



Stock Codes: 01057 HK; 002703 SZ

2025

Environmental, Social, and Governance (ESG) Report



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1 About This Report

1.1. Report Introduction

This report is the 2025 Environmental, Social, and Governance (hereinafter referred to as "ESG") Report issued by ZHEJANG SHIBAO Company Limited (hereinafter referred to as "the Company" or "ZHEJANG SHIBAO") and its subsidiaries (collectively referred to as "the Group" or "we"). It primarily discloses the Group's strategies and practices in climate and environmental management, compliance governance, product and customer responsibilities, sustainable supply chain management, employee rights protection, and community welfare, aiming to systematically present the Group's ESG management achievements to various stakeholders.

1.2. Reporting Scope

Time Scope: This report covers the period from January 1, 2025, to December 31, 2025, which is consistent with the scope covered in the Group's 2025 Annual Report, unless otherwise specified. To enhance the comprehensiveness of the report, some content has been appropriately extended both backward and forward in time.

Business Scope: This report covers the Company and its wholly-owned subsidiaries and majority-owned subsidiaries, which is consistent with the scope covered in the Group's 2025 Annual Report, unless otherwise specified.

#	Full Company Name	Shareholding Percentage (%)		Company Abbreviation
		Direct Indirect	Indirect only	
1	ZHEJANG SHIBAO CO., LTD	-	-	Company/Our Company/We/ZHEJANG SHIBAO
2	HANGZHOU SHIBAO AUTO STEERING GEAR CO., LTD	100.00	-	HANGZHOU SHIBAO
3	HANGZHOU NEW SHIBAO ELECTRIC POWER STEERING CO., LTD	90.00	-	HANGZHOU NEW SHIBAO
4	JILIN SHIBAO MACHINERY MANUFACTURING CO., LTD	100.00	-	JILIN SHIBAO

#	Full Company Name	Shareholding Percentage (%)		Company Abbreviation
		Direct Indirect	Indirect only	
5	BEIJING AUTONICS TECHNOLOGY CO., LTD	100.00	-	BEIJING AUTONICS
6	WUHU STERLING STEERING SYSTEM CO., LTD	57.89	-	WUHU STERLING
7	ERDOS STERLING STEERING SYSTEM CO., LTD.	-	57.89	ERDOS STERLING
8	JIANGSU FEIYING AUTOMOTIVE TECHNOLOGY CO., LTD.	-	100.00	FEIYING AUTOMOTIVE

1.3. Data Sources

The data and information disclosed in this report are primarily compiled based on the Group's internal statistical reports, business operation records, and relevant official documents. All monetary amounts mentioned in this report are denominated in Renminbi (RMB), unless otherwise specified.

1.4. Compilation Basis

The compilation of this report adheres to Appendix C2 of the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (hereinafter referred to as "HKEX"), the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "Guide"), and the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 17 - Sustainability Reporting (Trial) (hereinafter referred to as the "Guidelines") issued by the Shenzhen Stock Exchange. Meanwhile, all statistical data and calculation methods for indicators in this report are in accordance with HKEX's "How to Prepare an Environmental, Social and Governance Report". Additionally, this report also refers to the relevant principles outlined in the Shenzhen Stock Exchange's Self-Regulatory Guidelines for Listed Companies No. 3 - Sustainability Report Compilation (2026 Revision), the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards), and the International Sustainability Standards Board's (ISSB) IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures.

1.5. Reporting Principles

During the compilation process, this report follows the disclosure principles of "materiality," "quantification," "balance," and "consistency," as well as the dual materiality principle of "financial materiality" and "impact materiality" required by the Sustainability Reporting Guidelines for issue selection and information disclosure. For issues of financial materiality, this report adopts the four-core framework of "governance—strategy—impact, risk, and opportunity management—indicators and targets" for disclosure. For issues of impact materiality only, disclosure is made in accordance with the relevant provisions of specific issues. This report strives to objectively, truthfully, and accurately reflect the Group's management philosophy, practical achievements, and continuous improvement directions in environmental, social, and governance aspects.

Materiality: The content of this report is determined through a materiality assessment process and stakeholder engagement, identifying environmental, social, and governance issues that have a significant impact on the business and stakeholders, and making targeted disclosures based on materiality. This report comprehensively covers all significant issues of concern to various stakeholders.

Quantification: This report employs a quantitative approach to present key performance indicators, with the standards, methods, assumptions, and/or calculation tools used, as well as the conversion factors applied, listed in appropriate positions.

Balance: This report presents the Group's performance in an unbiased manner, disclosing information objectively and avoiding selections, omissions, or presentation formats that might inappropriately influence the decisions or judgments of report readers.

Consistency: The data disclosed in this report have, as far as possible, adopted reporting and calculation methods consistent with those in 2024. If there are any changes in methods or the standards adopted, explanations are provided in corresponding positions.

1.6. Release Format

Release Languages: This report is available in three versions: Simplified Chinese, Traditional Chinese, and English. In case of any ambiguities or conflicts among the three language versions, the Simplified Chinese version shall prevail.

Release Platform: To reduce environmental burdens, we recommend reading the electronic version of this report, which can be accessed and downloaded through the Investor Relations module on the company's website (<http://www.zjshibao.com/>).

2 Group Overview

The Group is a joint-stock company registered in China. The Company's H-shares were listed on the Growth Enterprise Market of the Hong Kong Stock Exchange (HKEX) on May 16, 2006, and were subsequently transferred to the Main Board of the HKEX on March 9, 2011, with the stock code 01057. The Company's A-shares were listed on the Shenzhen Stock Exchange on November 2, 2012, with the stock code 002703. Since its inception, the Group has focused on the research and development, manufacturing, and sales of automotive steering system products, continuously deepening its core business areas and has been consecutively recognized as one of the "Top 100 Excellent Auto Parts Suppliers in China" for many years. Adhering to the business philosophy of "seeking truth and innovation," the Group continuously introduces advanced technologies, production, and testing equipment to enhance its R&D capabilities and manufacturing standards. In terms of talent development, the Group adheres to the employment philosophy of "utilizing everyone to their fullest potential, allowing talents to shine, and valuing both virtue and ability," attracting experts, technical talents, and management elites from both domestic and international sources. Guided by the behavioral code of "telling the truth, doing practical things, and seeking tangible results," the Group implements a lean production management model. Leveraging leading technologies and a mature process system, it provides stable and reliable products and high-quality services to customers both domestically and internationally.

3 ESG Management and Strategy

3.1 ESG Management Framework

The Group has deeply integrated the concept of sustainable development into the entire process of corporate governance. It has established a three-tier ESG governance framework consisting of "strategic decision-making by the Board of Directors—professional coordination by the ESG Committee—and implementation by working groups." The Board of Directors serves as the highest decision-making body for the Group's ESG management. Under the Board of Directors, there is an Environmental, Social, and Governance (ESG) Committee responsible for overall coordination and management of the Group's ESG-related work. The Committee has a chairperson, and its members are appointed by the Board of Directors for a term of three years, which can be renewed upon expiration. The Company Secretary of the Board serves as the secretary of the Committee. The Committee operates in strict accordance with the "Terms of Reference of the Environmental, Social, and Governance Committee," continuously monitoring current and future trends related to environmental, social, and governance issues, identifying ESG matters that may impact the Group's operations, and regularly reviewing and formulating the Group's ESG vision, objectives, and strategies, providing recommendations to the Board of Directors. The Audit Committee, while

fulfilling its financial oversight responsibilities, also pays attention to the potential impact of sustainability-related risks on financial reporting, including matters such as climate-related asset impairments and carbon cost forecasts. The Nomination Committee considers the professional backgrounds and experiences of members in the areas of environment, society, and governance when evaluating the composition of the Board of Directors.

The ESG Committee is responsible for identifying and assessing risks and opportunities in environmental, social, and governance aspects for the Group, ensuring the establishment and maintenance of effective risk management and internal control mechanisms. It also identifies issues of significance to the Group's operations and stakeholders and provides recommendations to the Board of Directors regarding resource allocation, policy formulation, and implementation mechanisms related to ESG. The Committee monitors the implementation of ESG-related policies and procedures to ensure that the Group's operations comply with established ESG requirements, applicable laws and regulations, and relevant international standards. By setting targets, evaluating performance, and implementing continuous improvement mechanisms, it continuously enhances the Group's overall ESG performance. Additionally, the Committee pays attention to ESG-related training for employees and stakeholder engagement, supervising the materiality assessment process to facilitate effective communication with stakeholders and safeguard the Group's reputation. In terms of ESG reporting, the Committee determines the reporting standards and disclosure scope adopted in the report, monitors the progress of report preparation, reviews the annual ESG report, and submits approval recommendations to the Board of Directors.

The ESG Committee holds at least one meeting per year, which can be conducted on-site, by telephone, or via video conference. Meeting notices are generally issued in advance, and meetings can be convened by members as needed. A quorum for a meeting consists of three members, and resolutions must be passed by a majority of the attending members. Other members of the Board of Directors may attend meetings as observers without being counted towards the quorum, and the chairperson of the ESG Committee may also invite management personnel to attend as needed.

The ESG Committee has established a working group as the executing unit, led by the Company's Working Office and jointly participated by various functional departments of the Group. This group is responsible for the daily operational management of ESG work, coordinating information collection and reporting (including data on climate-related risks and opportunities), and driving the implementation of various specific tasks.

The working group conducts quarterly inspections of ESG work, developing timelines for improvement, refinement, or new initiatives based on the targets set by the Board of Directors, and regularly reports progress to the Committee. Additionally, the working group must submit annual report materials in writing to the Committee each year for analysis and compilation

before being presented to the Board of Directors. Based on feedback from the working group, the Committee provides guidance and coordinates the cooperation of various departments to achieve the Group's overall ESG objectives.

The Group firmly believes that environmental, social, and governance issues are inseparable from business operations. Therefore, it continuously invests resources to enhance product technical performance, optimize production processes, strengthen internal management levels, and firmly practices the concept of green production. It seeks harmony between economic and environmental benefits, thereby creating long-term value for the Group and delivering sustainable returns to stakeholders.

Table Note: ESG Governance Structure

Governance level	Organizational Composition	Core Functions
Board of Directors	11 directors (including 4 independent directors and 1 employee director), along with 1 chairman and 2 vice chairman	ESG strategic decision-making, ultimate responsibility assumption, risk and resource coordination, policy approval, appointment of committees and working groups, and the Audit Committee exercising the functions of the Supervisory Board
ESG Committee	Members and a chairman appointed by the Board of Directors, with a renewable term of 3 years	Developing ESG vision and strategies, identifying and assessing risks and opportunities, formulating and supervising policies and procedures, evaluating and improving performance, reviewing reports, and providing recommendations to the Board of Directors
ESG Working Group	Led by the working office, in collaboration with functional departments and subsidiaries	Daily operational management, information collection and submission, task implementation and execution, quarterly inspections, and annual written reporting

3.2 ESG Training for Management

The Group organized an ESG-related training session for directors and senior executives, with the training participants encompassing all directors and senior management personnel of the Group. The training aimed to enhance the management's awareness and accountability regarding environmental, social, and governance (ESG) issues. The content revolved around

ESG-related policy requirements, regulatory trends, and the Group's key ESG management focuses. Through systematic explanations and exchanges during the training, the participation and sense of responsibility of the management in driving the implementation and continuous improvement of the Group's ESG strategies were further strengthened.

