts on our current operating activities, whose management order of priority shall be inferior to scope 1 and scope 3 emissions that have direct control over our operations and are already included in our disclosure. The Company will continue to track the evolution of policy instructions and industry practices, and actively drive supply chain collaboration, and prepare for improving carbon information disclosure in the future once conditions are favorable.

### *f. Other relevant assumptions*

Other than the information already disclosed, the Company had no assumptions used for measuring the relevant GHG emissions during the reporting period.



## 2) GHG emission reduction

### a. Emission reduction management

Upon the Company's prudent inspection, during the reporting period, local laws and regulations of the place where the Company was operating did not set any compulsory quantitative requirement or reduction goal on GHG scope 1 or scope 2 emissions. During the reporting period, the Company sustained compliant operation, and was not required to rectify any item in respect of GHG emissions.

Although there was not setting of quantitative emission reduction goal, the Company established qualitative management direction to continuously improve our environmental performance, committed to rationally controlling GHG scope 1 and scope 2 emissions during operation process. The Company made normalised monitoring and management on emission tendency through emission intensity and related indicators. This management direction is applicable to the Company and other major operating entities included in the consolidated financial statements, covering all productive and office venues generating GHG scope 1 and scope 2 emissions, with long term continuity, without a specific deadline, and the Company will continue reviewing relevant situation during each reporting period.

Meanwhile, to realise reasonable control of emissions, the Company plans to advance the following measures: (1) continue energy efficiency diagnosis and technology renovation, steadily improve the running efficiency of key energy consuming equipment; (2) optimise energy utilisation management, explore the likelihood of applying more renewable energies in the venues meeting the conditions; and (3) enhance staff training on the energy saving awareness, and integrate the philosophy of energy saving and emission reduction deeply into daily operation.

Additionally, during the reporting period, apart from conventional environmental compliance requirements, government and related laws and regulations did not set any compulsory specific goals relating to climate change, for the Company. The Company will keep abreast of policy developments to ensure timely response to any newly enacted regulatory requirements.





**b. Emission reduction implementation**

Indicators	Current period	Previous period
GHG emission reduction capital input (RMB'0,000)	0	N/A
GHG emission reduction measures	Green electricity and photovoltaics	
GHG emission reduction amount (tCO <sub>2</sub> e)	7,779.66	N/A
CCER project emission reduction amount of disclosed transactions (tCO <sub>2</sub> e)	7,779.66	N/A
Projects participating in other emission reduction mechanisms and their reduction trading (if any)	N/A	

(Explanation of the Company's capital investment in GHG emission reduction for the current period: During the reporting period, the Company achieved GHG emission reduction through the use of green electricity and photovoltaics, primarily involving three subsidiaries: Shanghai Tianhai, Minghui Tianhai, and Kuancheng Tianhai. The photovoltaic projects at Shanghai Tianhai and Minghui Tianhai were fully funded, constructed, and installed by a third-party contractor, with Party A bearing no upfront costs. After the projects commenced operation, the photovoltaic-generated electricity is supplied to Party A at discounted rates, and both parties share the power generation benefits. The green electricity generated by the relevant projects at Kuancheng Tianhai is also implemented under the same model. Accordingly, the capital investment in related emission reduction accounted herein is 0.)

## (9) Climate related disclosures on assets, operations and capital allocation

Within the given climate risk assessment framework, the Company has carried out systematic assessment on the exposure of our assets and operations to climate-related transition risks and physical risks, the business scope involving climate related opportunities, and the capital allocation in response to related risks and opportunities.

During this assessment, the Company mainly applies qualitative notes instead of offering precise amounts or percentages. This approach is based on prudent considerations: firstly, currently, global definition and measurement standards of climate related assets and operations are still in continuing evolution, so the Company prioritises clear elaboration on disclosure framework and management logic, to avoid potential misleading comparisons due to adoption of specific assumption or computing boundary; secondly, we fully separate and precisely quantify climate factors from entire operations, by reliance on the furtherance of internal data system and assessment model; additionally, the impacts of climate-related issues have significant long term dependence on scenarios, the offering of specific amounts and values may involve strong forward looking assumptions, so the Company mainly elaborates on the nature of risks and opportunities, management strategy and resources allocation direction to keep the reliability of information disclosure; this qualitative disclosure approach is also intrinsically consistent with the conclusion of Company's current dual materiality analysis, that is, climate topics are not financially material in the current period. The Company will continue to enhance its related assessment capability.



Specifically, in respect of climate related transition risks, as the Company's principal businesses are extensively correlated with overall economic activities, most of our assets and operations are exposed to policy, technology and market transition tendency to different extents in long term. Currently, the Company believes that all of our assets and principal businesses are under the potential impacts of transition risks, though the potential impacts are insignificant. The Company will take systematic management through measures such as deepening energy saving and emission reduction, optimising product structure and driving supply chain collaboration.

In respect of climate related physical risks, upon prudent assessment on the historical climate data analysis and future scenarios in the place of our operating facilities, the Company's major productive assets are in low direct exposure to urgent physical risks such as extreme weather event. However, in consideration of the long term and uncertainty of climate changes, some of our fixed assets and supply chains located in specific geography may be exposed to cumulative impacts of chronic physical risks such as average temperature rise in the long run. The Company has already incorporated the assessment of relevant factors into the consideration scope of future new facility location and supply chain resilience management.

For climate related opportunities, the Company has already included energy efficiency increase, low carbon low energy consuming products and technology R&D into our strategic development agenda. Business activities directly related to such opportunities will be mainly concentrated in production process optimisation, existing product line upgrading and forward looking R&D among other fields, which the Company regards as an integral part of our core capability construction and long term competitiveness development.

To effectively manage above risks and opportunities, the Company will plan to invest special resources. Related capital expenditures and investments are mainly concentrated in energy efficiency improving technology renovation, pollution control facilities upgrading, new product R&D and other projects. In the future, the Company will continuously assess and dynamically adjust relevant resources allocation to ensure continued alignment with strategic direction and stakeholders' expectation.

## (10) Application of carbon pricing and carbon credit systems

In respect of carbon pricing application, as of the end of this reporting period, the Company has not officially applied a specific carbon pricing mechanism in our internal decision making process, such as strategy design, investment assessment and scenario analysis. Currently, our assessment and management on climate related transition risks are mainly based on qualitative analysis of policy tendency, technology cost and market signal, which are deemed as one of our comprehensive considerations in strategic and investment decision making. The Company will keep abreast of to the development of domestic and international carbon markets, and in the future when appropriate, will assess the feasibility of including more structured carbon cost analysis into our decision supporting tools.



In respect of the use of carbon credits, the Company currently has not set absolute total emission reduction goals expressed in terms of net zero or net GHG emissions. Our current carbon reduction efforts focus on practically reducing carbon emission intensity in our own operations (scope 1 and scope 2) by improving energy efficiency, optimising operation and applying renewable resources. Therefore, the Company currently does not intend to use any carbon credit to offset its GHG emission, nor does it depend on any third party carbon credit or offset project to meet its emission reduction goal. In the future, if the Company considers to set a net amount goal and plan to use carbon credit, then we will make strict assessment on the additionality, perpetuity, leak risk and credibility of such project according to then prevailing international or domestic high standards, and make special disclosure.

### (11) Climate-related goals

The Company strictly abides by all applicable local environmental laws and regulations in the place of operation, and during the reporting period, there was no material non-compliance arising from any breach of climate related laws and regulations. Meanwhile, we confirm that during the reporting period, governments and related laws and regulations had not set any requirement for the Company to reach a clear and quantified climate related performance, such as mandatory absolute emission reduction or intensity target.

On this basis, in order to steadily improve our operating efficiency and environmental performance, the Company has already gradually set and managed certain internal indicative goals relating to resources utilisation efficiency. Specifically, these targets are selected from multiple dimensions, including energy utilisation, pollutant emissions, waste treatment, and water resource utilisation. At present, these targets fall within the category of intensity targets, which are primarily established based on the Company's own operational improvement plans. They have not yet been directly benchmarked against specific international climate agreement commitments or the Science Based Targets initiative. According to the preliminary plan, these targets are mainly intended to serve the macro purpose of mitigating the impacts of climate change, covering the Company's key operational areas, with the actual performance during the reporting period serving as the measurement benchmark.

The Company has not yet provided specific quantitative performance data or trend analysis corresponding to the internal indicator-level targets in the report. This arrangement is based on the following prudent considerations: the intensity targets set internally by the Company are still in the preliminary tracking stage, and the relevant data collection and verification systems are still under continuous development and lack consistency. The performance information disclosed at this stage may not yet be sufficiently reliable or comparable due to limitations in statistical scope or calculation methodologies. Moreover, meaningful trend analysis requires the accumulation of continuous data across multiple reporting periods, and the Company's current historical data base is insufficient to support robust trend interpretation.





