Xingye Alloy Materials Group Limited
興業合金材料集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 00505



2025 Environmental, Social, and Governance (ESG) Report

CONTENTS

2 ABOUT THE REPORT

4 ESG MANAGEMENT OF THE BOARD OF DIRECTORS

10 ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

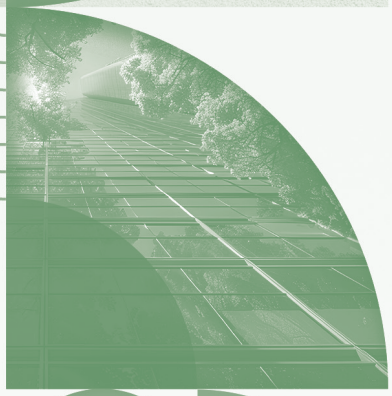
29 SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

49 GOVERNANCE: ENHANCING GOVERNANCE AND STRENGTHENING THE RESPONSIBILITY FRAMEWORK

55 ESG KEY QUANTITATIVE PERFORMANCE TABLES

65 BENCHMARK INDEX TO THE HKEX *ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE*







ABOUT THE REPORT

BASIS FOR PREPARATION

The Report is prepared in accordance with the *Environmental, Social and Governance Reporting Code* (Appendix C2 to the *Listing Rules*), effective as of 1 January 2025, issued by The Stock Exchange of Hong Kong Limited ("**HKEX**"), with reference to *IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB) and the *United Nations Sustainable Development Goals* (UN SDGs) issued by the United Nations.

REPORTING SCOPE

Scope of the Organisation: The scope of information disclosed in the Report covers Xingye Alloy Materials Group Limited and its subsidiaries (hereinafter referred to as the "Company" or the "Group"), consistent with the scope of the consolidated financial statements of Xingye Alloy (00505.HK). The full names and short names of the companies as they appear in the Report are as follows:

Full Name	Short Name
Xingye Alloy Materials Group Limited	Xingye Alloy, the Company
Ningbo Xingye Shengtai Group Co., Ltd.	Shengtai
Ningbo Xingye Xintai New Electronic Materials Co., Ltd.	Xintai
Ningbo Xinyue Alloy Materials Co., Ltd.	Xinyue

Time Period: The Report is an annual report, with the reporting period ranging from 1 January 2025, to 31 December 2025. Any information outside this period will be explained where applicable.

DATA SOURCES AND DESCRIPTION

The data and cases in the Report come from the original records of actual operations or annual reports of the Company. Unless otherwise stated, the financial data in the Report are expressed in RMB. Annual reports shall prevail in case of any inconsistency. Unless otherwise stated, the statistical basis for the key quantitative performance data in the Report is consistent with the scope of the consolidated financial statements in the Group's annual report. The scope of data covered in the Report is detailed in the "ESG Key Quantitative Performance Tables" description.

REPORTING PRINCIPLES

The Report follows the reporting principles of the *Environmental, Social and Governance Reporting Code* issued by the HKEX, including:

Materiality: The Company identified material topics of concern to investors and other stakeholders related to its operations as the priority areas of the Report. The presentation of material topics in the Report takes into account both the industry characteristics involved in the Company's operations and the characteristics of the region where it is located. The analysis and results of material topics are detailed in the section "ESG Management of the Board of Directors" of the Report. The Report highlights ESG matters that may have an important impact on investors and other stakeholders.

Accuracy: The Report strives to ensure the accuracy of information to the greatest extent possible. Specifically, the measurement of quantitative information has clarified data scope, calculation basis, and assumption conditions to guarantee that the margin of calculation error will not exert a misleading impact on information to the users. Quantitative information and explanatory notes are detailed in the section "ESG Key Quantitative Performance Tables" in the Report. The Board of Directors warrants that there are no false records, misleading statements, or material omissions in the Report.

Balance: The Report reflects objective facts and impartially discloses positive and negative information related to the Company. The Company has identified no negative events that required disclosure but were not disclosed.