3.3 Stakeholder Materiality Assessment

The Group places great emphasis on maintaining effective communication with both internal and external stakeholders. To accurately identify ESG issues that have a significant impact on the Group and systematically respond to the expectations and concerns of various stakeholders, the Group has established a standardized materiality assessment mechanism. By following steps such as identifying stakeholders, soliciting issues of concern, assessing materiality, and confirming results, the Group ensures that its ESG reports focus on core issues and provide valuable information for stakeholders to make informed decisions.

Table Note: Stakeholder Communication and Feedback Channels

Stakeholder	Primary Communication and Feedback Channels	Communication Frequency	Key Issue Areas of Concern
Government and Regulatory Agencies	Regulatory submissions, compliance inspections, policy consultations, permit applications and renewals	Continuous/Regular	Compliance operations, emissions management, tax transparency, risk governance
Shareholders and Investors	Shareholders' meetings, earnings announcements, investor hotlines, exchange announcements, roadshows, and reverse roadshows	Regular/As Needed	Risk governance, ESG management and strategy, compliance operations, business ethics, responsible products
Employees	Employee representative assemblies, internal training, performance appraisals, suggestion boxes, internal communication platforms, union activities	Continuous/Regular	Occupational health and safety, employee compensation and benefits, employee education and training, labor standards, employee diversity and equal opportunities
Suppliers	Supplier evaluations, business negotiations,	Regular	Sustainable supply chain, business ethics,

Stakeholder	Primary Communication and Feedback Channels	Communication Frequency	Key Issue Areas of Concern
	on-site audits, quality feedback, cooperation agreements, supplier conferences		compliance operations, intellectual property protection
Customers	Customer satisfaction surveys, quality audits, technical exchanges, after-sales service, product recall mechanisms, customer visits	Continuous/Regular	Responsible products, information security and privacy protection, business ethics, intellectual property protection
Partners	Strategic cooperation agreements, project cooperation meetings, regular meetings, joint research and development, industry exchanges	Regular	Risk governance, intellectual property protection, compliance operations, business ethics
Community and Public	Community activities, public welfare projects, media communication, environmental information disclosure, volunteer services	Irregular/As Needed	Responsible community, emissions management, environmental and natural resource protection, climate change response

The Group collected the levels of concern and evaluations from the aforementioned key stakeholders regarding 19 issues through questionnaires and telephone communications. The survey respondents included representatives from government and regulatory agencies, shareholders, employees, suppliers, customers, partners, and community groups. Each stakeholder group rated the issues based on their level of concern, and the Group calculated an "Importance to Stakeholders" score (Y-axis) for each issue by integrating feedback from all parties. Simultaneously, the Group's management and relevant departments evaluated the "Importance to Group Operations" (X-axis) of each issue from the perspectives of business operations, financial performance, and long-term strategy.

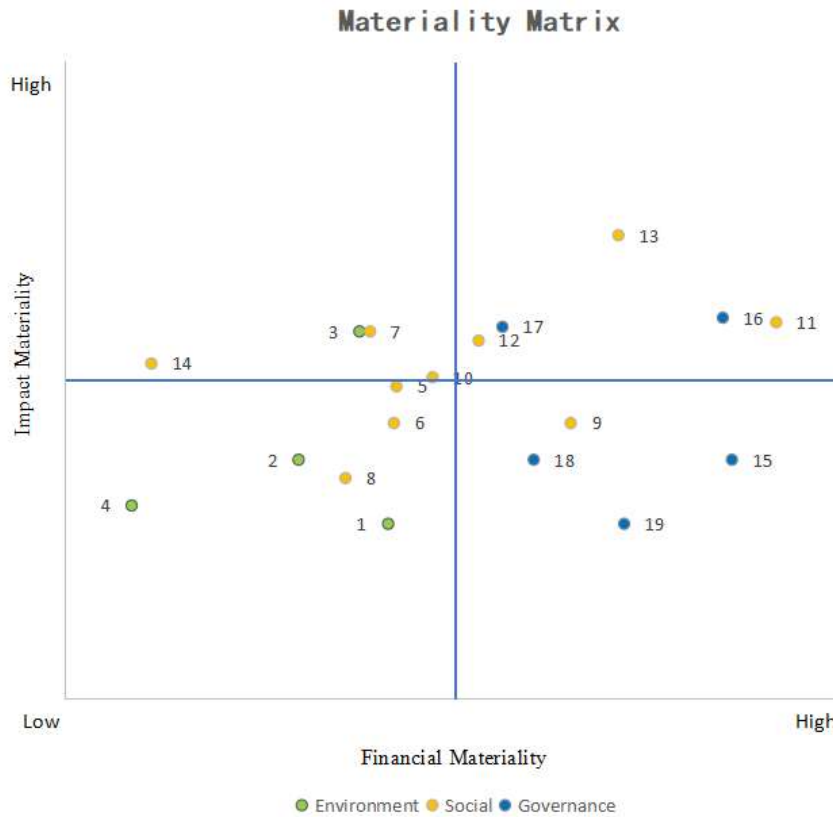


Figure Note: Materiality Matrix

Table Note: List of Key Issues

Environmental Issues		Social Issues		Governance Issues	
1	Climate Change Response	5	Employment Principles	15	Compliance Operations
2	Energy and Resource Usage Management	6	Employee Diversity and Equal Opportunities	16	Risk and Internal Control Management
3	Pollutant Emission Management	7	Employee Compensation and Benefits	17	ESG Management and Strategy
4	Ecological Environment and Resource Protection	8	Employee Training and Development	18	Tax Transparency
		9	Occupational Health and Safety	19	Information Security and Privacy Protection
		10	Sustainable Supply Chain		
		11	Responsible Products		
		12	Intellectual Property Protection and Technological		

Environmental Issues		Social Issues		Governance Issues	
			Innovation		
		13	Business Ethics and Anti-Corruption		
		14	Responsible Community and Social Contributions		

Based on the survey and assessment results, our Group utilized the median value as the threshold to construct a materiality issue matrix, dividing the 19 issues into four quadrants. A total of five issues exhibiting dual materiality were identified. The assessment results were reviewed by the ESG Committee and submitted to the Board of Directors for confirmation, serving as the basis for the disclosure focus of this report and the priority directions for future ESG initiatives.

Table Note: List of Key Issues

#	Issue Name	Dimension	Issue Connotation	Shibao's Next Actions
1	Responsible Products	Social	Ensure the quality and safety of automotive parts, meet customer and regulatory requirements, safeguard the lives of end consumers, and establish a product traceability and recall mechanism.	Continuously improve the quality management system, strengthen quality control throughout the product lifecycle, enhance product safety performance, establish a rapid-response customer feedback mechanism, and conduct regular product safety assessments.
2	Business Ethics	Social	Adhere to honest business practices, uphold business ethics standards, prevent corruption and unfair competition, and ensure transparent and compliant business dealings.	Strengthen business ethics training, improve reporting and investigation mechanisms, enhance supply chain ethical audits, ensure full compliance and transparency in business processes, and establish a conflict of interest management system.

#	Issue Name	Dimension	Issue Connotation	Shibao's Next Actions
3	Risk and Internal Control Management	Governance	Establish a sound risk management system to identify, assess, and respond to operational, financial, strategic, and ESG-related risks.	Improve risk management policies, strengthen ESG risk identification and assessment, establish a risk early warning mechanism, enhance crisis response capabilities, and regularly report risk status to the Board of Directors.
4	Intellectual Property Protection	Social	Protect the Group's technological innovations and intellectual property, respect third-party intellectual property rights, and prevent infringement risks.	Improve intellectual property management policies, strengthen patent applications and maintenance, conduct intellectual property training, establish infringement monitoring and rights protection mechanisms, and strengthen technical confidentiality measures.
5	ESG Management and Strategy	Governance	Integrate ESG principles into corporate strategy and daily operations, establish an effective ESG management system, and improve ESG performance.	Improve the ESG governance structure, formulate an ESG strategic plan, set quantifiable ESG goals, strengthen ESG information disclosure and communication, and promote the widespread adoption of ESG principles.

4 Corporate Governance

4.1 Compliance Operations

The Group focuses on the two key areas of regulatory compliance and quality compliance,

systematically conducting multi-level internal training activities to continuously strengthen employees' awareness of compliance and their ability to operate in a standardized manner. In 2025, the Group conducted a total of 129 compliance training sessions, with a cumulative training duration of 163.5 hours, covering 2,645 participants.

Among them, regulatory training focuses on popularizing general procedures and addressing practical business needs. It is carried out through a combination of company-level training, external professional training, and in-house departmental training, continuously enhancing employees' understanding and implementation capabilities of relevant laws, regulations, and institutional requirements. Quality compliance training is mainly targeted at frontline operators, focusing on content such as enhancing quality awareness, analyzing typical cases, and adhering to process standards and institutional requirements. The aim is to further strengthen employees' quality compliance awareness and operational compliance standards. In the future, the Group will continue to optimize the scope of training coverage and enrich training formats to further enhance the pertinence and effectiveness of training, promoting the in-depth implementation of compliance and quality management concepts in daily operations and management.

Additionally, we are well aware that a robust industrial chain relies on the healthy development of every partner. Therefore, we strictly adhere to the "Law on the Promotion of Small and Medium-sized Enterprises" and the "Regulations on Ensuring Payment for Small and Medium-sized Enterprises," establishing a transparent and efficient payment system through refined ledger management and full-process monitoring of payment milestones. We are committed to safeguarding the capital chain security of small and medium-sized enterprises through a spirit of contract and honest performance, jointly creating a fair and sustainable business environment.

4.2 Risk and Internal Control Management

The Group places great emphasis on the establishment of a risk management and internal control system, continuously improving internal supervision mechanisms to enhance the standardization of operations and management and risk prevention and control capabilities. The Group strictly complies with laws and regulations such as the "Company Law of the People's Republic of China" and has established a relatively complete system of internal audit and internal control regulations. It effectively supervises and manages business processes related to financial reporting, information disclosure, and operations and management to ensure that the company's operational activities are legal and compliant, assets are safe and complete, and financial information is true and reliable.

In terms of governance structure, the Group's Board of Directors assumes ultimate responsibility for the establishment and effective implementation of internal control systems. An Audit Committee is established under the Board of Directors, responsible for guiding and supervising the establishment and implementation of internal audit systems, reviewing internal audit plans and reports, assessing the effectiveness of internal controls, and reporting relevant work to the Board of Directors. All members of the Audit Committee are directors, with independent directors constituting a majority and serving as the conveners to ensure the independence and professionalism of supervision work. The Group has established an internal audit department under the Audit Committee, which independently conducts audit work under the guidance of the Audit Committee and regularly reports to the Audit Committee on the implementation of internal audit plans and major issues identified.

In terms of internal audit implementation, the internal audit department conducts audit inspections on the implementation of internal control systems, the authenticity of financial information, and the compliance of operational activities of various functional departments, controlled subsidiaries, and equity-method investees with significant influence within the Group in accordance with the annual audit plan. The audit scope covers important business processes such as fund management, investment and financing management, procurement and payment, asset management, human resource management, information system management, and information disclosure affairs, with a focus on the internal control of matters such as external investments, related party transactions, external guarantees, the use of raised funds, and major asset transactions.