In response to stakeholders' expectations, the Company has begun to carry out the necessary preparatory work, including reviewing existing sources of energy consumption and emissions data, and assessing the consistency of accounting across different operational locations. We plan to gradually advance the disclosure of relevant environmental management targets or performance information in phases as the internal management system is progressively refined and the data base continues to accumulate. Given that this work involves cross-departmental coordination and the standardisation of accounting methodologies, the specific timetable will need to be adjusted according to actual progress. The Company will continue to assess the conditions for disclosure and update the progress in subsequent reports as appropriate, ensuring that it gradually meets regulatory requirements on the basis of having sufficient and reliable information.

## (12) Applicability of cross-industrial indicators and industrial indicators

In preparing climate-related disclosures, the Company is fully aware and understands the industry-specific indicators and general cross-industrial indicators recommended by many international frameworks including IFRS Sustainability Disclosure Standards S2: Industry-based Guidance on implementing Climate-related Disclosures. The Company recognises the value of such indicators in promoting the comparability of reports. However, based on the prudent assessment of the Company's actual situation, this analysis does not officially refer to or benchmark against such external indicator systems.

This decision is based primarily on the following reasons: Firstly, our dual materiality assessment finds that climate related topics currently and in the predictable future are not financially material, so we focus on core business management which is most related to our own direct risk and operational risk. Secondly, the Company's business model and operation priorities are somewhat unique, for example, our business portfolio, capital allocation, operating stage and other sections are different compared to typical peer companies, so that direct use of industrial indicators may not accurately reflect our actual performance and management key points. Additionally, in practical operation level, we observe that the transparency and granularity of reliable indicator data obtainable by peers are non-aligned, while the cross-industrial indicators have limited value of reference. Currently, there is no specialised team or mature process inside the Company to systematically collect, verify and compare extensive external indicator data. To ensure the accuracy, reliability and management practicability of disclosed information, we choose a more prudent disclosure manner this time. In the future, along with the change of internal and external conditions, improvement of industrial data transparency, and progress of our own management capacity, the Company will review this position, and when appropriate, consider gradual inclusion of more comparable external reference indicators.



# 3

## Fulfilling Green Operational Responsibilities

### Issues Addressed:

- Pollutant emission, waste treatment, ecosystem and biodiversity protection, environmental compliance management, energy utilization, water resource utilization, circular economy, employees, safety and quality of products and services

### Content Index of this Chapter

1. Emissions
2. Use of resources
3. Environmental compliance management
4. Safe production





“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.

“Lucid waters and lush mountains are invaluable assets.” 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, energy savings and emissions reduction, environmental compliance management, safe production, and other efforts, the Company actively promotes the coordinated development of production and operations with environmental protection, minimize the impact on the surrounding environment and ecological species in the areas where we operate, and remain committed to making positive contributions to national energy conservation, emission reduction and environmental protection.

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”. Meanwhile, the Company actively practiced the concept of circular economy by further strengthening waste management, optimizing resource utilization, and promoting resource recycling.

## (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



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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 employees training on environmental protection knowledge to raise their awareness of compliant handling of emissions and waste. Meanwhile, relevant environmental production management system was formulated and implemented to penalize and educate departments that violate emission regulations. 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 organized by the Municipal Emergency Bureau, fulfilling our corporate social responsibilities. The emission data of major subsidiaries during the reporting period is as follows:

### A. Exhaust gas emission reduction measures:

Implementing entity	Reduction measures
The Company and its subsidiaries	Regularly maintain the exhaust gas treatment facilities
Minhui Tianhai	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	Adopt lightweight product design

The emission data is as follows:

Index	Emission data
Nitrogen oxide (NO <sub>x</sub> )	Approximately 13.01 tons
Sulfur oxide (SO <sub>x</sub> )	Approximately 1.16 tons
Particulate matter (PM)	Approximately 1.11 tons
Volatile organic compound (VOC)	Approximately 828.60 tons

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



**B. Wastewater discharge reduction measures:**

Implementing entity	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.

The emission data is as follows:

Total amount of industrial wastewater produced		Approximately 162,082.16 tons
of which	Emission	Emission data
1	Chemical Oxygen Demand (COD)	Approximately 2.108 tons
2	Biochemical Oxygen Demand (BOD)	Approximately 8.654 tons
3	Ammonia nitrogen (NH3-N)	Approximately 0.022 tons
4	Total nitrogen (TN)	Approximately 0.633 tons
5	Suspended solids	Approximately 0.688 tons
6	Total phosphorus (TP)	Approximately 0.028 tons
7	Animal and vegetable oils	Approximately 0.04 tons
8	Petroleum	Approximately 0.021 tons

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

**C. Water resource utilization:**

With regard to water resources, 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 monitor 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 premise of complying with the laws and regulations of the locations in which the Company operates and obtaining the necessary compliance documents, the Company has increased the number of looped water



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pipes and cooling facilities to meet the needs of process and production while saving a large amount of water resources. Meanwhile, 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.

Index	Data
Total water consumption (tons) (including intake volume of fresh water, etc. and reused water volume)	241,899.22
Reuse rate (%) (ratio of reused water volume to total water consumption)	55
Water resource utilization intensity (ton/RMB10,000)	2.68

### D. Waste reduction measures:

Implementing entity	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.
	<p>Of which</p> <ol style="list-style-type: none"> <li>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 recycling;</li> <li>2. Non-hazardous recyclable waste: scrap metal materials and parts, non-hazardous packages are collected by the waste recycling company;</li> <li>3. Other general waste: household waste is disposed by the municipal government.</li> </ol>

In order to effectively control the waste generated from production, office and domestic waste and 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 for waste reduction.



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. Meanwhile, 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.

## E. Waste management

### 1. Hazardous waste

In 2025, the Company mainly generated hazardous waste in its business operations such as oil-contaminated waste and spray paint waste. During the reporting period, the total generated amount was approximately 150 tons, which were delivered for recycling to qualified waste disposal entities recognized by the Ministry of Ecology and Environment, and a small amount of other hazardous waste, with details as follows:

Other hazardous waste	Emissions data
Benzene	Approximately 0.01 tons
Benzene series	Approximately 0.046 tons
Non-methane total hydrocarbons (NMTHC)	Approximately 1.935 tons
Dust generated in shot blasting process	Approximately 0.187 tons

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



## 2. Non-hazardous waste

In 2025, the Company mainly generated non-hazardous recyclable waste in its business operations such as scrap steel, scrap aluminum, waste moulds and other metals. During the reporting period, the total generated amount was approximately 2,934 tons, which were collected by recycling companies, and a small amount of other wastes such as domestic waste generated were collected by the municipal government for disposal.

In 2025, the packaging materials used by the Company were as follows:

Type of packaging materials	Quantity used
Packaging box	Approximately 86.1 tons
Foamed plastics	Approximately 5.5 tons
Total	Approximately 91.6 tons

In summary, during the reporting period, 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. Meanwhile, promoted the efficient recycling of non-hazardous waste to reduce the environmental impact caused by the waste generated from production and operation, and promoted the environmental protection and waste reduction work of the enterprise. For hazardous waste, the Group 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.

### F. Waste recycling:

According to the Company’s actual situation of its environmental management in 2025 and in combination with the current statistical caliber and business model, the index “waste recycling volume” has not been included in the accounting scope of the current year mainly because the Company’s current waste control mode and statistical caliber fail to fully match the definition of this index.

During the reporting period, the Company strictly complied 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”, and focused on compliant disposal and source reduction for waste management. The Company established strict procedures to control hazardous waste generated in operations, ensured that all such waste is entrusted to qualified professional entities for standardized disposal, and kept records of the entire storage and transportation process. Under this model, hazardous waste was ultimately incinerated, landfilled and otherwise harmlessly treated, without involving internal resource recycling within the Company.

Meanwhile, the Company actively promoted efficient recycling of non-hazardous waste to reduce its environmental impact. However, relevant data statistics mainly concentrated on the total volume of waste entrusted for recycling and disposal, and focused on reflecting compliant recycling processes and minimized environmental impacts, without separately extracting and calculating the “recycling volume” of waste re-used in production.