Quantitative and consistency: The Report discloses key quantitative performance indicators and, where possible, historical data. The measurement and disclosure of the same indicator are consistent across reporting periods; any change will be fully explained in the notes to the Report so that stakeholders can conduct meaningful analyses.

REPORT PUBLICATION

The Report is published in both Chinese and English. The Report is available at http://www.xingyealloy.com, the official website of Xingye Alloy. In case of any ambiguities, the Chinese version shall prevail.

CONTACT INFORMATION

If you have any comments and suggestions regarding the Report, please contact us at:

Tel: 0574-63216796

Email: esg@cn-shine.com

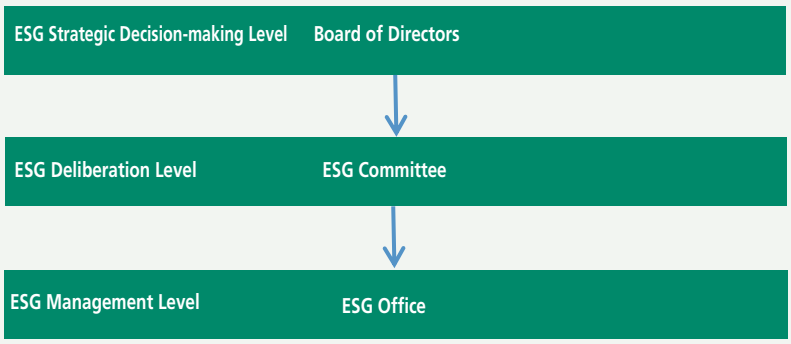
ESG MANAGEMENT OF THE BOARD OF DIRECTORS

ESG GOVERNANCE STRUCTURE

The Company established a top-down governance structure for Environmental, Social and Corporate Governance (ESG), with the Board of Directors taking ultimate responsibility for ESG.

In August 2025, the Company established the Environmental, Social and Governance (ESG) Committee, chaired by an independent non-executive director, to assist the Board of Directors in formulating ESG strategic directions and objectives, as well as to oversee the implementation of ESG-related policies and risk management. Under the ESG Committee, the Company set up the ESG Office responsible for coordinating ESG affairs across the Group. Under the ESG Office, the Company set up the Climate Change and Sustainability Working Group, encompassing various business divisions including the General Manager's Office, the Human Resources Centre, the Safety and Environmental Protection Office, and other departments, with a dedicated focus on advancing and implementing specific sustainable development initiatives.

ESG Organisational Structure Chart



ESG MANAGEMENT OF THE BOARD OF DIRECTORS

ESG Responsibilities

Governance Body	Responsibilities
Board of Directors	(1) Formulate the Group's ESG strategic planning, and review and approve ESG objectives, strategic plans, and governance structure. (2) Serve as the highest authority responsible for ESG matters, exercising comprehensive oversight of ESG affairs to ensure the effectiveness of ESG management. (3) Review and approve ESG reports and other ESG disclosure documents to ensure the accuracy and completeness of information. (4) Identify and assess ESG-related risks and opportunities and develop corresponding management strategies.
ESG Committee	(1) Provide recommendations to the Board of Directors on sustainability issues, strategies, policies, and objectives. (2) Identify and assess sustainability risks and opportunities to ensure compliance with regulatory requirements. (3) Promote the development of the ESG system and ensure sustainability training for senior management. (4) Review and submit ESG reports, oversee data processes, and ensure information disclosure is compliant and transparent.
ESG Office	(1) Formulate ESG management policies and detailed work rules, and promote the establishment and improvement of the ESG management system. (2) Collect, organise, and analyse ESG-related information, and compile and publish the Company's annual ESG report. (3) Assist in setting ESG objectives, track progress towards the targets, and regularly report to management and the Board of Directors.

ESG MANAGEMENT OF THE BOARD OF DIRECTORS

STAKEHOLDER COMMUNICATION AND ENGAGEMENT

The Company values the opinions of stakeholders and has established a regular communication mechanism. The Company attaches great importance to topics of concern to stakeholders and includes them in the Company's operations and decision-making processes, respectively.