The Group has established a closed-loop management mechanism of "audit findings - rectification implementation - follow-up review." For issues identified during internal audits, relevant responsible departments formulate rectification measures and specify rectification deadlines. The internal audit department continuously conducts follow-up audits to supervise rectification implementation and assess rectification effectiveness. At the same time, the Group regularly evaluates the design rationality and implementation effectiveness of internal control systems and forms an internal control evaluation report for review by the Audit Committee. The Board of Directors confirms the effectiveness of internal controls.

4.3 Tax Transparency

The Group has always adhered to the principles of paying taxes in accordance with the law and in good faith, regarding tax compliance as a fundamental responsibility of a corporate citizen. At the governance level, the Financial Management Department has a dedicated tax team responsible for daily tax accounting, declaration, payment, and tax planning work, and has established standardized tax management processes. The Group regularly provides

professional training to tax personnel to ensure they promptly grasp the latest tax laws and regulations and accurately fulfill tax obligations. The Group incorporates tax transparency and compliance operations into its overall development strategy, adhering to a prudent tax strategy and not seeking aggressive tax arrangements to ensure that all commercial activities and tax treatments comply with legal and regulatory requirements. It is committed to establishing an open and transparent communication mechanism with tax authorities to support the Group's business expansion and capital market reputation with a good tax credit record. The Group systematically identifies compliance risks in the tax field, including risks of changes in tax policies, accuracy of tax declarations, and tax risks in related party transactions, and establishes risk early warning and response mechanisms. The Financial Management Department regularly conducts tax self-checks and reviews to ensure full compliance throughout the tax treatment process. At the same time, it closely monitors national tax preferential policies and strives for policy dividends within the framework of legality and compliance to reduce corporate tax burdens. During the reporting period, we paid all taxes in full and on time, without any major tax violations or administrative penalties from tax authorities, maintaining an excellent tax credit rating. The Group regards tax payment amounts, the number of tax violations, and the enjoyment of tax preferential treatments as key performance indicators for tax management. In the future, we will continue to optimize tax management processes, plan to introduce a tax information system to improve declaration automation levels, and regularly conduct tax health checks to ensure the comprehensive achievement of tax compliance goals.

5 Environment

5.1 Responding to Climate Change

The Group has deeply embedded green and sustainable concepts into the DNA of corporate development. We are well aware that responsible environmental management is not only a compliance requirement and moral responsibility but also a core source of long-term competitiveness for enterprises. In 2025, we further integrated responding to climate change, improving resource efficiency, and strengthening emission control into daily operations and medium- to long-term planning, committed to reducing the environmental footprint of production activities, promoting green transformation of the industrial chain, and contributing to global sustainable development goals.

Climate change is a severe challenge facing the world, and its induced physical risks and low-carbon transitions are profoundly reshaping the automotive industry landscape. We have fully recognized the strategic importance of climate issues. The Board of Directors has established an ESG Committee to formulate and supervise climate response strategies and

goals, systematically advance climate risk assessments, emission reduction planning, and adaptability construction, and deeply integrate them into strategic decision-making, risk management, and daily operations, thereby enhancing business resilience and proactively transforming low-carbon transitions into strategic opportunities to drive technological innovation and build sustainable competitiveness.

5.1.1 Climate-Related Scenario Analysis

Scenario 1: Sustainable Development Scenario - Dominated by Transition Risks

This scenario assumes that the world works together to limit temperature rise to well below 2°C, with countries implementing aggressive carbon reduction policies, a rapid energy structure transition, and accelerated popularization of disruptive low-carbon technologies. Specific characteristics include: carbon pricing mechanisms being fully implemented in major economies by 2030, with effective carbon prices significantly higher than current levels; downstream customers setting hard constraints on the carbon footprint of supply chains, with green procurement becoming a market access threshold; clean energy costs consistently lower than fossil energy costs, and major markets advancing their fuel vehicle ban timelines to 2030-2035.

Under this scenario, the Group faces the dual impact of transition risks and opportunities. In terms of risks, stringent carbon emission standards will lead to increased carbon costs and capital expenditure pressures for green transformation of production facilities. If low-carbon product research and development lag, the Group may face market share loss and technological obsolescence. In terms of opportunities, demand for efficient, energy-saving, and lightweight automotive components will explode, and leading low-carbon practices can enhance brand reputation and obtain green financial support. Financially, carbon taxes and technological innovation investments will increase, but green product lines may generate premium revenues, while traditional product line revenues may be squeezed.

In response, the Group adopts a three-pronged strategic response: first, operational carbon reduction, continuously advancing photovoltaic construction (7.727 million kWh of electricity generated in 2025) and energy-saving technological transformations (targeting an 8% reduction in energy consumption per unit of output value compared to 2024); second, green product innovation, increasing research and development and promotion of high-efficiency products such as electric power steering systems (EPS) and steer-by-wire systems; third, value chain collaboration, initiating supplier carbon management communications to reduce carbon costs across the entire chain.

Scenario 2: Higher Emission Scenario - Dominated by Physical Risks

This scenario assumes relatively slow global policy actions, with temperature rise exceeding expectations, physical climate impacts becoming more significant, a marked increase in the frequency and intensity of extreme weather events, mild climate policies, and gradual release of transition pressures.

Under this scenario, physical risks become the main challenge, but also contain specific opportunities. In terms of risks, extreme weather may cause damage to production facilities, disruptions in supply chain logistics, resulting in direct asset losses and revenue fluctuations. Insurance premiums, facility maintenance costs, and supply chain resilience expenditures may increase. In terms of opportunities, enterprises leading in climate resilience construction may gain customer favor by ensuring supply stability, and demand for adaptive technologies such as high-temperature-resistant materials and intelligent flood prevention systems will grow. Financially, post-disaster repair costs, higher property insurance premiums, and resilience investments will increase, and operational disruptions may lead to short-term revenue reductions.

In response, the Group adopts a two-pronged strategic response: first, enhancing facility resilience, regularly inspecting and reinforcing flood prevention and drainage systems in factory areas and stockpiling emergency supplies; second, strengthening business continuity management, improving emergency plans and conducting regular drills, assessing geographical risks in the supply chain, and optimizing logistics layouts.

5.1.2 Climate-Related Risk and Opportunity Management

To systematically manage the impacts of climate change, the Group has identified and assessed relevant risks and opportunities with reference to international mainstream frameworks. The following table lists the main climate-related risks and management strategies.

Table Note: Climate-Related Risk Assessment and Management

Risk Type	Assessed Climate-Related Risk Event	Risk Level	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
Physical Risk	Extreme Heat and Heatwaves	Medium	Short-term to Long-term	Increased ambient temperatures in production workshops lead to higher air conditioning cooling loads, significantly raising electricity costs; affecting employee health and production efficiency.	<ul style="list-style-type: none"> • Develop and implement the "Guidelines for Protection against High-Temperature Operations," adjusting outdoor work schedules during high-temperature periods. • Provide sufficient heat prevention and cooling supplies to employees. • Continuously evaluate and improve the energy efficiency of workshop ventilation and cooling facilities.
	Heavy Rain and Flooding	Medium	Short-term	Heavy rainfall may cause water accumulation and flooding in the factory area, threatening the safety of production equipment, causing asset damage and operational interruptions; affecting logistics and transportation.	<ul style="list-style-type: none"> • Establish an emergency response team and stockpile flood prevention materials such as sandbags and drainage pumps. • Regularly clean factory drainage ditches and roof gutters to ensure smooth drainage. • Conduct regular flood prevention emergency drills to enhance

Risk Type	Assessed Climate-Related Risk Event	Risk Level	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
					response capabilities.
	Supply Chain Logistics Disruptions Due to Extreme Weather	Medium	Short-term to Medium-term	Extreme weather conditions such as typhoons and heavy snowfall affect the national transportation network, leading to delays in raw material deliveries finished product shipments, increasing logistics costs and potentially affecting customer satisfaction.	<ul style="list-style-type: none"> • Establish and maintain a multi-regional or backup supplier system to diversify risks from single supply sources. • Optimize inventory management strategies and set safety stock levels for key materials. • Collaborate with logistics partners to develop weather warning and emergency transportation plans.
Transition Risk	Tightening Policies and Regulations (Carbon Emissions, Environmental Protection)	Medium	Short-term to Long-term	Continuously stricter national and local carbon emissions and environmental protection regulations (such as carbon market expansion and new pollutant governance) lead to increased compliance costs, pressure for production process upgrades, and potential fine risks.	<ul style="list-style-type: none"> • Establish a regular policy tracking and analysis mechanism. • Conduct internal compliance gap analysis and carbon cost calculations. • Continuously promote energy-saving renovations of production equipment and the application of environmental protection technologies.

Risk Type	Assessed Climate-Related Risk Event	Risk Level	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
	Increased Green Requirements in the Supply Chain	Medium	Medium-term	Downstream vehicle customers incorporate environmental performance and carbon footprint of the supply chain into their access and evaluation systems. Failure to meet requirements may lead to order losses, market share declines, and damage to brand reputation.	<ul style="list-style-type: none"> • Incorporate Environmental, Social, and Governance (ESG) requirements into the "Supplier Code of Conduct" and procurement agreements. • Initiate ESG performance assessments and communications with key suppliers. • Gradually increase the procurement proportion of environmentally friendly materials and processes.
	Implementation of Carbon Pricing Mechanisms (such as National Carbon Market Coverage)	Medium	Medium-term to Long-term	If included in the national carbon emissions trading market or facing carbon taxes, direct carbon costs will arise from purchased electricity and fuel consumption, squeezing profit margins.	<ul style="list-style-type: none"> • Conduct carbon emissions accounting to understand the carbon asset baseline. • Actively promote the replacement of purchased electricity with renewable energy to reduce indirect emissions. • In 2025, the Group's clean energy generation capacity reached 7.727 million kWh, effectively offsetting

Risk Type	Assessed Climate-Related Risk Event	Risk Level	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
	Accelerated Market Transition to Low-Carbon Products	Low to Medium	Short-term to Medium-term	The rapid increase in market penetration of new energy vehicles may lead to a contraction in demand for products related to traditional fuel vehicles if the transition is not timely, affecting the revenue structure.	<p>future carbon costs.</p> <ul style="list-style-type: none"> • Strategically focus on the research and development and market expansion of new energy and intelligent driving-related products such as Electric Power Steering (EPS) systems and steer-by-wire systems. • Strengthen green product brand communication and technical marketing.

Table Note: Climate-Related Opportunity Assessment and Management

Opportunity Type	Assessed Climate-Related Opportunities	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
Products and Services	Explosive Growth in the New Energy Vehicle Market	Short-term to Long-term	Creates a significant incremental market for efficient, intelligent, and lightweight automotive steering systems, serving as a core engine for the Group's revenue growth and enhancing its technological leadership in the industry.	<ul style="list-style-type: none"> • Increase R&D investment in electrified and intelligent steering technologies. • Deepen strategic cooperation with mainstream new energy vehicle manufacturers. • Rapidly respond to the market by launching more competitive next-generation steering system solutions.
Resource Efficiency	Enhancing Operational Energy Efficiency and Resource Recycling Levels	Medium-term to Long-term	Directly reduces costs associated with energy, water, and raw material consumption, strengthens operational resilience, and improves gross profit margins. Improving energy efficiency inherently reduces emissions, thereby mitigating potential future carbon costs.	<ul style="list-style-type: none"> • Set and track quantifiable energy efficiency targets, such as an "8% annual reduction in energy consumption per unit of output." • Systematically implement energy-saving renovation projects for lighting, air compressors, motors, etc.