In view of its current business scope and production process, the Company has not yet established a large-scale closed-loop recycling system for internal waste, so waste is not re-put into re-use in production after entrusted disposal. Therefore, the existing statistical caliber is essentially different from the internal recycling accounting required by the index “waste recycling volume”, resulting in no accounting basis for this index in the current year. In case of any change in its waste recycling policy, the Company will promptly follow up the establishment of a relevant accounting mechanism in a timely manner when necessary.

## (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 internal 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. Meanwhile, 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. Meanwhile, 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.



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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.

Energy consumption (including natural gas, water, electricity, etc.) of the Company and its major subsidiaries in 2025:

No.	Energy	Measuring unit	Total consumption for 2025	Energy consumption per RMB10,000 output (TCE/RMB10,000)
1	Natural gas	0'000 cubic meters	669.284	0.0988
2	Petrol, diesel	Tons	44.88	0.0007
3	Heat	Million kJ	30,057.62	0.0114
4	Electricity	0'000 kWh	4,942.7751	0.0674
5	Water consumption	Cubic meters	260,339.2109	2.8892

Energy consumption of the Company and its major subsidiaries in 2025:

Energy index	Current period	Previous period
Total direct energy consumption (TCE)	16,067.19	18,588.69
Total indirect energy consumption (TCE)	Not applicable	Not applicable
Total energy consumption (TCE)	16,067.19	18,588.69
Including: Clean energy consumption (TCE)	1,675.643	1,262.588
Total energy consumption intensity (TCE/RMB10,000)	0.1783	0.2391



(Notes about relevant data accounting: ① The Company incorporates all direct energy consumption within its factory area into direct energy accounting. The accounting result is obtained by converting the physical consumption of various types of energy (as listed in the previous table) into ton of standard coal equivalent (TCE) in accordance with the national unified conversion coefficient, and then aggregating the converted volumes. ② During the reporting period, the Company has not yet formally incorporated indirect energy consumption (mainly referring to energy consumption generated by purchased electricity, heat, etc.) into its internal accounting and management system, mainly based on the following considerations: First, the Company operates in multiple scattered locations, so the acquisition and accurate separate measurement of partial energy consumption data require communication with multiple upstream electricity and heating companies, with practical difficulties and hard to ensure the integrity and reliability of data sources. Second, according to the current “double materiality” assessment, the proportion of indirect energy consumption in the Company’s overall environmental impact and its financial materiality are relatively limited. The management currently gives priority to directly self-controllable direct energy consumption. In addition, there are still certain differences in the accounting boundaries and methodologies for indirect energy within the industry. To maintain the prudence and consistency of information disclosure, the Company chooses not to incorporate it at this stage. In the future, we will continue to monitor the evolution of data availability and methodology, and adjust the accounting scope in a timely manner when conditions permit. ③ The company includes electricity consumption generated from renewable energy (e.g., hydropower, wind power, and photovoltaic power) in clean energy consumption after converting it into TCE.)

Meanwhile, in order to reduce the significant impact on the ecological 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. In the course of production and operations, 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 local environmental protection organizations and government departments to jointly promote the sustainable development of industry and society.

Furthermore, during the reporting period, our core business activities did not have a significant impact on the environment and natural resources. Our core operations did not involve the large-scale direct exploitation or consumption of natural resources such as water, land and local flora and fauna, and did not have any negative impact on ecosystems or biodiversity. The environmental impacts generated in our daily operations were mainly limited to conventional office energy consumption, business travel and waste generation. The Company has established a corresponding environmental management system and is committed to continuously reducing the above conventional impacts through energy conservation measures, waste classification and other initiatives.



The Company confirms that, under its current operating model, there are no significant environmental impacts arising from its business activities that require special declaration or disclosure in accordance with relevant environmental laws and regulations. In the future, we will continue to fulfill our environmental responsibilities by optimizing internal management.

### (3) Environmental compliance management

For environmental compliance management, the Company has established a systematic environmental risk management system, aiming to comprehensively identify, assess, prevent and respond to potential environmental incidents. We regularly conduct environmental risk identification and assessment covering all operational links, systematically identify potential environmental risk factors in processes such as production, storage, transportation and waste disposal, and grade these risks according to their probability of occurrence and potential impact, providing a scientific basis for formulating targeted management strategies.

To effectively prevent relevant risks, we have implemented stringent management measures, including but not limited to: continuously optimizing production processes to reduce pollution risks at the source; strengthening daily inspections and preventive maintenance of environmental protection facilities to ensure their stable operation; strictly implementing the management systems for chemicals and hazardous waste; and regularly providing employees with training on environmental protection regulations and operational procedures to enhance their awareness and capability in preventing environmental risks.

In response to possible environmental emergencies, the Company has formulated and continuously improved a comprehensive emergency response plan, which specifies the emergency organizational structure, early warning mechanism, information reporting procedures, on-site response plan and post-incident evaluation procedures. We regularly conduct emergency drills to test the effectiveness of the plan and enhance the team's emergency response capacity, ensuring that we can quickly and effectively control the situation in case of emergency, minimize the impact on the environment, and earnestly fulfill our corporate responsibilities for environmental protection.

### (4) Safe production

In 2025, in compliance with the work deployment requirements of the Municipal Party Committee, the Municipal Government, the Municipal Emergency Bureau, the Municipal SASAC, and the parent 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. During the year, no serious liability accidents related to product and service safety occurred within the Company.



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.



X-ray Mis-irradiation Prevention Drill



Object Strike Drill



Fire Drill





### 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 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

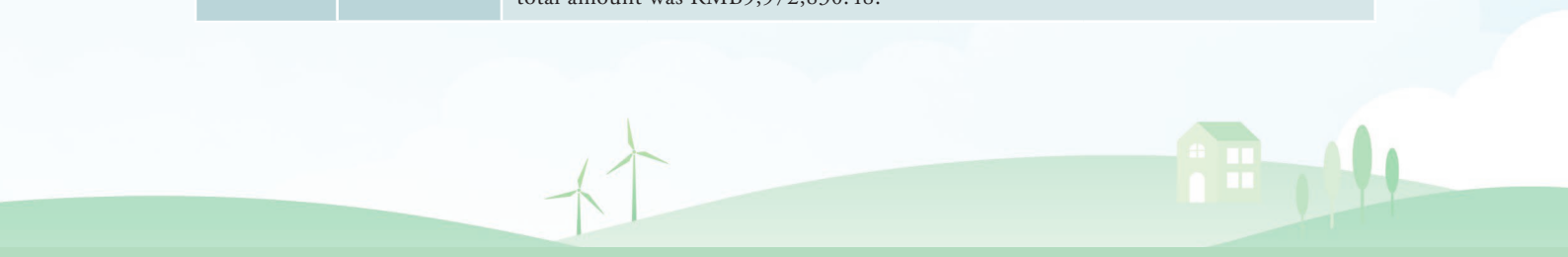


3) Bases of relevant policies and data of precautionary measures

Monitoring locations of hazards	Frequency	Points	Qualified points	Unqualified points
	1	389	347	42
Occupational health checks	Frequency	Pre-job health check	On-the-job health check	Post-job health check
	1	127	468	13
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: Heat Stress”; GBZ/T192.1-2025 “Determination of Dust in the Air of Workplace-Part 1: Total Dust Concentration”; GBZ159-2004 “Specifications of Air Sampling for Hazardous Substances Monitoring in the Workplace”; GBZ2.1-2019 “Occupational Exposure Limits for Hazardous Agents in the Workplace – Part 1: Chemical Hazardous Agents”; GBZ2.2-2007 “Occupational Exposure Limits for Hazardous Agents in the Workplace -Part 2: Physical Agents”.			

4) Data and measures of safe production management

Production safety	Work-related injuries	Year	Total (‰)	Death (‰)	Serious injury (‰)	Minor injury (‰)	Near misses (‰)
		2025	0.75	0	0.75	0	0
		2024	4.5	0	0	4.5	0
		2023	2	0	0	2	0
	Loss days	0 (Not applicable)					
	Safety investment	Kuancheng Tianhai invested RMB430,945.4, Minghui Tianhai invested RMB1,459,941.28, Tianhai Hydrogen Energy invested RMB1,851,482.86, Shanghai Tianhai invested RMB1,025,623, Tianjin Tianhai invested RMB2,977,967.32, Tianhai Industry invested RMB420,333.87, BYTQ invested RMB1,806,536.75. The total amount was RMB9,972,830.48.					