Major stakeholders	Communication channels	Topics of concern
Shareholders and investors	• General meeting of shareholders • Information disclosure and investor communication	• Risk management • Economic performance • Corporate governance • Protection of investors' rights and interests • Intellectual property protection
Government and regulators	• Information disclosure • Policy interpretation • Conference communication • Supervision and inspection	• Risk management • Anti-corruption and anti-bribery • Discharges, emissions and wastes • Energy utilisation • Water resource utilisation • Circular economy • Environmental management • Addressing climate change
Customers	• Customer satisfaction survey • Customer visit • Industry communication	• Product quality and safety • Customer service • Information security and customer privacy protection
Suppliers	• Supplier evaluation and audit • Supplier training • Intellectual property protection	• Supply chain management • Anti-corruption and anti-bribery
Employees	• Regular meetings • Employee activities • Labour union • Complaints and feedback	• Employee rights and interests • Employee diversity and benefits • Employee training and development • Occupational health and safety
Industry	• Industry associations • Industry communication	• Innovation and R&D
Communities	• Community activities • Media communication	• Social welfare

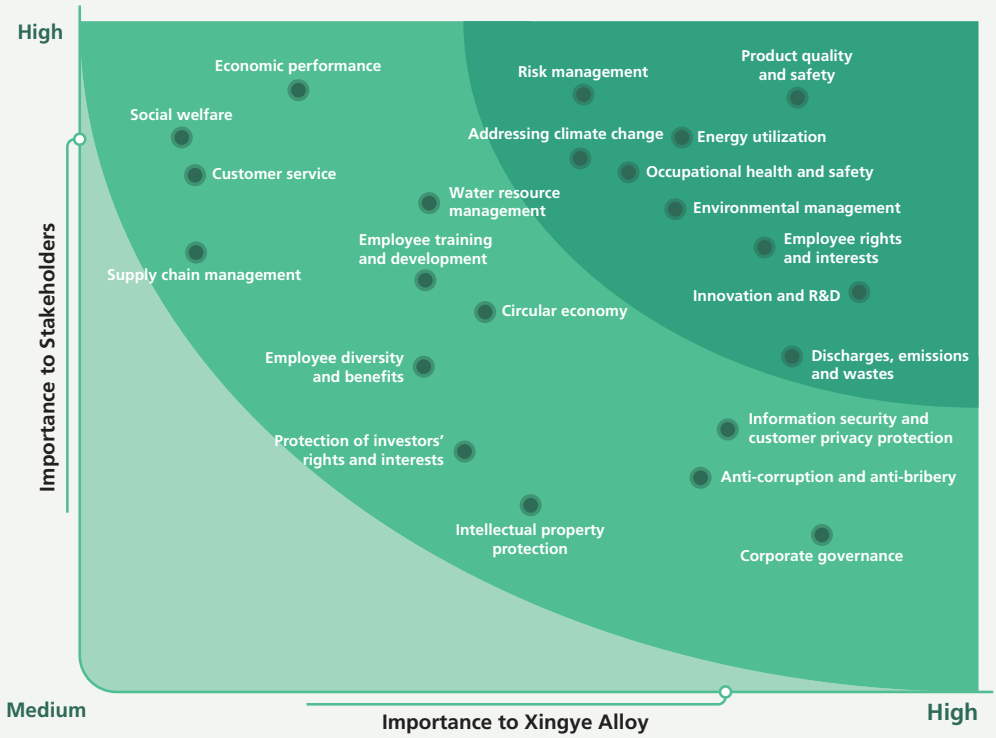
IDENTIFICATION AND ANALYSIS OF MATERIAL TOPICS

Analysis Process of Material Topics

To ensure the effectiveness of the ESG strategy, the Board of Directors follows a procedure of identification, evaluation, and screening to determine material ESG topics annually and analyse and rank the materiality of these topics. The process of determining materiality is guided by the following principles:

- Incorporate opinions from key stakeholders and identify ESG topics of concern to them;
- Incorporate opinions from management and identify ESG topics that are material to the Company's business;
- The Board of Directors then deliberates and finalises as material ESG topics those that are of high concern to stakeholders and of significant impact on the Company's business.