Opportunity Type	Assessed Climate-Related Opportunities	Time Frame	Potential Impact on Business, Strategy, and Finance	Responding Measures
				<ul style="list-style-type: none"> • Improve the recycling system for production waste (metal shavings, packaging materials) to enhance resource recycling rates.
Market and Financing	Building a Green Supply Chain Brand and Securing Strategic Resources	Medium-term to Long-term	Leading low-carbon practices help shape a responsible corporate brand image, making it easier to attract high-quality customers, investors, and financial institutions that prioritize ESG. This may lead to favorable financing conditions such as green loans and sustainability-linked loans.	<ul style="list-style-type: none"> • Proactively and transparently disclose ESG information, including in this report. • Actively participate in the development and exchange of industry green standards. • Treat supply chain collaborative carbon reduction as a long-term strategy to build green competitiveness.

5.1.3 Climate Resilience Assessment

In response to transition risks, our Group has transformed compliance pressures into efficiency advantages through a dual approach of operational decarbonization and product innovation. In 2025, the total clean energy generation reached 7,727,000 kWh, with 7,712,700 kWh being self-consumed, accounting for 17.5% of externally purchased electricity and effectively reducing Scope 2 emissions. We have set a mandatory target to reduce energy consumption per unit of output by 8% compared to 2024. Strategically, we are increasing investment in the research and development of green products such as Electric Power Steering (EPS) systems and steer-by-wire systems. In 2025, R&D investment will continue to grow, with a focus on electrification, intelligence, and low-carbon technologies, directly addressing the demands of the new energy vehicle market.

To address physical risks, our Group is enhancing resilience through facility resilience construction and business continuity management. Each production base has established a regular emergency response team, equipped with emergency supplies such as sandbags, shovels, industrial salt, and mini fire stations, and conducts regular drills. In 2025, we will prioritize the inspection and unclogging of drainage systems in factory areas and develop the "Guidelines for Heat Protection in High-Temperature Operations" to safeguard employee health and production safety. Additionally, we have established a multi-regional supplier backup system and optimized logistics layouts to diversify risks.

Through continuous investment in these areas, the Group is committed to protecting assets, ensuring operational continuity, and seizing growth opportunities in a changing climate environment.

5.1.4 Financial Impact

Climate change may affect the Group's financial position through multiple channels, including cost structure, capital allocation, revenue sources, and asset value.

Table Note: Impact of Climate Change on the Group's Financial Position

Impact Dimension	Specific Manifestations	Management Strategies
Cost Structure	In the short term, the Group faces increased capital expenditures (for energy-saving renovations and photovoltaic investments), potential carbon costs, and resilience-building expenses. In 2025, environmental	Lock in long-term energy costs through forward-looking investments and offset rising carbon prices with efficiency improvements.

Impact Dimension	Specific Manifestations	Management Strategies
	protection investments are estimated at approximately RMB 1.8656 million, allocated for facility maintenance, technological upgrades, and environmental monitoring.	
Capital Allocation	There is a need to balance investments in low-carbon technologies with the maintenance of traditional assets to avoid the risk of asset stranding.	Incorporate climate risks into the capital expenditure decision-making process and prioritize investments in flexible production capacities with strong compatibility.
Revenue Sources	Green product lines may command premium prices, while traditional product lines may face revenue compression; operational disruptions could lead to short-term revenue losses.	Accelerate the commercialization of green products and expand the customer base among new energy vehicle manufacturers; reduce the likelihood of disruptions through resilience-building efforts.
Asset Value	High-carbon assets are at risk of impairment; low-carbon assets may receive green financial premiums.	Regularly assess the climate risk exposure of assets and explore financing instruments such as green bonds and sustainability-linked loans.

Based on asset statistics as of the end of 2025, the book value of assets vulnerable to climate-related transition risks (such as traditional fuel vehicle steering system production lines) accounts for a relatively low proportion of total assets. Similarly, the book value of assets susceptible to physical risks (such as production facilities located in coastal areas) also represents a low proportion of total assets. In contrast, the book value of assets related to climate-related opportunities (such as R&D facilities and production lines for new energy vehicle steering systems) accounts for a relatively significant proportion. These figures are estimated based on the current business attributes and asset distribution and will be further refined as Scope 3 emissions data becomes more comprehensive.

In 2025, the Group's capital expenditures for addressing climate-related risks and capturing opportunities were primarily allocated to distributed photovoltaic projects, energy-efficient

equipment upgrades, and low-carbon product R&D, with investment in each project decreasing sequentially. No dedicated climate-related financing or investment activities occurred during the year. It is anticipated that substantial funds will be invested in climate-related projects from 2026 to 2028, primarily sourced from internal operating cash flows.

5.1.5 Climate Goals and Actions

Based on scenario analysis results, the Group has formulated and is advancing the following phased emission reduction targets:

Table Note: Phased Emission Reduction Targets

Phase	Targets and Commitments	Key Milestones
Short-term (2025)	<ul style="list-style-type: none"> • Reduce energy consumption per unit of output by 8% in some factory areas compared to 2024 (target in progress). • Increase the proportion of clean energy usage to 25% (with 7.727 million kWh of clean energy generated in 2025, accounting for 17.5% of purchased electricity; target ongoing). • Complete the accounting and disclosure of Scope 1 and Scope 2 greenhouse gas emissions. 	<p>Achieved:</p> <ul style="list-style-type: none"> - Total emissions decreased by 42.7%, with a significant reduction in emission intensity. - 7.727 million kWh of photovoltaic energy generated.
Medium to Long-term	<ul style="list-style-type: none"> • Continuously advance carbon footprint management across the entire value chain and explore Science-Based Targets initiative (SBTi). • Enhance climate information disclosure and deepen the application of the Task Force on Climate-related Financial Disclosures (TCFD) framework. 	<p>Gradually implement a supplier carbon management platform.</p>

Our Group's climate goals are set with reference to the core objective of the Paris Agreement to limit global temperature rise to within 1.5°C, taking into account the decarbonization pathway of the automotive industry and our own business characteristics. The Group's ESG Committee will conduct annual internal reviews of the rationality, feasibility, and progress of climate goals, dynamically optimizing the goal system and implementation pathway based on policy changes, industry trends, and business development dynamics to ensure deep integration of climate goals with the Group's sustainable development strategy. The Group plans to rely on carbon credits to offset no more than 10% of residual emissions after 2035 to achieve net-zero targets. Priority will be given to selecting nature-based carbon removal projects certified by Verra or Gold Standard (such as forest restoration) for carbon credits. These carbon credits must meet requirements for additionality, permanence, and verifiability. The specific procurement plan will be dynamically adjusted based on future emission reduction progress and carbon credit market conditions.

Our Group has not yet incorporated climate-related performance indicators into its compensation policies, primarily because the climate management system is still under construction and relevant quantitative evaluation standards are not yet mature. Subsequently, we plan to complete a feasibility study on linking climate performance to compensation by 2027 and explore incorporating indicators such as energy conservation and emission reduction targets and low-carbon product R&D progress into the compensation evaluation system for senior management. The specific implementation plan will be dynamically adjusted based on the Group's climate transition progress.

5.2 Greenhouse Gas Emission Management

Our Group continuously reduces carbon emission intensity through energy efficiency improvements, clean energy substitution, and process optimization. In 2025, the Group's greenhouse gas emission data has been accounted for, with Scope 1 and Scope 2 emissions and intensities as follows, compared with 2024 data to transparently demonstrate emission reduction progress:

Table Note: Scope 1 and Scope 2 Emission Data

Indicator	Unit	Year 2025	Year 2024	Change Rate
Scope 1 Emissions (Direct Emissions)	Tons of CO ₂ equivalent	1,783.75	1,106.00	+61.3%
Scope 1 Emission Intensity	Tons of CO ₂ equivalent per RMB 10,000 of revenue	0.0040	0.0041	-2.4%
Scope 2 Emissions (Indirect Emissions)	Tons of CO ₂ equivalent	25,228.78	45,997.34	-45.2%
Scope 2 Emission Intensity	Tons of CO ₂ equivalent per RMB 10,000 of revenue	0.0566	0.1707	-66.9%
Total Emissions (Scope 1 + Scope 2)	Tons of CO ₂ equivalent	27,012.53	47,103.03	-42.7%
Overall Emission Intensity	Tons of CO ₂ equivalent per RMB 10,000 of revenue	0.0606	0.1749	-65.4%

During the reporting year, despite an increase in the absolute value of Scope 1 emissions due

to the expansion of the Group's business scale, emission intensity decreased by 2.4%, indicating improved energy efficiency. Thanks to the full operation of distributed photovoltaic projects in 2025 (generating 7,727,000 kWh, with 7,712,700 kWh self-consumed) and ongoing energy-saving technological transformations, the demand for externally purchased electricity significantly decreased, leading to a substantial reduction in Scope 2 emissions. This drove a 42.7% year-on-year decrease in the Group's total greenhouse gas emissions and a 65.4% decrease in emission intensity, marking a significant improvement in carbon emission management performance.

Our Group has not yet systematically conducted Scope 3 emission accounting, primarily because data from upstream supply chains and downstream value chains are scattered among numerous suppliers and customers, making it difficult to accurately obtain and verify. Currently, priority is being given to precise accounting of Scope 1 and 2 emissions and upgrading the greenhouse gas management system.

In accordance with the value chain accounting standards of the Greenhouse Gas Protocol (GHG Protocol) and the "materiality" principle of IFRS S2, our Group has preliminarily identified potentially significant emission categories such as purchased goods and services, downstream transportation and distribution, and the use of sold products. However, quantitative evaluation and materiality grading have not yet been completed, and no specific emission data is disclosed during the reporting period.

Regarding subsequent management measures, our Group has formulated a Scope 3 emission advancement plan: Complete qualitative analysis of potentially significant emission categories in 2026 and initiate carbon emission information surveys among core suppliers as a priority. Establish a supplier data reporting mechanism and a full value chain emission data ledger before 2027, complete materiality quantitative evaluation based on the collected data, and clarify core emission sources and management priorities. After the data system is perfected, develop supplier emission reduction collaboration plans and downstream optimization measures (such as promoting green logistics and guiding low-carbon product use) to gradually reduce Scope 3 emission intensity.

Our Group has not yet established an internal carbon pricing system and has not incorporated carbon pricing into current investment decision-making, operation management, or strategic planning processes. No relevant carbon pricing applications or quantitative data are disclosed during the reporting period.

Subsequently, our Group will refer to the requirements of IFRS S2 and the Environmental, Social, and Governance Reporting Code of the HKEX, combined with industry practices and its own business characteristics, to initiate a feasibility study on internal carbon pricing and sort out applicable scenarios for carbon pricing (such as project investment evaluation and

emission reduction cost accounting). It is expected to complete pricing standard calculations (including pricing basis and coverage scope) before 2027, officially establish an internal carbon pricing mechanism and include it in the disclosure scope starting from 2028, and gradually achieve deep integration of carbon pricing with business decision-making.