# ESG MANAGEMENT APPROACH

<b>Production safety</b>	<b>Fire prevention measures</b>	<ol style="list-style-type: none"> <li>1. Establish responsibility system of fire prevention post and management system of fire safety;</li> <li>2. Organize fire examination regularly;</li> <li>3. Organize fire drill, strength fire prevention training and publicity;</li> <li>4. Equip with fire-fighting apparatus and fire prevention facilities;</li> <li>5. Prohibit smoking in the public areas and production areas of the Company;</li> <li>6. Install emergency lights, evacuation signs, smoke sensors and manual alarm devices in the main building and annex building of the Company's office building.</li> </ol>
	<b>Safety measures</b>	<ol style="list-style-type: none"> <li>1. Establish 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;</li> <li>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 and management systems, and establish and improve the safety responsibility;</li> <li>3. Strengthen the management of dangerous goods and training on operational safety procedures; conduct occupational health checks and training; strengthen the management of relevant party safety, work team safety and labour protection supplies; focus on the implementation of the inspection and supervision responsibility;</li> <li>4. Set out specifications and install safety facilities based on the safety measures required by the "three simultaneities". Based on the safety management system of Tianhai Industry, establish safety management organizations; assign special safety management personnel and formulate safety management requirements; provide regular safety education training; require the special workers to report duty with certificate; establish a dual-prevention mechanism of risk control and investigation on potential hazards.</li> </ol>
	<b>Regulatory methods</b>	<ol style="list-style-type: none"> <li>1. Implement the responsibility system for work safety at all levels;</li> <li>2. Improve the work safety management system;</li> <li>3. Strengthen safety training, education and publicity;</li> <li>4. Enhance safety supervision and inspection;</li> <li>5. The headquarters of the Company adopts an inspection mechanism of "monthly scheduling, quarterly inspection, and full coverage" for its subsidiaries.</li> </ol>





# 4

## The People-Oriented Principle for Creating Harmonious Labour Relations

Issues Addressed:

- Employees, innovation-driven

Content Index of this Chapter

1. Employee management
2. Employment policies
3. Employee promotion, remuneration and incentive policies
4. Labour standards
5. Talent cultivation
6. Care for employees

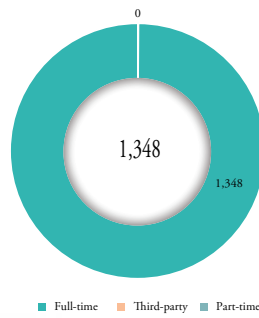




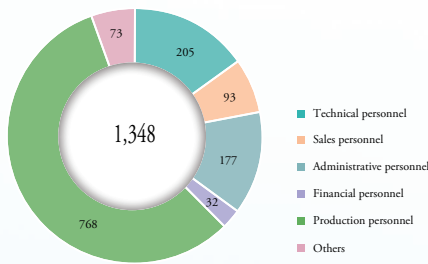
The Company regards its employees as the cornerstone of growth. We cherish their hard work and regard them as the Company’s precious wealth. Not only is the Company committed to creating a safe working environment and a smooth career development path for employees, but also safeguarding the labour rights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

## (1) Employee management

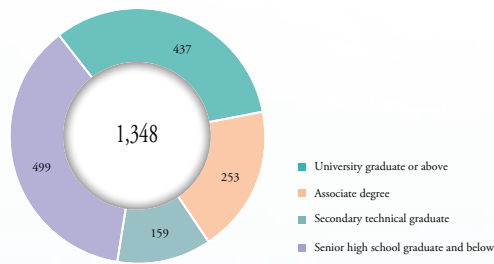
The Company embraces and values the diversity of employees and pay efforts to gather talents from different cultures and social backgrounds in order to fully utilize talents. Following on from strategic requirements of “transforming from manufacturing to service-oriented manufacturing business” and “marching 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.



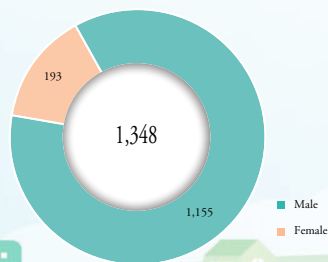
Picture: Total number of employees by employment type



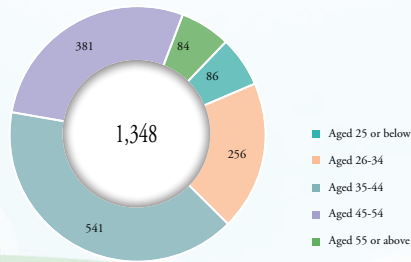
Picture: Employee by profession



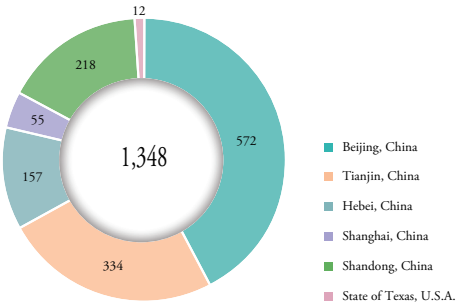
Picture: Employee by education level



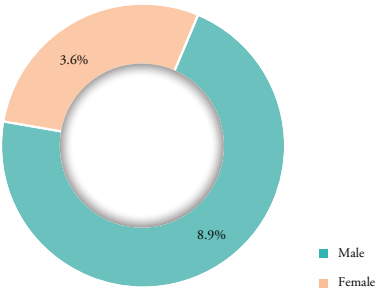
Picture: Employee by gender



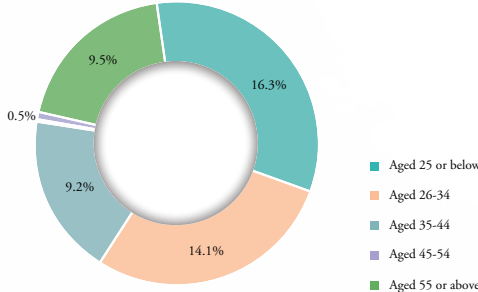
Picture: Employee by age



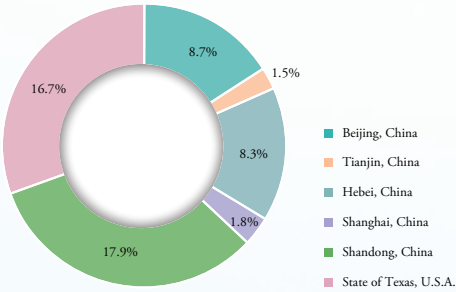
Picture: Employees by region



Picture: Employee turnover rate by gender



Picture: Employee turnover rate by age



Picture: Employee turnover rate by region





### (2) Employment policies

The Company adheres to 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”. Meanwhile, 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.





Step	Item	Content
1	Staffing needs	All departments and branches of the Company put forward the staffing needs in strict accordance with rules and regulations;
2	Formulating 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	Implementing 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	Organizing interviews	After the selection and confirmation of candidates, the Company will regularly or irregularly organize interviews to have a comprehensive understanding of candidates;
5	Onboarding procedures	The Company performs the onboarding formalities for selected personnel, signs legal labour contracts, provides induction training and completes the enrollment procedures.

### (3) Employee 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.





## ESG MANAGEMENT APPROACH

To enhance employees' enthusiasm for work and innovation capabilities, 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.

Name of activities	Description of activities	Results of activities
"Ankang Cup" competition	The Company organized a "Safety Publicity and Q&A" activity to answer safety-related questions encountered by employees in their work and daily life, so as to enhance their safety awareness and prevention capabilities.	The activity effectively urged the Company to fulfill its primary responsibility for work safety, further raised the enthusiasm of frontline employees, improved their safety skills and hazard identification capabilities, promoted the continuous improvement of their occupational health status, and drove the steady enhancement of the Company's work safety management.
Caring working model	The Company vigorously promoted the spirit of model workers, labour, craftsmanship and innovation, strengthened the exemplary and leading role of models, and set examples and benchmarks to foster an atmosphere of striving for excellence.	One employee of the Company was awarded "Beijing Model Worker" for 2025; one employee was awarded "National Craftsman of the Machinery, Metallurgy and Building Materials Industry"; two employees were awarded "Jingcheng Machinery Model Worker". In addition, the Company selected 20 work models and post experts, 10 advanced collectives and 10 excellent cost reduction and efficiency improvement projects in 2025.
Boosting Sales and Striving for 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	18 individuals were awarded the titles of Top Salesperson, Sales Expert, and Encouragement Award.
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	Tianhai Hydrogen's composite gas cylinder innovation workshop was rated as 2024 Beijing Municipal Demonstration Worker Innovation Workshop and joined the Alliance of Demonstration Model Worker and Craftsmen Innovation Workshops of China Machinery, Metallurgy and Building Materials Workers Technical Association. The Type IV cylinder innovation workshop and the intelligent manufacturing & digital innovation workshop were rated as Jingcheng Machinery's group-level worker innovation workshop. Three invention patents received support from the 2025 Beijing worker innovation invention patent program.