Matrix of Material Topics



ESG MANAGEMENT OF THE BOARD OF DIRECTORS

Key Changes in Material Topics

In 2025, the Company adjusted its material topics list based on macro policy research, industry trend analysis, and review of material topics, including optimising the presentation of one topic.

During the reporting period, the Company identified 22 ESG topics, including 9 material topics with high impact and 13 material topics with moderate impact.

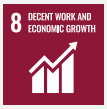
2025 Material Topic	Reason for Change
Addressing climate change	This topic was elevated to a high-impact material topic. During fiscal year 2025, the Company and its stakeholders placed greater emphasis on climate change management and practices, as regulatory disclosure requirements strengthened and customer demand for carbon emission reduction and carbon footprint information increased.

ESG Objective Management

The Company aligns with the United Nations Sustainable Development Goals (SDGs). Based on its sustainable development strategy, the Company has identified five SDGs most relevant to its operations and is committed to making positive contributions to global sustainable development through its actions.

	SDGs Contribution	Material Topics
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	**Addressing climate change** **Energy utilisation** **Circular economy** **Discharges, emissions and wastes**
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	**Supply chain management**

ESG MANAGEMENT OF THE BOARD OF DIRECTORS

	SDGs Contribution	Material Topics
	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	**Employee rights and interests** **Employee training and development** **Employee diversity and benefits** **Social welfare**
	16.5 Substantially reduce corruption and bribery in all their forms. 16.6 Develop effective, accountable and transparent institutions at all levels.	**Corporate governance** **Anti-corruption and anti-bribery**

The Company sets targets for hazardous waste, non-hazardous waste, water use, greenhouse gas (GHG) emissions, and energy use, and tracks progress towards these targets annually. Progress on environmental targets is detailed in the section "Environmental: Promoting Green Development to Build a Low-carbon Future" of the Report.

Hazardous Waste Target

By 2030, reduce hazardous waste generated per unit of product by 35% compared to 2023

Non-hazardous Waste Target

By 2030, reduce non-hazardous waste generated per unit of product (tonne/kg of product) by 8% compared to 2024

Water Use Target

By 2030, reduce water use per unit of product (m^3/tonne of product) by 3% compared to 2024

GHG Emissions Target

By 2030, reduce GHG emissions per unit of product (tonne of CO_2e/tonne of product) by 3% compared to 2023

Energy Utilization Target

By 2030, reduce energy consumption per unit of product by 3% compared to 2023

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

1.1 ADDRESSING CLIMATE CHANGE

Governance

Xingye Alloy has established a climate governance system with the Board of Directors as the highest decision-making body and set up a climate governance structure comprising the "Board of Directors - Dedicated Committee - Coordination Office - Working Group" to systematica-lly advance climate change management from the top down.

The Board of Directors is responsible for approving the Company's climate strategy and major decisions, as well as overseeing the progress and performance of climate-related issues. The Board of Directors assesses climate risks and resilience every two years to ensure compliance in climate-related performance. The Company's ESG Committee comprises one executive director and two independent non-executive directors, and is chaired by an independent non-executive director with extensive experience in sustainable development. The Committee is responsible for formulating and deliberating on climate-related issues and strategies, and reporting to the Board of Directors on climate risks and response progress. The ESG Office is responsible for coordinating the implementation of climate-related work, including regular reporting and review, monitoring and early warning of key indicators, and cross-departmental collaborative supervision. The Company's Climate Change and Sustainability Working Group operates through a cross-departmental collaboration mechanism to ensure the effective implementation of the overall climate strategy.

To strengthen management's emphasis on and implementation of climate responsibilities, the Group has incorporated climate performance indicators into the compensation packages of directors and senior management, and conducts specialised performance assessments based on energy and carbon emissions-related metrics. The Company places emphasis on management's knowledge accumulation and capability enhancement in the climate field, providing climate-related training to the Board of Directors every two years and inviting external experts to participate in discussions as appropriate, thereby offering valuable reference and decision-making support for the Company to address climate challenges and formulate relevant strategies.