5.3 Energy Management and Resource Use Management

Our Group incorporates the concept of sustainable development into the entire production and operation process and continuously strengthens resource use management. The Group strictly abides by relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China, and the Circular Economy Promotion Law of the People's Republic of China, and has established a complete management system, strictly adhering to the principle of rational resource utilization. The Group strictly implements the Energy Conservation Law of the People's Republic of China and its internal Energy Conservation and Emission Reduction Management Measures, improving energy efficiency through the following measures:

Table Note: Energy Consumption Data

Indicator	Unit	Year 2025	Year 2024	Remarks
Total Energy Consumption	kWh	34,247,419.52	61,441,765.84	-50.3%, primarily due to optimized statistical methods and improved energy efficiency.
Energy Consumption Intensity	kWh per RMB 10,000 of revenue	76.87	228.11	-66.3%, primarily due to optimized statistical methods and improved energy efficiency.
Purchased Electricity	kWh	44,237,728	57,167,956.00	Significant substitution effect from photovoltaic power.
Combustion Fuels (Gasoline/Diesel/Natural Gas)	Liters/Cubic meters	600,036.15/20,857.95/198,483	4,273,809.84 (converted to kWh)	Continuous optimization of fuel mix.

Note: The discrepancy between the data on purchased electricity and total energy consumption arises because a portion of the electricity (7.7126 million kWh), generated from photovoltaic systems for self-consumption, is not included in the purchased electricity figures.

The Group continuously promotes the application of clean energy and energy-saving technological transformations, focusing on enhancing energy utilization efficiency. In 2025, the construction of the Group's distributed photovoltaic power generation system has yielded remarkable results, with a total annual clean energy generation of 7,727,000 kWh, of which 7,712,700 kWh was self-consumed, effectively reducing reliance on externally purchased electricity. In terms of energy-saving technologies, the Group comprehensively promotes energy-saving lamps and intelligent control systems, implements refined management measures such as "stopping machines when people leave and turning off lights when people leave," and strictly enforces an energy-saving standard of maintaining indoor air conditioning temperatures no lower than 26°C in summer. Meanwhile, the Group continuously optimizes its fuel structure, with gasoline, diesel, and natural gas consumption in 2025 being 600,036.15 liters, 20,857.95 liters, and 198,483 cubic meters, respectively, and actively explores clean fuel substitution plans.

Total energy consumption this year decreased by 50.3% compared to 2024, mainly due to the following factors: First, optimization of the statistical scope. The 2025 data clearly distinguishes between externally purchased electricity and self-consumed photovoltaic electricity, with the self-consumed photovoltaic portion not included in the externally purchased electricity statistics. Second, the substitution effect of clean energy. The full operation of distributed photovoltaic projects substituted part of the demand for externally purchased electricity. Third, improved energy efficiency. Ongoing energy-saving technological transformations and refined management effectively reduced unit product energy consumption. Externally purchased electricity in 2025 was 44,237,728 kWh, a 22.6% decrease from 2024, fully confirming the practical effectiveness of the aforementioned measures.

5.4 Water Resource Management

The Group continuously improves water use efficiency by installing water-saving devices, strengthening pipeline network inspections, and promoting circulating water systems. In 2025, the volume of reclaimed water was 5,166 tons, and the water reuse rate continued to optimize. Production wastewater is treated and discharged in full compliance with standards after treatment. The Group continuously optimizes treatment processes to promote reclaimed water reuse and reduce freshwater intake.

Table Note: Water Consumption Data

Indicator	Unit	Year 2025	Year 2024	Remarks
Total Water Consumption	Tons	104,116	87,892.17	+15.7%, due to business expansion.

Indicator	Unit	Year 2025	Year 2024	Remarks
Water Consumption Intensity	Tons per RMB 10,000 of revenue	Tons per RMB 10,000 of revenue 0.2337	0.3263	-28.4%
Reclaimed Water Volume	Tons	5,166	—	Used for landscaping and road cleaning at Yiwu Shibao.
Total Wastewater Discharge	Tons	52,391	—	Discharge intensity: 0.1176 tons per RMB 10,000 of revenue.

5.5 Paper and Packaging Materials

The Group prioritizes the use of recyclable and biodegradable materials and promotes packaging reduction and recycling. Additionally, the Group actively promotes a "paperless office" to reduce unnecessary printing.

Table Note: Paper and Packaging Material Consumption Data

Indicator	Unit	Year 2025	Year 2024	Remarks
Paper Consumption	10,000 sheets	67.4	—	Continuous promotion of paperless office practices.
Total Packaging Material Consumption	Tons	1,768.13	1,271.50	+39.1%, due to higher production volume.
Packaging Material Intensity	Tons per RMB 10,000 of revenue	0.0040	0.0047	-14.9%, indicating improved packaging efficiency per unit product.

5.6 Pollutant Emission Management

Our Group leads environmental management practices with the concept of green development and strictly complies with the national environmental protection legal and regulatory system, including laws such as the Environmental Protection Law of the People's Republic of China, the Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Water Pollution Prevention and Control Law of the People's Republic of China, as well as mandatory standards such as the Integrated Emission Standard of Air Pollutants (GB 16297-1996), the Integrated Wastewater Discharge Standard (GB 8978-1996), and the Emission Standard for Industrial Enterprise Noise at Boundary (GB 12348-2008).

Focusing on greenhouse gases, exhaust gases, wastewater, and solid waste generated during production and operation activities, the Group has established a management system covering the entire emission process and formulated normative documents such as the Wastewater Discharge Management Policy, Exhaust Gas Discharge Management Policy, Hazardous and Non-hazardous Waste Disposal Policy, Air Pollution Prevention and Control Management System, Noise Emission Control Management System, and Solid Waste Management Regulations, implementing refined control over the generation, collection, treatment, and discharge of various pollutants.

During the reporting period, the Group did not experience any major environmental incidents, and all emissions were disposed of in compliance with regulations. It holds a valid Fixed Pollution Source Emission Registration Receipt and did not experience any environmental pollution incidents. ZHEJANG SHIBAO, WUHOU STERLING, HANGZHOU SHIBAO, HANGZHOU NEW SHIBAO, and JILIN SHIBAO have all passed ISO 14001 environmental management system certification and continue to maintain its validity.

5.6.1 Wastewater Management

Production wastewater is treated and discharged in full compliance with standards after treatment. In 2025, the total wastewater discharge was 52,391 tons, with an emission intensity of 0.12 tons per 10,000 yuan of revenue. The Group continuously optimizes treatment processes to promote reclaimed water reuse and reduce freshwater intake.

5.6.2 Exhaust Gas Management

The Group equips welding, grinding, and other processes with efficient dust removal equipment to ensure that particulate matter concentrations meet standards. During the reporting period, all exhaust gas indicators met standards.

Table Note: Exhaust Emission Data

Indicator	Unit	Year 2025	Remarks
Particulate Matter Emissions	Tons	2.053	Welding, grinding, and other processes
Volatile Organic Compounds (VOCs) Emissions	Tons	0.147	Coating and other processes
Sulfur Dioxide Emissions	Tons	Near-zero emissions	Due to the substitution effect of clean energy
Nitrogen Oxide Emissions	Tons	Near-zero emissions	Due to the substitution effect of clean energy

5.6.3 Solid Waste Management

Hazardous waste: Includes waste emulsion, oily rags, waste chemical containers, etc. All hazardous waste is safely disposed of by compliant units holding hazardous waste operation permits, and the transfer process strictly implements a manifest management system to achieve closed-loop management. In 2025, all hazardous waste of the Group was safely disposed of at a rate of 100%.

Non-hazardous waste: Mainly includes metal scraps, waste packaging materials, and domestic waste. We actively promote waste resource utilization, with metal scraps being recycled by professional companies and domestic waste being uniformly collected and transported by municipal sanitation departments.

Through process optimization and source reduction, the Group continuously promotes waste reduction and resource utilization. In 2025, non-hazardous waste significantly decreased, mainly due to improvements in production processes and increased recycling efficiency.

Table Note: Solid Waste Discharge Data

Category	Indicator	Unit	Year 2025	Year 2024	Remarks
Hazardous Waste	Total Generation	Tons	670.45	539.03	+24.4%, due to capacity expansion.
	Intensity	Tons per RMB 10,000 of revenue	0.0015	0.0020	
Non-hazardous	Total	Tons	533.93	1,290.71	-58.6%, indicating

Category	Indicator	Unit	Year 2025	Year 2024	Remarks
Waste	Generation				significant source reduction achievements.
	Intensity	Tons per RMB 10,000 of revenue	0.0012	0.0048	
	Recycling Volume	Tons	114.68	—	Continuous improvement in resource utilization rate.
Total Waste	Total Generation	Tons	1,203.93	1,829.74	-34.2%

5.7 Ecological Environment and Resource Protection

Our Group does not have a significant impact on the environment and natural resources during daily operations. We actively promote green operations and contribute to broader environmental protection through product innovation.

The Group comprehensively promotes the "6S Management Method" to improve the production environment and resource utilization efficiency. 6S refers to Seiri (sort), Seiton (set in order), Seiso (shine), Seiketsu (standardize), Shitsuke (sustain), and Safety. Through continuous improvement of production processes and updating energy-saving equipment, the Group effectively reduces the environmental footprint per unit of product.

Renewable Energy and Green Facilities: In addition to distributed photovoltaic power generation, the Group gradually promotes green infrastructure such as solar street lights in factory areas. Employees are encouraged to adopt low-carbon methods such as public transportation and video conferencing to reduce indirect emissions during operations.

As an automotive steering system supplier, the Group's core contribution lies in assisting downstream automotive manufacturers in producing more energy-efficient and environmentally friendly vehicles through product innovation. The Electric Power Steering (EPS) system developed by the Group can effectively reduce fuel vehicle energy consumption compared to traditional hydraulic systems. Lightweight steering components help reduce vehicle weight, thereby reducing carbon emissions during driving. The Group's continuous investment in core intelligent driving technologies such as steer-by-wire will lay the

foundation for future smart travel and traffic efficiency improvements.

6 Society

6.1 Employment Principles

The Group continuously improves its employment and human resource management arrangements. During the processes of employee recruitment, hiring, and employment management, it adheres to the principles of legality, compliance, fairness, and transparency, establishing a standardized and orderly employment management system. The Group strictly complies with employment-related laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Implementation Regulations of the Labor Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Using Child Labor. It signs labor contracts with employees in accordance with the law, clearly defining the rights and obligations of both parties to safeguard the legitimate rights and interests of employees.

To further standardize human resource management processes, the Group has formulated and implemented internal management systems such as the Human Resource Control Procedures. These systems clearly stipulate processes related to employee recruitment, hiring, training, job placement, and other relevant management activities, and the requirements are implemented through system dissemination and daily management.

In addition, the Group has established an employee complaint and appeal mechanism, along with multiple feedback channels including an independent email address. These provide employees with avenues for communication and feedback on employment-related matters, enabling the timely identification and handling of potential employment risks and ensuring that employment practices continue to comply with relevant laws, regulations, and internal management requirements.