**(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 marriage leave, maternity leave, paid annual leave, bereavement leave, paternity leave, and breastfeeding leave, etc..

**(5) Talent cultivation**

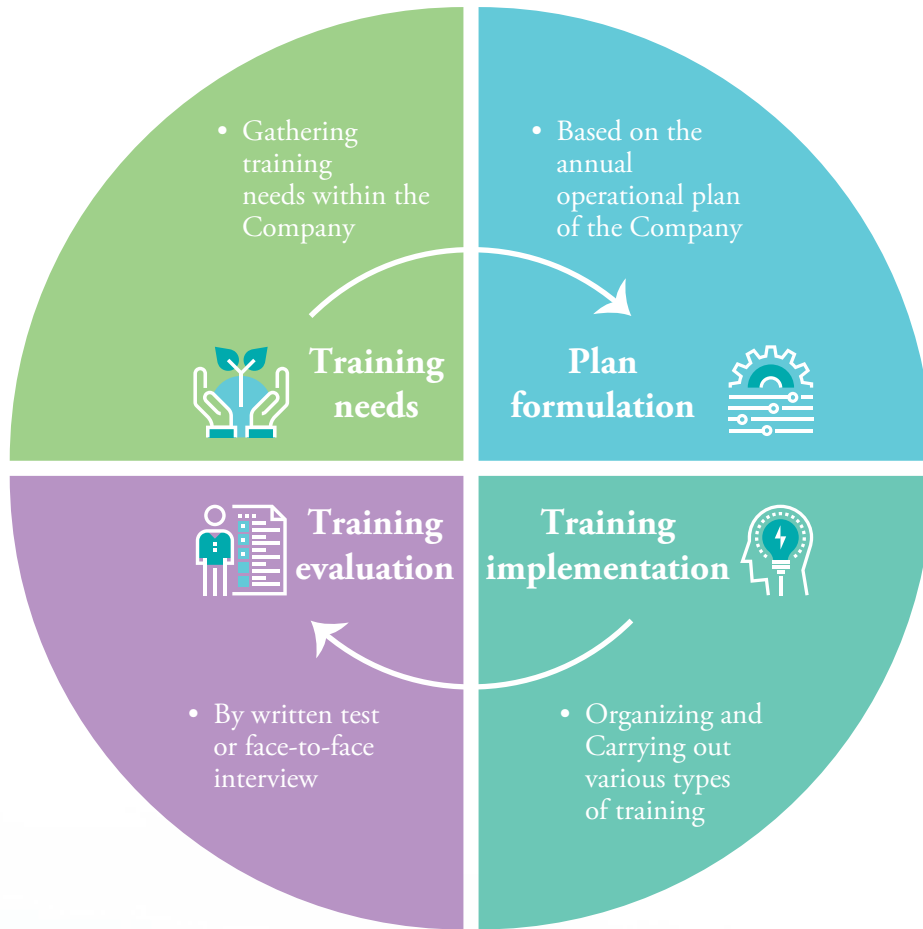
The Company provides systematic training to employees according to its business development strategy. By encouraging their use of spare time for learning, employees’ knowledge, skills and quality are improved and their personal development needs are fulfilled, enabling them to better meet the Company’s 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 the Company’s regulations.

In 2025, according to the “2025 Training Plan”, the Company completed a total of 41,645 hours of training, involving a total of 7,644 training participants, with an average training time per person of 31 hours, of which training time for male employees was 30 hours per person and training time for female employees was 39 hours per person, and the percentage of employees participating in training was 100%.

While conducting comprehensive training, the Company also provides specialized 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.

Types of employees	Total training hours	Training hours per person	Percentage of employees participating in training
Technical personnel	6,106	29	100%
Sales personnel	2,091	22	100%
Administrative personnel	7,531	42	100%
Financial personnel	1,909	59	100%
Production personnel	23,746	30	100%
Others	262	3	100%
Total	41,645	30	100%





**Picture: Training system of the Company**

Throughout the year, the Company has built a comprehensive and diversified training system featuring “empowerment for key positions + company-wide risk prevention and control + technical and quality breakthroughs + safety and compliance guarantee” around its strategic development and higher-level deployment, with a focus on improving the capabilities of management at middle and senior levels, and effectively strengthening their comprehensive capabilities of performing duties.



The training primarily covered eight major areas: (1) specialized training organized by higher-level authorities, which implemented requirements from the higher-level authorities and assisted relevant personnel in seizing policy opportunities and enhancing management skills; (2) professional training for key positions, which provided targeted empowerment for roles such as finance and discipline inspection; (3) all-staff risk prevention and control training, which delivered financial risk management training to middle management and above, reinforcing the defensive lines for development; (4) specialized technical and quality training, which focused on qualification certification, standard application, and core skills to strengthen technical breakthrough capabilities; (5) specialized training on business sales and procurement, which enhanced procurement team capabilities from the perspectives of business acumen, digital empowerment, and compliance management; (6) specialized training on safety, which centered on compliance, targeting, tiered approaches, and all-staff participation to solidify safety responsibilities at all levels; (7) specialized training on functional management, which focused on work discipline and lean operations to improve management efficiency; and (8) specialized training for skilled talents, which adopted a “on-the-job training” model to consolidate the foundation of the skilled workforce, while also completing various other special training programs.



Picture: Basic Compliance Training for Listed Companies



Picture: Training on Cost Management and Quality Improvement



Picture: Training on Five Major Tools





### (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, supporting construction of innovative workshops, encouraging position innovation, soliciting 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.

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 Warm Foundation, 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, actively carried out mutual assistance and relief activities, and handled mild disease insurance compensation for one person. The Company handled a total of 175 members' hospitalization and warm mutual assistance secondary reimbursement and claims, reducing the economic pressure of employees with burden of medical treatment.





During the dual festivals, the Company carried out caring activities, gave consolation money to 38 employees who were in difficulties, model workers, employees suffered from illness and those who stuck to their duties and expressed sincere solicitude to 113 frontline production employees who worked overtime during the Spring Festival to ensure order fulfillment. 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 34 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 10 employees whose children started to study in universities to apply for grants. We also distributed stationaries to 14 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 with higher standards, 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 2025, the Company has continuously organized a variety of cultural and sports activities to foster a united, progressive and enthusiastic corporate culture, continuously enhanced organizational cohesion, and ignited the passion of employees for career and entrepreneurship. During the Spring Festival, the Company held the “Happy Year of Snake, Endless Vitality” (巳巳如意，生生不息) fun activity to carry forward the spirit of unity, cooperation and positivity through group tug-of-war, collective rope skipping, and card games in a relaxed and joyful atmosphere. On International Women’s Day, the Company organized the activity themed with “Immersed in the Grand Canal Culture, Uniting the Strength of Women” (沐浴運河文化，凝聚巾幗力量) to further enhance the cohesion and cultural identity of female employees through brisk walking in the Central Green Forest Park and a visit to the Grand Canal Museum of Beijing. The Company also held the badminton competition “Striving for the Half-Year Goals with You” (奮戰雙過半，羽你共衝刺) to demonstrate the enterprising spirit of employees, boost their morale, and encourage them to sprint toward the annual goal with full determination. The Company actively selected outstanding team members to participate in the 2025 badminton, basketball and brisk walking competitions hosted by Jingcheng Machinery to fully display the positive spirit of Tianhai Industry employees. Meanwhile, the Company promoted the regular operation of interest groups. The table tennis, billiards, badminton and brisk walking groups held various small-scale activities to promote the physical and mental well-being of employees. The continuous development of a series of cultural and sports activities not only effectively enriched the cultural life of employees in their spare time, but also created a happy, harmonious, united and progressive corporate atmosphere and injected sustained vitality into the high-quality development of the Company.



# 5 Creating Value and Contributing to Society

## Issues Addressed:

- Rural revitalization, social contribution, innovation-driven, supply chain security, equal treatment to SMEs, safety and quality of products and services, data security and customer privacy protection, due diligence, anti-commercial bribery (see anti-corruption), and anti-unfair competition

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| 1. Strict compliance with laws                 | 6. Quality assurance       |
| 2. Promoting integrity in business conduct     | 7. Supply chain management |
| 3. Innovation and intellectual property        | 8. Equal treatment to SMEs |
| 4. Protecting information security and privacy | 9. Social contributions    |
| 5. Customer services                           |                            |





### (1) Strict compliance with laws

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 systems and processes and the level of informatization, conducts an annual review to comprehensively sort out its systems and processes, promptly repeals outdated clauses and fills management gaps, and ensures its systems and processes are compliant and adaptable to its development needs. The Company also continues to strengthen its legal foundation management, continuously reinforces the legal review of contracts, rules and regulations and major decisions, and optimizes the review mechanism and strengthens management and control efficiency in combination with the annual review results of systems and processes, laying a solid rule-by-law foundation for its high-quality development. The Company has completed internal control audits, internal control evaluations and special audits with high quality in accordance with the audit plan, promoted the thorough rectification of problems through the regular notification mechanism, and continued to strengthen its risk prevention and control system.