Regarding the prevention of child labor and forced labor, the Group strictly abides by laws and regulations such as the Universal Declaration of Human Rights, the International Labour Organization Conventions, and the Provisions on the Prohibition of Using Child Labor. It explicitly prohibits any form of child labor and forced labor and has formulated internal systems such as the Procedures for Prohibiting Forced Labor and the Code of Conduct to specifically regulate employment practices. These systems clearly state that the use of child labor, prison labor, forced labor for debt repayment, or any other forms of forced labor is prohibited. They also forbid the use of intimidation, beating, restriction of personal freedom, or surveillance to enforce forced labor. Meanwhile, the Group explicitly opposes any form of harassment and bullying to safeguard the legitimate rights and interests and basic dignity of employees. During the reporting period, the Group did not find any violations involving child

labor or forced labor.

6.2 Employee Diversity and Equal Opportunities

The Group regards diversity and inclusivity as important management concepts that support sustainable business development and long-term growth, and implements them in daily human resource management. The Group advocates a work culture of mutual respect, strives to provide employees with a fair and open work environment, and creates equal development opportunities for employees to the extent reasonably feasible.

The Group explicitly commits to creating an inclusive environment and respecting the background differences of each employee. In major human resource management processes such as recruitment and selection, professional development and training, compensation and benefits, performance evaluation, and career advancement, the Group adheres to the principles of fairness and diversity. Related arrangements are based on employees' job requirements, abilities, and work performance, avoiding unfair treatment due to non-work-related factors. These practices apply to the Group's main operating entities.

The Group explicitly prohibits any form of discriminatory behavior. All personnel decisions are based on qualifications, performance, skills, and experience, without discrimination based on race, ethnicity, gender, beliefs, religion, age, disability, sexual orientation, cultural background, or differences in employees' experience, skills, and viewpoints. It clearly stipulates the principles of equal employment and diversity through relevant internal management systems. To support the implementation of these principles, the Group has continuously strengthened a work atmosphere of mutual respect and inclusivity in internal communication and employee management processes.

Table Note: Employee Composition and Turnover Rate

Indicator		Unit	Year 2025	Year 2024
Total Number of Employees		Persons	2,596	2,224
Total Number of Employees by Gender, Employment Type, Age Group, and Region	Male	Persons	2,111	1,782
	Female	Persons	485	442
	Full-time	Persons	1,772	1,972
	Part-time (including temporary, part-time, and internship)	Persons	824	252

Indicator		Unit	Year 2025	Year 2024
	Aged 30 and below	Persons	1,109	930
	Aged 31-40	Persons	794	740
	Aged 41-50	Persons	463	353
	Aged over 50	Persons	230	201
	Mainland China	Persons	2,596	2,224
	Outside Mainland China	Persons	0	0
Employee Turnover Rate by Gender, Age Group, and Region	Male	%	41	66.9
	Female	%	18	44.3
	Aged 30 and below	%	49	87.1
	Aged 31-40	%	21	51.8
	Aged 41-50	%	49	40.8
	Aged over 50	%	0	25.4
	Mainland China	%	37	62.4
	Outside Mainland China	%	0	0

6.3 Employee Compensation and Benefits

On the basis of complying with applicable laws and regulations and taking into account local market conditions and living standards, the Group has formulated and implemented the Compensation Management System and the Employee Handbook. These stipulate fair compensation and benefit arrangements for employees, covering aspects such as salary payment, paid leave, and holiday benefits. The Group pays employees' salaries and reimbursement expenses on time and in full in accordance with relevant laws and regulations, and employees' salary levels are not lower than the national minimum wage standard. The pay

stub clearly lists all legally deducted items to ensure the transparency and compliance of the salary payment process.

In terms of social security, the Group pays social insurance for employees in accordance with the law. Regarding leave and working hour arrangements, the Group implements employees' various statutory paid leave arrangements in accordance with the law and strictly follows national regulations to provide employees with leave arrangements such as annual leave, personal leave, sick leave, maternity leave, marriage leave, funeral leave, and work-related injury leave to safeguard employees' rest rights and physical and mental health. In addition, based on actual conditions, the Group provides supplementary benefit arrangements such as annual benefits, female care benefits, holiday benefits, and birthday benefits for employees.

The Group continuously promotes the improvement of employees' abilities and overall work performance and provides employees with opportunities for continuous development and advancement. In terms of employee incentives and career development, the Group has formulated internal management systems such as the Employee Incentive Management Measures, the Employee Promotion System, and the Employee Reward and Punishment Management System, which apply to regular employees. The Group conducts performance evaluations regularly, either monthly or annually as scheduled. Based on the performance evaluation results, the Group establishes awards such as Outstanding Employee, Advanced Individual, and Quarterly Model, and recognizes them with bonuses and other incentive measures. The Group conducts employee satisfaction surveys on an annual basis to truly understand employees' satisfaction with work systems and the work environment.

During the reporting period, all employees had signed labor contracts. The overall salary level of the Group's employees remained relatively stable compared with previous years. Based on the Group's internal understanding of industry salary levels and management assessment results, the Group's salary level is comparable to the overall level of enterprises in the same industry.

6.4 Employee Training and Development

The Group adheres to the employment concept of "making the best use of people, bringing out the best in people, and valuing both virtue and talent" and has formulated and implemented internal management systems such as the Training Management System, the New Employee Production Line Internship Training Program, and the Employee Training Management Measures. The Group has established a multi-level and three-dimensional training system, regularly and irregularly conducting on-the-job skill training, including both internal and external training. The training content covers professional skill enhancement, management ability cultivation, updates to job operation specifications, and career development-related knowledge. Training plans and content are appropriately adjusted

according to different job categories, work experience, and performance evaluation results to meet the learning needs of different employees.

To help newly hired employees quickly understand the Group's culture, rules and regulations, and job requirements, the Group provides systematic onboarding training for new employees. The onboarding training adopts a mechanism of training upon entry, with training content covering the Group's overview and development history, corporate culture and code of conduct, institutional norms and compliance requirements, professional ethics, as well as job safety and basic operation specifications. The training aims to assist new employees in quickly becoming familiar with their job responsibilities and work processes and smoothly completing the transition from onboarding to starting work. Training is conducted through various forms such as offline centralized lectures, video teaching, and on-site assessments, and is organized and implemented by the human resources department and direct supervisors. During the reporting period, the overall training coverage exceeded 80%, the training coverage for new employees reached 100%, and the vocational training coverage for management at all levels achieved 100% full coverage. Forty-five people achieved academic upgrades, and training satisfaction and assessment results showed that employees had a good grasp of the training content.

Table Note: Employee Training Expenditure and Average Training Hours per Employee

Indicator		Unit	Year 2025	Year 2024
Total Training Investment		RMB 10,000	57.78	-
Training Coverage Rate		%	86	-
Total Number of Training Sessions		Times	296	-
Average Training Hours Completed per Employee by Gender and Employee Category	Male	Hours	13.74	5.9
	Female	Hours	13.53	6.0
	Senior Management	Hours	3.5	2
	Middle Management	Hours	5.9	8.2
	Frontline Employees	Hours	9.78	5.8

6.5 Occupational Health and Safety

The Group strictly complies with laws and regulations related to work safety and occupational health, such as the Work Safety Law of the People's Republic of China, the Work Safety License Regulations, and the Fire Protection Law of the People's Republic of China,

continuously improving its occupational health and safety management system. The Group has formulated and implemented internal management systems such as the Safety Management System, the Environmental and Occupational Health and Safety Manual, the Work Safety Management and Security System, and the Fire Safety Management System. It has also passed the ISO 45001 Occupational Health and Safety Management System certification, providing institutional and system guarantees for work safety and employees' occupational health. The Group has established an environmental and occupational health and safety management system, clarifying the division of responsibilities of each functional department in work safety and occupational health management and implementing dedicated and responsible management.

Through a risk and opportunity identification mechanism, the Group formulates and implements the Hazard Identification and Risk Assessment Control Procedures. It identifies and determines potential hazard sources throughout the Group's activities, products, and services, analyzes their nature and risk levels, assesses unacceptable risks, and formulates targeted control measures and management plans accordingly to prevent, reduce, or eliminate occupational health and safety risks.

For high-risk work operations such as work at heights, hot work, and electrical work, the Group implements a work permit management system. It conducts prior inspections of the work environment and operation procedures item by item to ensure that work conditions meet safety requirements. At production and work sites, the Group sets up obvious safety warning signs for risk points such as dust, noise, high temperature, and toxic and harmful factors, such as "Must Wear Dust Masks", "Beware of Toxic Gases", and "Pay Attention to High Temperature" to enhance employees' safety awareness. The Group regularly conducts self-inspections and special inspections for potential safety hazards, formulates rectification measures for identified problems, and continuously tracks the rectification progress until the relevant problems are resolved and closed.

The Group has formulated the Labor Protection Equipment Distribution Standards to supervise and record the provision, distribution, and use of employees' labor protection equipment, ensuring that relevant protective equipment is distributed to individuals and used effectively. In terms of emergency management and employee health protection, the Group regularly organizes fire drills for all employees and continuously conducts work safety education and first aid knowledge training to enhance employees' safety awareness and emergency response capabilities. Meanwhile, the Group organizes employees for health check-ups and occupational disease monitoring at a frequency of 1 - 2 times per year, pays attention to employees' physical conditions, and regularly organizes occupational health and work safety training to prevent occupational health risks.

To cope with the potential impact of extreme weather such as rain, snow, and freezing on

production and operation order and personnel safety, the Group has formulated and implemented the Snow Clearing Management Measures. These measures clearly regulate safety management and emergency response work during rainy and snowy weather. The Group stipulates that in case of snowfall or snow accumulation, it should promptly organize snow clearing and de-icing work, cleaning up factory roads, entrances and exits, pedestrian areas, and key work areas to reduce safety risks caused by snow accumulation and icing. The Group strengthens on-site inspections and management by clarifying responsible departments and specific implementation personnel to safeguard the personal safety and normal passage of employees and related personnel.

In addition, the Group has formulated management documents such as the Environmental Safety Notification for Related Parties and the Environmental and Safety Agreement for Related Parties to clarify the safety responsibilities and management requirements for external construction personnel and other related parties, providing health and safety guarantees for external related parties during their work.

Table Note: Performance of Employee Work-related Injuries and Safety Management

Indicator	Unit	Year 2025	Year 2024
Number of Work-related Fatalities in the Past Three Years	Persons	0	0
Work-related Fatality Rate	%	0	0
Number of Lost Workdays Due to Work-related Injuries	Days	50.5	153
Investment in Work Safety	RMB 10,000	748.38	-
Number of Work Safety Training Sessions	Times	199	-
Total Duration of Work Safety Training	Hours	236	-
Number of Work Safety Emergency Drills	Times	40	-
Coverage Rate of Signing Work Safety Responsibility Agreements	%	100	-

6.6 Sustainable Supply Chain

The Group strictly controls each link of the supply chain and continuously improves the overall quality and sustainable management level of the supply chain. The Group has formulated and implemented internal management systems such as the New Supplier Development Management System and the Supplier Performance Assessment Management Measures to standardize the management of supplier admission, cooperation, and continuous assessment.

At the supplier admission stage, the Group requires suppliers to pass the IATF 16949 quality management system certification and confirms that they have identified and assessed potential risks in environmental protection, occupational health and safety, and organizational operations, and have formulated and implemented corresponding measures to ensure that their operations are compliant, risks are controllable, and they have fulfilled their social responsibilities. The Group explicitly requires all suppliers with business dealings to comply with the Group's Procedures for Prohibiting Forced Labor and signs the Supplier Integrity and Self-discipline Commitment with key material and service suppliers. Through various forms such as contract terms, cooperation agreements, and business communication meetings, the Group continuously advocates its values and management requirements in compliant operation, integrity and self-discipline, and sustainable development to suppliers.

The Group implements a hierarchical audit and dynamic management mechanism for suppliers and conducts grading management based on their quality assurance capabilities. It formulates the Supplier Performance Evaluation Form to carry out monthly and annual performance evaluations of suppliers from dimensions such as product quality, performance fulfillment, and delivery quality. The evaluation results are divided into four grades: A, B, C, and D, and differentiated management measures are taken according to different grade results. For suppliers with evaluation grades of A and B, the Group includes them in the selection scope of excellent suppliers and gives priority to continuous cooperation. For suppliers with relatively low evaluation grades, the Group will take measures such as reducing or suspending supplies according to the situation and require them to make rectifications within a time limit. After completing the rectifications, relevant suppliers can be re-evaluated in accordance with the New Supplier Development Management System and re-included in the supplier management system only after passing the evaluation and meeting the Group's requirements.

Table Note: Sustainable Supply Chain Situation

Indicator		Unit	Year 2025	Year 2024
Total Number of Suppliers		Suppliers	602	539
Number of Suppliers Audited Annually		Suppliers	436	110
Number of Suppliers Conducting Environmental Assessments		Suppliers	375	-
Number of Suppliers by Region	Mainland China	Suppliers	594	526
	Regions Outside Mainland China	Suppliers	8	13

6.7 Responsible Products

The Group is well aware that automotive steering system products are directly related to driving safety, and product quality and reliability are crucial to life safety. Therefore, the Group always regards providing safe, reliable, and high-quality products as one of its most important business responsibilities, continuously improves its product quality management system, and ensures product quality and safety through institutionalized management.

In terms of quality management system construction, the Group strictly complies with relevant laws and regulations such as the Product Quality Law of the People's Republic of China, fully implements the requirements of the IATF 16949 quality management system, and has established a relatively complete quality management system. The Group has formulated and implemented internal system documents such as the Quality Management Manual, the Control Procedures for Requirements Related to Products and Services, the Continuous Improvement Control Procedures, the Corrective and Preventive Action Control Procedures, the Sample Production Management Regulations, the Sales Return Management Regulations, the First Sample Approval Process, and the Physical Quality Assessment Management Measures. Through management activities such as quality objective management, management reviews, internal audits, process audits, and preventive and corrective measures, it continuously monitors and improves the operation of the quality management system.

The Group adheres to the quality policy of "Technological Innovation, Continuous Improvement, Customer Satisfaction, and Pursuit of Zero Defects" and fully integrates the quality management concept into the entire processes of product design, manufacturing, and delivery services. By continuously optimizing the quality management system and improving

quality management capabilities, the Group continuously enhances product reliability and customer satisfaction. During the reporting period, the Group did not have any product recalls due to safety and health reasons.

Table Note: Product Quality and Safety Management Situation

Indicator		Unit	Year 2025	Year 2024
Total Duration of Product Quality Training		Hours	125	-
Number of Product Quality Training Sessions		Times	46	-
For Total Sold or Delivered Products	Proportion of Products Requiring Recall Due to Safety and Health Reasons	%	0	0
	Number of Complaints Regarding Products and Services	Times	98	2

To effectively identify and control product quality risks, the Group establishes a quality problem ledger management mechanism, systematically records, organizes, and maintains historical quality problems, conducts containment checks on related products before the occurrence of faulty parts, and fills in the Containment Check Form to track problem rectification and closure, preventing similar problems from recurring.

The Group sets clear quality objectives according to its business characteristics and customer requirements, sets specific target values for key quality indicators such as order delivery timeliness rate, 0-kilometer PPM, customer satisfaction, and quality cost rate, and regularly tracks and evaluates the completion of these objectives. During the reporting period, all of the Group's quality objectives were achieved as planned, and the overall operation of the quality management system was stable.

In terms of customer management and communication, the Group always adheres to the business philosophy of "customer focus" and has formulated and implemented the Customer-related Process Control Procedures and the Customer Satisfaction Management

Measures. The Group conducts customer satisfaction surveys twice a year and fills in the Customer Satisfaction Survey Form. The survey content covers customer complaints, physical product quality, quality capabilities, service quality, supply capabilities, claim handling, problem-solving efficiency, and supply status. Meanwhile, the Group formulates an annual customer visit plan to timely understand customer needs and concerns through regular communication. The Group attaches importance to the identification and implementation of customer special requirements, establishes the Customer Special Requirements List, and the customer representative organizes the identification, update, and implementation tracking of customers' latest special requirements on an annual basis to ensure that relevant requirements are effectively implemented in the production and service processes.

In terms of after-sales service and complaint management, the Group has formulated and implemented the After-sales Service and Claim Handling Procedures, standardizing the acceptance, analysis, and handling processes of user quality objections. Upon receiving a quality complaint, the Group promptly clarifies the problem situation, conducts cause analysis, and quickly takes containment measures, providing customers with corresponding solutions and compensation arrangements. When necessary, it arranges for dedicated personnel to provide on-site support services. During the reporting period, all complaint issues were closed.

Table Note: Responsible Marketing Situation

Indicator	Unit	Year 2025
Customer Satisfaction	%	94.83
Complaint Handling Rate	%	100

6.8 Information Security and Privacy Protection

The Group attaches great importance to the protection of customer information and consumer privacy and has established a complete information security management system. At the governance level, the Group clearly states that the board of directors and senior management bear ultimate responsibility for information security and designates the information technology department to take the lead in information security management. Each business department sets up information security liaisons, forming an information security organizational structure covering the entire Group. The Group has formulated and implemented a series of internal management systems such as the Confidentiality Agreement, the Document Control Procedures, and the Handling Form for Violations of Impartiality, Honesty, and Confidentiality Work Requirements, clearly regulating the entire process of the collection, use, storage, transmission, and destruction of customer information and sensitive information to ensure that management is rule-based and responsibilities are assigned to specific individuals. The Group regards information security as the cornerstone of digital

transformation and sustainable business development. It considers security protection capability construction simultaneously in its information technology strategic planning, is committed to building an information security strategy of proactive defense, dynamic perception, and comprehensive coverage, and promotes the deep integration of information security and business development to ensure that new technologies and new businesses complete security assessments simultaneously before going online. The Group systematically identifies and assesses potential risks in the field of information security, including data leakage, network attacks, and unauthorized operations by internal personnel, and establishes a hierarchical and classified control mechanism. By strengthening the hierarchical management and access control of confidential documents and data and implementing the principle of minimum permissions, it strictly prevents unauthorized use, disclosure, or leakage. Meanwhile, it establishes a violation reporting and investigation and handling mechanism, adopts a zero-tolerance attitude towards violations of confidentiality requirements, and strengthens accountability and risk prevention. The Group regularly conducts information security risk assessments and penetration tests, promptly repairs vulnerabilities, and improves risk response capabilities. During the reporting period, the Group did not have any major incidents of customer information leakage or infringement of consumer privacy. The Group sets and continuously tracks key performance indicators for information security, including the number of information security incidents, the coverage rate of employee information security training, and the system vulnerability repair rate. In 2025, the Group achieved 100% coverage of information security awareness training for all employees, completed the security level protection evaluation of core business systems, and all identified high-risk vulnerabilities were repaired on schedule. In the future, the Group will further improve its information security objective system and plans to pass the ISO 27001 information security management system certification within three years to continuously improve its information security management level.

6.9 Intellectual Property Protection and Technological Innovation

The Group attaches great importance to intellectual property protection and management, regarding it as an important guarantee for supporting technological innovation, enhancing core competitiveness, and achieving sustainable development. The Group strictly complies with intellectual property-related laws and regulations such as the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Trademark Law of the People's Republic of China. It continuously strengthens compliance management in research and development, production, and business activities, standardizes the use and management processes of intellectual property, and avoids infringing on others' copyrights or intellectual property rights.

In terms of system construction, the Group has passed the GB/T 29490 intellectual property

management system certification and has established a management system covering the creation, application, maintenance, utilization, and risk prevention and control of intellectual property rights on this basis. It clearly stipulates relevant responsibilities, process management, and supervision mechanisms to prevent potential intellectual property infringement risks. Through institutionalized management, the Group effectively embeds intellectual property requirements into key links such as research and development project initiation, technical reviews, and product development, improving the standardization and systematicness of intellectual property management.

In terms of intellectual property layout and utilization, the Group continuously conducts a panoramic analysis of patents in combination with its own development strategies and business plans. It carries out forward-looking and systematic layout in core technologies, key products, and critical process areas to provide support for technological research and development and product innovation. The Group actively promotes patent application work, covering design patents, invention patents, and utility model patents, to promote the protection and transformation of technological achievements and further consolidate its technological advantages in relevant fields.

Table Note: Intellectual Property and Scientific Research Performance

Indicator	Unit	Year 2025
Number of Newly Granted Intellectual Property Rights in 2025	Items	78
Number of Industry Standards Participated in Formulation in 2025	Items	13
Number of Papers Published in 2025	Papers	3

6.10 Business Ethics and Anti-Corruption

The Group is committed to maintaining high-level business ethics standards, strictly complies with laws and regulations related to anti-corruption and compliant operation such as the Company Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. It also formulates and implements internal management systems such as the Company Entertainment Wine and Souvenir Management System according to its own business characteristics. The Group explicitly proposes and enforces a core ban of "resolutely opposing any form of bribery, corruption, embezzlement of public funds, and improper benefit transfer" and prevents and controls the occurrence of corruption and other unethical behaviors through a combination of system constraints and daily management.

In terms of internal control and risk management, the Group establishes and continuously

improves an internal control system covering all business links, strengthens process control and approval supervision mechanisms, and focuses on the identification and prevention of integrity risks in key business processes, key projects, and key positions. By clarifying job responsibilities, standardizing approval authorities, and strengthening process supervision, the Group continuously improves the effectiveness of integrity risk management and promotes compliant operation.

The Group regularly organizes anti-corruption and compliance training, with training objects covering key position employees. The training content covers anti-corruption management points such as pre-event prevention, in-event identification, and post-event investigation and handling, enhancing employees' ability to identify corruption risks and compliance awareness. Meanwhile, the Group promotes employees' practice of integrity and self-discipline commitments and integrates business ethics requirements into daily work behavior norms. The Group has established confidential reporting and appeal channels to provide feedback avenues for employees and related parties regarding suspected violations, disciplinary issues, or improper behaviors. The Group keeps reporting information confidential and conducts verification and handling in accordance with established procedures to further improve the integrity governance mechanism. During the reporting period, there were no corruption litigation cases.