Picture: Special Training Session on Contract Review



### (2) Promoting integrity in business conduct

The Company regards business ethics and anti-corruption as the cornerstone of its corporate compliance operations, and will continue to optimise relevant management regulations and organisational structures to enhance management level.

In terms of governance, the Company has established a relatively comprehensive supervision and management framework for business ethics and anti-corruption. The Company has set up an internal discipline inspection office, performed personnel selection, built a top-down management system led by the Company's discipline inspection committee, optimised the management structure, integrated disciplinary enforcement resources, continuously strengthened internal supervision, and further advanced Party conduct and anti-corruption efforts. The Company strictly complies 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 its overseas projects are located, adheres to lawful and compliant operations, and consciously maintains a fair and orderly market order. The Company has established clear discipline on integrity, strictly prohibiting corruption, fraud, money laundering, extortion, bribery, improper transfer of benefits and other violations of rules and disciplines. The Company is also committed to raising the integrity awareness of all employees, suppliers and customers, and building a corporate culture of integrity.

The Company regards the cultivation of an integrity culture as a strategic project for comprehensively enforcing strict Party discipline. Through systematic efforts to instil a culture of integrity among employees of an state-owned enterprise, it reinforces their ideological defence against corruption and misconduct. These strategic initiatives include regular warning education sessions with "disciplines explained through cases and reforms promoted through cases" to enhance the effectiveness of education; strictly advancing corporate governance in accordance with rules, regulations and laws to establish a well-defined and standardised risk prevention and control system for integrity; and vigorously promoting an integrity culture in the new era, embedding the concept of integrity in both mindset and actions, and continuously fostering a political environment of uprightness, so as to provide a strong political guarantee for the high-quality development of the Company and its directly affiliated entities. During the year, all directors, management and employees of the Company received training on anti-commercial bribery and anti-corruption, ensuring full coverage of integrity awareness.

The Company systematically identifies and manages risks and opportunities relating to business ethics and anti-corruption. The main risks include legal proceedings, regulatory penalties and reputational losses that may arise from corruption, bribery, unfair competition and other misconduct. To effectively manage these risks, the Company has established a variety of open channels for reporting corruption-related violations. Informants can report through channels such as the complaint reporting telephone line, email, and suggestion box. The Company has implemented, by reference, the "Administrative Measures Regarding the Acceptance of Complaints and Reports, Handling of Accusations, and Disposal of Problem Clues by Discipline Inspection and Supervision Agencies 《關於信訪舉報紀檢監察機構受理信訪舉報、處理檢舉控告和問題線索處置管理辦法》" of Jingcheng Machinery Electric to regulate reporting procedures and ensure that complaints and reports are handled in a timely and effective manner. Meanwhile, the Company strictly protects the confidentiality of reporters and the content of their reports, strictly forbids any form of retaliation against reporters, and effectively safeguards their basic rights and interests. During the reporting period, the Company had no legal proceedings related to corruption, bribery or unfair competition, nor were any legal cases concerning corruption involving the Company or its employees identified.

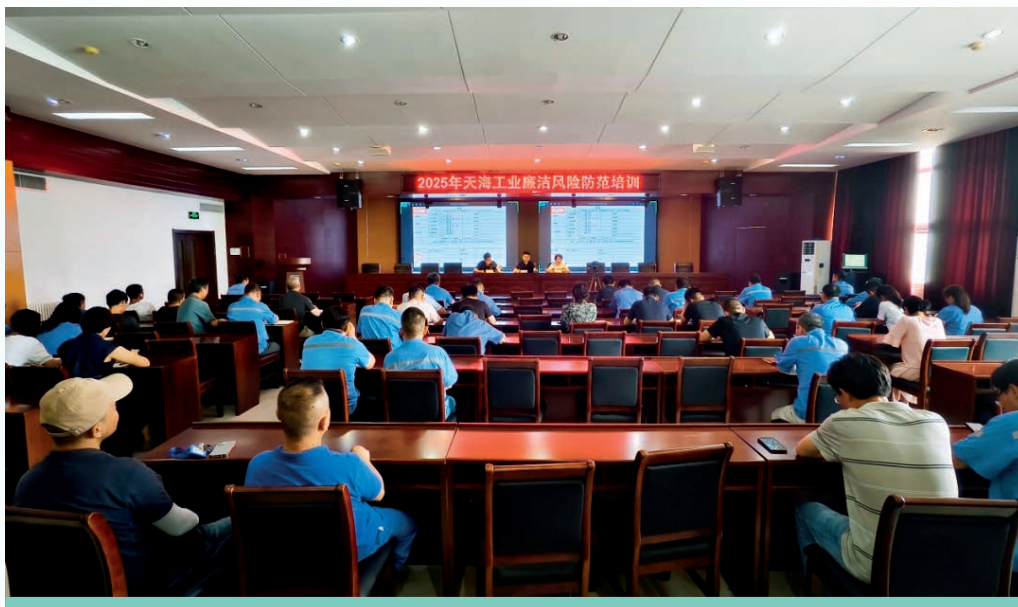
In terms of performance indicators, the Company continuously tracks and discloses key performance metrics: during the reporting period, all directors, management and employees of the Company received training on anti-commercial bribery and anti-corruption, with a training coverage rate of 100%. The Company had no legal proceedings related to corruption, bribery or unfair competition, and the number of corruption-related legal cases was zero. In terms of



targets, the Company is committed to maintaining zero corruption cases and zero related legal proceedings, and further strengthens the corporate environment of integrity by continuously improving its reporting mechanism and integrity education. Going forward, the Company will regularly review the coverage frequency and effectiveness of anti-corruption training, and continuously optimise its internal control measures to ensure ongoing compliance with legal and regulatory requirements and the expectations of stakeholders.



Picture: 2025 All-round Strict Governance of the Party (Party Building) and Discipline Inspection Work Meeting



Picture: 2025 Training on Integrity Risk Prevention



### (3) Innovation and intellectual property

The Company regards technological innovation as a key engine to drive long-term value creation and enhance core competitiveness. Focusing on the fields of gas storage and transportation equipment and intelligent manufacturing, the Company systematically promotes R&D innovation and achievement transformation.

At the governance level, the Company has established a relatively complete management structure and institutional system for technological innovation. The Company implements a two-tier R&D management system: the first-tier R&D center is mainly responsible for the reserve and research of generic technologies, key technologies and cutting-edge technologies; the second-tier R&D center focuses on the serialized development of existing products and the iterative optimization of applied technologies. This structure ensures the organic integration and efficient collaboration between basic research and application development. In addition, the Company has formulated a series of internal regulations including the “Technology R&D Management System”, which clarifies the whole-process requirements for R&D project initiation, process management, achievement evaluation and intellectual property protection. In respect of intellectual property management, the Company strictly complies with the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China” and other relevant laws and regulations, incorporates intellectual property protection into daily management and has established a comprehensive management system covering patent mining, trademark maintenance and infringement risk prevention and control, so as to safeguard the brand value and legal rights and interests of innovative achievements.

Focusing on its two core fields of gas storage and transportation equipment and intelligent manufacturing, the Company has determined a clear strategic direction for technological innovation, with key layout in cutting-edge areas such as hydrogen energy equipment and industrial automation equipment manufacturing, and committed to consolidating and enhancing its industry position through continuous technological breakthroughs. Regarding strategic objectives, the Company has set a long-term and stable target for R&D investment intensity, namely the annual R&D investment will account for no less than 3% of its main business revenue. Such investment is mainly funded by the Company’s own capital. Through robust cash flow management and annual budget planning, the Company ensures the fundraising arrangement and sustainable support for its R&D. The determination of this strategic direction aims to respond to the industry transformation trend with forward-looking technological reserves and lay a solid foundation for future market expansion.

Meanwhile, the Company also deeply recognizes that technological innovation capabilities are directly related to the sustainability of product competitiveness and market position. If no breakthroughs can be achieved in innovation in the long run, the Company will face potential risks such as lagging core technology iteration, declining added value of products, and squeezed market shares. To effectively control these risks, the Company has established a systematic response mechanism: Firstly, ensure the intensity of R&D investments and the sustained supply of innovation resources through rigid systems; Secondly, focus on tackling key technologies of core products and orient R&D direction with actual demands; Thirdly, improve the internal incentive mechanism to stimulate the innovation vitality of R&D personnel; Fourthly, actively carry out industry-university-research collaboration and expand channels of technology sources. Fifthly, advance patent layout in an orderly manner, and timely transform innovation achievements into legally



protected intellectual property assets. Through the above measures, the Company strives to keep innovation risks within an acceptable range and continuously translate technological innovation into market competitive advantages.

In terms of R&D investment and staffing, during the reporting period, the Company achieved the strategic target that R&D investment accounts no less than 3% of its main business revenue. As of the end of the reporting period, the Company had 205 R&D personnel, accounting for 15.21% of its total number of employees. To protect intellectual property achievements, the Company continued to advance the application and layout of patents and trademarks at home and abroad. During the reporting period, the Company completed 7 new applications for invention patents and was granted 12 invention patents. As of the end of the reporting period, the Company owned a total of 42 valid invention patents and 114 utility model patents, with another 17 proprietary technologies still under approval. In respect of trademark protection, 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, forming a trademark protection network covering major target markets.

In terms of R&D progresses and application of achievements, the Company has continuously promoted the transformation of innovative achievements into practical productive forces, and closely integrated patented technologies with new product development, production process optimization and intelligent manufacturing upgrading. The application of these scientific and technological innovations is of positive significance to the development of new quality productive forces. On the one hand, by improving resource utilization efficiency and production automation, we promote the green and intelligent transformation of the traditional manufacturing model. On the other hand, the layout in cutting-edge fields such as hydrogen energy equipment provides equipment support for the improvement of the clean energy industry chain, and exerts a positive impact on promoting economic structure optimization and social sustainable development. The Company will keep track of the progress in achieving various indexes and timely optimize its innovation target system in light of changes in internal and external environments.

#### **(4) Protecting information security and privacy**

In the context where the ESG concept is deeply integrated with digital transformation, information and network security has become a core pillar for enterprises to fulfill their environmental responsibilities, safeguard public interests, and improve corporate governance. The Company has established a cybersecurity and informatization committee, composed of the primary person in charge as the leader and other committee members. The committee office is located within the Intelligent Manufacturing Information Department (智造信息部), allowing its informatization leader to plan overall work. Its working group is composed of the persons in charge of all departments and subsidiaries, responsible for implementing data security responsibilities for their respective unit.

In 2025, guided by the requirements of the “Network Security Law”, the “Personal Privacy Protection Law” and “Data Security”, the Company systematically advanced network security governance through the trinity strategy of systematic construction, technological innovation and management upgrading, for which annual investment in network security increased by 30% year on year, while reinforcing the security cornerstone for digital transformation. We achieved breakthroughs in the five major areas: The first is governance upgrade. A compliance-driven system matrix has been



## ESG MANAGEMENT APPROACH

created. The newly issued “Information Management System” served as the general provision to merge three redundant provisions, which revised data classification and grading, authority management and other methods, and repealed one outdated clause to form a three-dimensional system matrix covering cybersecurity, data governance and project management, and achieved the dynamic adaptation of security management and control standards to business scenarios. Through system iteration, the Company strengthened its corporate governance capacity, reduced the risk of loss of public trust caused by data leakage or system failures, provided top-level design support for compliant operations, and enhanced the confidence of investors and stakeholders. Secondly, the Company leveraged technology empowerment to build a green and efficient security protection system. The Company introduced next-generation firewalls, intrusion detection systems (IDS) and Web application firewalls (WAF) and constructed a 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%. Technological upgrades not only reduced energy waste and resource loss caused by cyberattacks, but also effectively safeguarded customer data security, protected public interests, and demonstrated the Company’s dual commitment to environmental responsibility and social value. Thirdly, the Company took compliance as its foundation, enhancing risk resilience through closed-loop management. The Company completed the Class II classified protection certification for its core business systems and established a closed-loop mechanism of “monitoring and evaluation – rectification and optimization – review and verification”. Throughout the year, zero high-risk vulnerabilities were detected, 219 security configurations were optimized, and the protection capability of key systems increased by 100%. The Company achieved 100% compliance as verified by external audits, enhanced its corporate governance transparency, and consolidated the compliance foundation for sustainable development. Fourthly, the Company promoted full participation, stimulating endogenous motivation via grid-based management. The Company innovatively implemented “network security grid management”, signed the “Letter of Undertakings on Network and Information Security Responsibilities” with all employees, clarifying their job responsibilities and boundaries, provided immersive cybersecurity training (20 training hours per capita), and increased the rate of employees’ reporting on security incidents by 45% year on year. By cultivating the security awareness of employees, the Company fostered a cultural atmosphere that “everyone is a security officer”, reduced the negative social impact caused by human errors, and strengthened its fulfillment of corporate social responsibility. Fifthly, the Company ensured resilience assurance, safeguarding business continuity through the disaster recovery system. 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, which successfully blocked more than 20,000 network attack attempts, improved the emergency response efficiency by 60%, ensured zero business interruptions, and reduced the risks of resource waste and social service disruption caused by system downtime during the year, reflecting the Company’s dual pursuit of environmental sustainability and sound governance. In 2025, the Company achieved a leap from passive defense to proactive governance in cybersecurity. Through the five-dimensional coordination of systems, technology, compliance, personnel, and emergency response, we deeply integrated the ESG concept into security practices, injecting a resilient gene into digital transformation. In the future, the Company will continue to enhance its security capabilities, protect data security with a responsible attitude, empower corporate sustainability, and contribute to building a secure, green, and trustworthy digital ecosystem.



## (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 2025, the Company received a total of 308 calls, including 195 for consultations and inquiries and 113 for handling of after-sales services.

If a customer complaint is received, we will follow the global 8D problem-solving method, set up a dedicated team to provide timely responses to customers, and conduct an investigation to understand the root cause of the issue.

The Company will make continuous efforts to develop improvement plans to prevent recurrence of similar issues and will persistently drive the implementation.

## (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 Company's products involve vehicle parts and components, the quality of which is crucial to our business. Therefore, we are committed to product quality, and we assume full responsibility for accidents arising from the failure of our products. During the reporting period, owing to rigorous quality control and responsive customer services, the percentage of the Company's total sold or shipped products that were subject to recall due to safety and health reasons was 0%.

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.



## ESG MANAGEMENT APPROACH

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.

In addition, the Company systematically identifies and manages risks and opportunities related to product safety and quality. There are certain main risks that product failures may lead to customer complaints, return and replacement costs, claims, and regulatory penalties, thereby affecting financial performance and brand image. To address these risks, the Company adopts a highly responsible approach that once it is identified that an incident is caused by our product failure, we can immediately activate the 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. Meanwhile, 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.

During the reporting period, the Company did not experience any major safety and quality liability accidents related to products and services. The Company will continuously monitor internal indicators such as customer complaint rate, after-sales response time, and first-time fix rate, and will regularly review the achievement of quality objectives to drive continuous improvement.

### (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.

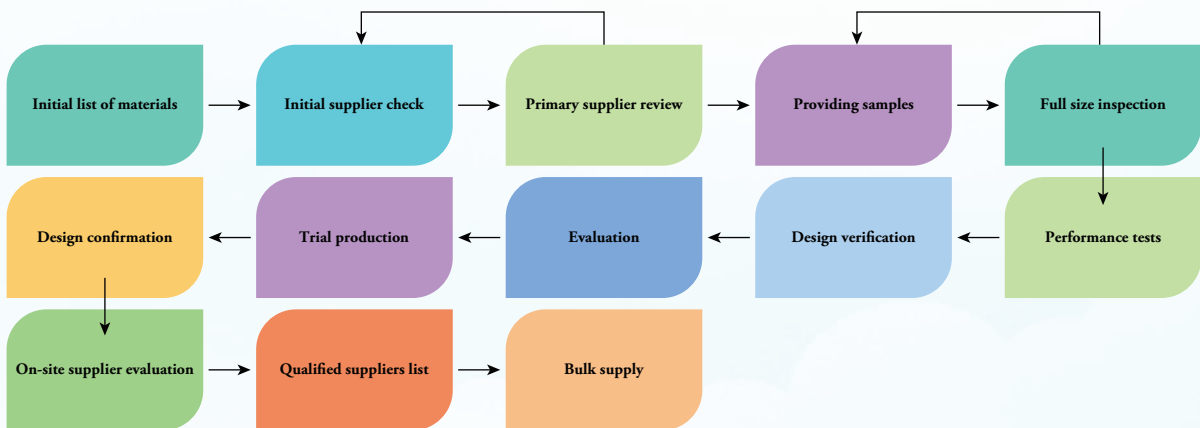
To ensure the fairness of the selection and evaluation of the Group's suppliers, strengthen the daily management and quality assessment of the Group's suppliers, standardize the behavior standards of suppliers, we have established the "Materials Procurement Management System", "Control Procedures for Supplier Development and Evaluation" and "Supplier Evaluation Rules" and other systems. For the Group's 319 suppliers, we have performed the quality assurance