Table Note: Anti-Corruption Performance

Indicator	Unit	Year 2025
Number of corruption lawsuits filed and concluded	Cases	0

6.11 Responsible Community and Social Contributions

The Group actively fulfills its corporate social responsibilities, continuously engages in education support and public service undertakings, combines talent cultivation with social development needs, and assists in the sustainable development of the industry. In terms of education support, the Group carries out industry-university-research strategic cooperation with multiple higher education institutions, establishes a cooperation leading group composed of dedicated personnel to be responsible for the overall planning, coordination, and management of industry-university-research cooperation projects, and promotes the long-term and institutionalized operation of the cooperation mechanism. The Group jointly establishes "production-oriented internship and training bases" with universities. Based on industry demands and job capability requirements, it cooperates with partner universities to promote an order-based talent cultivation model. The Group selects technical backbones with rich practical experience to participate in school teaching, practical guidance, and scientific

research project cooperation, assisting in improving teaching content and practical link settings, enhancing students' practical operation abilities, engineering awareness, and employment competitiveness, and cultivating applied and compound professionals for the industry and society.

In terms of public services and community care, the Group pays attention to the actual needs of vulnerable and disadvantaged groups. Based on its own resources and capabilities, it actively participates in various public welfare and public service activities, truly fulfilling its corporate social responsibilities. Through continuous actions, the Group supports community development, promotes social harmony, and strives to achieve the coordinated advancement of enterprise development and social value creation.

Notes:

1. Referenced the China mainland purchased electricity emission factors in How to Prepare an Environmental, Social, and Governance Report. (Following the 2024 data statistics and conversion methods)
2. Referenced the conversion factors in the Energy Statistics Manual issued by the International Energy Agency and the CDP technical instructions: fuel data conversion to kilowatt-hours.
3. Employee structure data (by gender, age, and region) are based on the total number of employees, including full-time, part-time, and dispatched workers, while turnover rate is calculated based on full-time employees only. The 2024 data were compiled on a different basis and have not been restated due to data limitations; therefore, they are not fully comparable. From the current reporting period onwards, the Group will adopt this basis consistently to improve comparability. Full-time employee details are set out in Appendix III.

7 Appendix

Appendix I: Content Index of the HKEX "Environmental, Social, and Governance Reporting Guide"

Aspect		Disclosure	Corresponding Report Section
Mandatory Disclosure Requirements	Governance Structure	The statement issued by the Board of Directors contains the following content: (i) Disclosure of the Board's supervision over environmental, social, and governance (ESG) matters; (ii) The Board's ESG management policies and strategies, including the process for assessing, prioritizing, and managing significant ESG-related issues (including risks to the issuer's business); (iii) How the Board reviews progress against ESG-related goals and explains how they are linked to the issuer's business.	3.1
	Reporting Principles	Describe or explain how the following reporting principles are applied in preparing the ESG report: Materiality: The ESG report should disclose: (i) the process for identifying significant ESG factors and the criteria for selecting these factors; (ii) if the issuer has engaged with stakeholders, a description of the identified significant stakeholders and the process and outcomes of the issuer's stakeholder engagement. Quantification: Information on the standards, methods, assumptions,	1.5

		and/or calculation tools used for reporting emissions/energy consumption (if applicable), as well as the sources of the conversion factors used, should be disclosed. Consistency: The issuer should disclose in the ESG report any changes in statistical methods or key performance indicators (if any) or any other relevant factors affecting meaningful comparison.	
	Reporting Scope	Explain the reporting scope of the ESG report and describe the process for selecting which entities or businesses are included in the ESG report. If there are changes in the reporting scope, the issuer should explain the differences and reasons for the changes.	1.2
Comply or Explain			
A. Environment			
Aspect A1: Emissions	General Disclosure	Regarding air emissions and greenhouse gas emissions, discharges to water and land, and the generation of hazardous and non-hazardous waste: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	5.6
	Key Performance Indicator A1.1	Types of emissions and related emission data.	5.6
	Key Performance Indicator A1.3	Total amount (in tons) and, if applicable, intensity (e.g., per unit of production, per facility) of hazardous waste generated.	5.6
	Key	Total amount (in tons) and, if	5.6

	Performance Indicator A1.4	applicable, intensity (e.g., per unit of production, per facility) of non-hazardous waste generated.	
	Key Performance Indicator A1.5	Describe the established emission targets and the steps taken to achieve these targets.	5.6
	Key Performance Indicator A1.6	Describe the methods for handling hazardous and non-hazardous waste, as well as the established waste reduction targets and the steps taken to achieve these targets.	5.6
Aspect A2: Resource Utilization	General Disclosure	Policies for the efficient use of resources (including energy, water, and other raw materials).	5.3
	Key Performance Indicator A2.1	Total direct and/or indirect energy consumption (in thousands of kilowatt-hours) by type (e.g., electricity, gas, or oil) and intensity (e.g., per unit of production, per facility).	5.3
	Key Performance Indicator A2.2	Total water consumption and intensity (e.g., per unit of production, per facility).	5.4
	Key Performance Indicator A2.3	Describe the established energy efficiency targets and the steps taken to achieve these targets.	5.3
	Key Performance Indicator A2.4	Describe any issues in obtaining suitable water sources, as well as the established water efficiency targets and the steps taken to achieve these targets.	5.4
	Key Performance Indicator A2.5	Total amount (in tons) of packaging materials used for finished products and, if applicable, the amount per unit of production.	5.5

Aspect A3: Environmental and Natural Resources	General Disclosure	Policies for reducing the significant impact of the issuer on the environment and natural resources.	5.7
	Key Performance Indicator A3.1	Describe the significant impact of business activities on the environment and natural resources and the actions taken to manage these impacts.	5.7
B. Society			
Employment and Labor Practices			
Aspect B1: Employment	General Disclosure	Regarding remuneration and dismissal, recruitment and promotion, working hours, leave, equal opportunities, diversity, anti-discrimination, and other treatment and benefits: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1, 6.2, 6.3, 6.4
	Key Performance Indicator B1.1	Total number of employees by gender, employment type (e.g., full-time or part-time), age group, and region.	6.2
	Key Performance Indicator B1.2	Employee turnover rate by gender, age group, and region.	6.2
Aspect B2: Health and Safety	General Disclosure	Regarding the provision of a safe working environment and protection of employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	6.5
	Key Performance Indicator B2.1	Number and rate of work-related fatalities each year for the past three years (including the reporting year).	6.5

	Key Performance Indicator B2.2	Number of workdays lost due to work-related injuries.	6.5
	Key Performance Indicator B2.3	Describe the adopted occupational health and safety measures, as well as the relevant implementation and monitoring methods.	6.5
Aspect B3: Development and Training	General Disclosure	Policies for enhancing employees' knowledge and skills to perform their job duties. Describe training activities.	6.4
	Key Performance Indicator B3.1	Percentage of trained employees by gender and employee category (e.g., senior management, middle management).	6.4
	Key Performance Indicator B3.2	Average number of training hours completed per employee by gender and employee category.	6.4
Aspect B4: Labor Standards	General Disclosure	Regarding the prevention of child labor or forced labor: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1
	Key Performance Indicator B4.1	Describe measures to review recruitment practices to avoid child labor and forced labor.	6.1
	Key Performance Indicator B4.2	Describe the steps taken to eliminate such situations when violations are identified.	6.1
Operational Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies for managing environmental and social risks in the supply chain.	6.6
	Key	Number of suppliers by region.	6.6

	Performance Indicator B5.1		
	Key Performance Indicator B5.2	Describe practices related to hiring suppliers, the number of suppliers to which these practices are applied, and the relevant implementation and monitoring methods.	6.6
	Key Performance Indicator B5.3	Describe practices for identifying environmental and social risks at each stage of the supply chain, as well as the relevant implementation and monitoring methods.	6.6
	Key Performance Indicator B5.4	Describe practices for promoting the use of environmentally friendly products and services when selecting suppliers, as well as the relevant implementation and monitoring methods.	6.6
Aspect B6: Product Responsibility	General Disclosure	Regarding the health and safety, advertising, labeling, and privacy issues of provided products and services, as well as remedial methods: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	6.7
	Key Performance Indicator B6.1	Percentage of total products sold or shipped that require recall due to safety and health reasons.	6.7
	Key Performance Indicator B6.2	Number of complaints received about products and services and the response methods.	6.7
	Key Performance Indicator	Describe practices related to maintaining and protecting intellectual property rights.	6.7

	B6.3		
	Key Performance Indicator B6.4	Describe the quality assurance process and product recall procedures.	6.7
	Key Performance Indicator B6.5	Describe consumer data protection and privacy policies, as well as the relevant implementation and monitoring methods.	6.7
Aspect B7: Anti-Corruption	General Disclosure	Regarding the prevention of bribery, extortion, fraud, and money laundering: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	6.10
	Key Performance Indicator B7.1	Number and outcomes of concluded corruption lawsuits filed against the issuer or its employees during the reporting period.	6.10
	Key Performance Indicator B7.2	Describe preventive measures and reporting procedures, as well as the relevant implementation and monitoring methods.	6.10
	Key Performance Indicator B7.3	Describe anti-corruption training provided to directors and employees.	6.10
Community			
Aspect B8: Community Investment	General Disclosure	Policies for community engagement to understand the needs of the communities in which the issuer operates and ensure that its business activities consider community interests.	6.11
	Key Performance Indicator	Focus areas of contribution (e.g., education, environmental issues, labor needs, health, culture, sports).	6.11

	B8.1		
	Key Performance Indicator B8.2	Resources (e.g., money or time) allocated in the focus areas.	6.11

Appendix II: Index Table of Issues for the Shenzhen Stock Exchange

Dimension	Serial Number	Issue	Corresponding Clauses	Corresponding Report Section
Environment	1	Addressing Climate Change	Articles 21 to 28	5.1
	2	Pollutant Emissions	Article 30	5.6
	3	Waste Disposal	Article 31	5.6
	4	Ecosystem and Biodiversity Conservation	Article 32	5.7
	5	Environmental Compliance Management	Article 33	5.1
	6	Energy Utilization	Article 35	5.3
	7	Water Resource Utilization	Article 36	5.4
	8	Circular Economy	Article 37	5.7
Society	9	Rural Revitalization	Article 39	6.11
	10	Social Contributions	Article 40	6.11
	11	Innovation-Driven Development	Article 42	6.9
	12	Technology Ethics	Article 43	Not Applicable
	13	Supply Chain Security	Article 45	6.6
	14	Equal Treatment of Small and Medium-sized Enterprises	Article 46	Not Applicable
	15	Product and Service Safety and Quality	Article 47	6.7
	16	Data Security and Customer Privacy Protection	Article 48	6.8
	17	Employees	Article 50	6.1, 6.2, 6.3, 6.4, 6.5
Governance	18	Due Diligence	Article 52	3.3

Dimension	Serial Number	Issue	Corresponding Clauses	Corresponding Report Section
issues related to sustainability	19	Stakeholder Communication	Article 53	3.3
	20	Anti-Commercial Bribery and Anti-Corruption	Article 55	6.10
	21	Anti-Unfair Competition	Article 56	6.10

Appendix III: Full-time Employee Structure

Indicator	Unit	Year 2025	
Total Number of Employees	Persons	1,772	
Total Number of Employees by Gender, Age Group, and Region	Male	Persons	1,418
	Female	Persons	354
	Aged 30 and below	Persons	929
	Aged 31-40	Persons	620
	Aged 41-50	Persons	134
	Aged over 50	Persons	89
	Mainland China	Persons	1,772
	Outside Mainland China	Persons	0