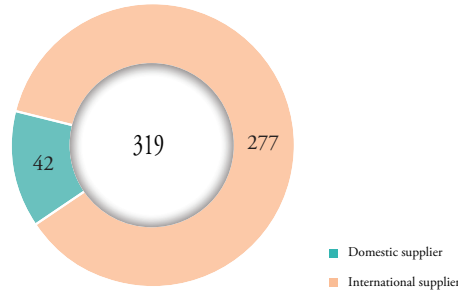


engineer approval model to manage the selection of suppliers. The Group may sign formal contracts with the suppliers to avoid risks and conduct regular evaluation and monitoring of their performance, and in case any problems is found during cooperation, the supplier concerned is urged to make improvements 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 due diligence 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. Meanwhile, 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.





**Picture: Number of suppliers by region**

## (8) Equal treatment to SMEs

The Company deeply recognizes that a diverse, healthy and vibrant supply chain ecosystem is the cornerstone to achieve sustainable development. To this end, we are committed to upholding the principle of fairness and transparency in business cooperation, and taking equal treatment of small and medium-sized enterprises (SMEs) as a key part of fulfilling our social responsibilities. During procurement and business cooperation, we ensure fair competition opportunities to SMEs by establishing an open supplier access mechanism, streamlining cooperation procedures, and setting clear and unified evaluation criteria. Meanwhile, we focus on the sound development of SMEs, strictly implement contracts, and strive to ensure timely payments to ease their cash flow pressure. In addition, we actively create an open communication channel to listen to the demands of SME partners and provide corresponding support when necessary. We believe that building such a mutually beneficial and win-win strategic partnership will not only effectively manage supply chain risks, but also stimulate innovation vitality and promote the coordination and common growth of the industrial chain.

## (9) Social contributions

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 2025, 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, and extensively organized employees, Party members, and Communist Youth League members to participate in various volunteer services such as public welfare and charity activities.



**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.

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 RMB346,400 and the total purchase of products for poverty alleviation by the labour unions amounted to RMB733,200.

In 2025, 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 from the higher authorities, the Company purchased poverty alleviation products as much as possible. The total purchase of poverty alleviation products in the canteen during the year amounted to RMB346,400.

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 as at the end of the reporting period, the employee holiday condolences purchased by the labour union were all poverty alleviation products, and the cumulative amount during the year was RMB733,200.





### **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 sessions, and organized knowledge lectures and knowledge competition, effectively enhancing their participation and sense of identity.

### **c. Public welfare, charity and volunteer activities**

The Company has always regarded giving back to society as its important responsibility. During the reporting period, it actively advocated and organized its employees to participate in diverse public welfare, charity and volunteer activities. Focusing on community co-construction and emergency assistance, the Company carried out a series of public welfare activities in an orderly manner. The Company regularly organized its employee volunteers to go into surrounding communities to provide services such as environmental cleaning, care for the elderly, and free maintenance, forming a regular community participation mechanism. Meanwhile, the Company 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 volunteer activities every month for no less than 2.5 hours each time. In response to public emergencies, the Company promptly activated an internal response mechanism, organized employees to donate funds and supplies, and fulfilled social responsibility through concrete actions. In 2025, the total amount of charitable donations by the Company reached RMB125,600.

According to the activity effects, the above measures have delivered a positive and comprehensive impact, not only bringing tangible support to the assisted communities and groups, but also enhancing the sound interaction and emotional connection between the Company and the local community. By organizing volunteer activities, the Company helps employees improve their social responsibility and team cohesion, and fosters a positive and benevolent cultural atmosphere. Meanwhile, sustained public welfare investments help convey the Company’s responsible values to society, boost the public and stakeholders to better recognize the Company, and create a harmonious external environment for the Company’s stable operation. In the future, the Company will continue to uphold the responsible attitude and explore a more effective way to participate in public welfare initiatives by leveraging its own resources and professional strengths.





# APPENDIX 1: SSE CONTENT INDEX FOR THE SELF-REGULATORY GUIDELINES FOR LISTED COMPANIES NO. 14 – SUSTAINABILITY REPORT (TRIAL)

Dimension	Number	Topic	Article	Disclosure Location
Environment	1	Addressing climate change	Article 21-28	Addressing climate change
	2	Pollutant emission	Article 30	Fulfilling Green Operational Responsibilities
	3	Waste disposal	Article 31	Fulfilling Green Operational Responsibilities
	4	Ecosystem and biodiversity protection	Article 32	Fulfilling Green Operational Responsibilities
	5	Environmental compliance management	Article 33	Fulfilling Green Operational Responsibilities
	6	Energy utilization	Article 35	Fulfilling Green Operational Responsibilities
	7	Water resource utilization	Article 36	Fulfilling Green Operational Responsibilities
	8	Circular economy	Article 37	Fulfilling Green Operational Responsibilities
Society	9	Rural revitalization	Article 39	Creating Value and Contributing to Society
	10	Contributions to the society	Article 40	Creating Value and Contributing to Society
	11	Innovation-driven	Article 42	Creating Value and Contributing to Society The People-Oriented Principle for Creating Harmonious Labour Relations
	12	Scientific and technological ethics	Article 43	The Company never engages in scientific research, technological development and other activities in the fields of scientific and technological ethics such as life sciences and artificial intelligence, so this topic is not applicable.



# APPENDIX 1: SSE CONTENT INDEX FOR THE SELF-REGULATORY GUIDELINES FOR LISTED COMPANIES NO. 14 – SUSTAINABILITY REPORT (TRIAL)

Dimension	Number	Topic	Article	Disclosure Location
Sustainability-related governance	13	Supply chain security	Article 45	Creating Value and Contributing to Society
	14	Equal treatment to SMEs	Article 46	Creating Value and Contributing to Society
	15	Safety and quality of products and services	Article 47	Creating Value and Contributing to Society Fulfilling Green Operational Responsibilities
	16	Data security and customer privacy protection	Article 48	Creating Value and Contributing to Society
	17	Employees	Article 50	The People-Oriented Principle for Creating Harmonious Labour Relations Fulfilling Green Operational Responsibilities
	18	Due diligence	Article 52	Creating Value and Contributing to Society
	19	Communications with stakeholders	Article 53	Sustainability Management
	20	Anti-commercial bribery and anti-corruption	Article 55	Creating Value and Contributing to Society
	21	Anti- unfair competition	Article 56	Creating Value and Contributing to Society

# APPENDIX 2: CONTENT INDEX TO HKEX ESG REPORTING CODE



A. Environmental		
A1 Emissions	<p><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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 non-hazardous waste</li> </ul>	Fulfilling Green Operational Responsibilities
A2 Use of resources	<p><b>General disclosure</b> Policies on the efficient use of resources, including energy, water and other raw materials</p>	Fulfilling Green Operational Responsibilities
A3 Environment and natural resources	<p><b>General disclosure</b> Policies on minimizing the issuer's significant impact on the environment and natural resources</p>	Fulfilling Green Operational Responsibilities



## APPENDIX 2: CONTENT INDEX TO HKEX ESG REPORTING CODE

B. Social		
B1 Employment	<p><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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</li> </ul>	The People-Oriented Principle for Creating Harmonious Labour Relations
B2 Health and safety	<p><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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</li> </ul>	Fulfilling Green Operational Responsibilities
B3 Development and training	<p><b>General disclosure</b> 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><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour</li> </ul>	The People-Oriented Principle for Creating Harmonious Labour Relations
B5 Supply chain management	<p><b>General disclosure</b> Policies on managing environmental and social risks of the supply chain</p>	Creating Value and Contributing to Society

## APPENDIX 2: CONTENT INDEX TO HKEX ESG REPORTING CODE



B. Social		
B6	Product responsibility	<p><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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</li> </ul>
		Creating Value and Contributing to Society
B7	Anti-corruption	<p><b>General disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering</li> </ul>
		Creating Value and Contributing to Society
B8	Community investment	<p><b>General disclosure</b> 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