Strategy

(1) List of Climate Risks and Opportunities

The Company takes mainstream disclosure frameworks as important references, such as *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) *and IFRS S2 Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB). Through risk and opportunity identification, materiality assessment, and financial impact evaluation, the Company continuously optimises response plans for key climate risks. Combined with business realities and industry trends, the Company conducts climate scenario analysis to identify climate risks and potential opportunities that require focus at the current stage.

List of Climate Risks and Opportunities

Type of Risks/Opportunities	Primary Risk Category of Climate Change	Specific Risk/Opportunity
Physical risks	Acute physical risks	• Floods • Typhoons
	Chronic physical risks	• Extreme heat and heatwaves
Transition risks	Reputational risks	• Insufficient information disclosure
	Policy and legal risks	• Strengthened carbon pricing constraints
	Market risks	• Shifts in customer demand
	Technology risks	• Pressure for process upgrading
Transition opportunities	Efficiency of resource utilisation	• Energy efficiency improvement
	Sources of energy	• Clean energy utilisation
	Products and services	• Low-carbon product development
	Adaptability	• Proactive response

(2) Climate Scenario Analysis

The Company conducts scenario analysis for climate-related physical and transition risks, covering 100% of its production bases. The scope of assessment includes its three subsidiaries: Shengtai, Xintai, and Xinyue. The Company references the Fifth and Sixth Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC), selects representative concentration pathway (RCP) scenario data, and conducts analysis in combination with the Net Zero Emissions by 2050 Scenario developed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

The Company conducted its first climate scenario analysis in 2025, with a reassessment scheduled every five years. The reassessment will be initiated promptly when there are significant changes in national policies, industry standards, or the Company's business. The results of this scenario analysis have been incorporated into the Company's strategic planning and risk management framework, and reported to the ESG Committee under the Board of Directors.

This scenario analysis quantifies the risks to assets under specific climate scenarios by calculating the Physical Value-at-Risk (PVaR) and Carbon Value-at-Risk (CVaR) for each asset location, and estimates the percentage of enterprise value represented by the financial impact on assets or business activities due to climate risks at each asset location.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

List of Risk and Opportunity Scenario Analysis and Related Assumptions

Analysis Module	Issuing Institution	Scenario Name	Scenario Description	Representative Temperature	Risk Analysis Process	Key Assumptions
Physical risks	IPCC	Representative Concentration Pathway RCP 8.5	A high-emissions scenario under climate change policy intervention. Under this scenario, the GHG emissions and concentrations continue to increase, with global average temperatures rising by more than 4℃ compared with the pre-industrial level by the end of the century.	>4℃	The analysis is conducted from three dimensions, including hazard, vulnerability, and exposure, as follows: • Hazard primarily considers factors such as asset location and the severity of specific physical hazards under the selected scenarios. • Vulnerability primarily considers factors such as asset type characteristics and corresponding loss functions. • Exposure primarily considers factors such as total asset value.	• It is assumed that the asset locations subject to this scenario analysis remain unchanged within the time horizon of the analysis (i.e., up to and including 2050). • This scenario analysis does not take into account insurance coverage or any physical climate risk response measures.
Transition risks	NGFS	Net Zero Emissions by 2050 Scenario (NZE 2050 Scenario)	The NGFS' NZE 2050 scenario assumes that effective climate policies are introduced globally at present; the world undergoes an orderly transition; net zero emissions are achieved by 2050; and the 1.5℃ temperature control target of the Paris Agreement is reached by the end of the century.	<1.5℃	• Simulate future carbon emission pathways for subsidiaries based on historical GHG emissions data and carbon reduction targets from the past three years. • Determine the carbon emission gap for each subsidiary by considering regional carbon reduction policies and pressures based on the subsidiary's location and industry sector. • Calculate the CVaR based on the carbon price for China under the NGFS' NZE 2050 Scenario.	• All three subsidiaries operate in the non-ferrous metal processing industry, with the assumption that their average carbon emission intensities are consistent. • It is assumed that the ratio of annual average carbon emissions among the three subsidiaries remains unchanged throughout the time horizon of the scenario analysis (i.e., up to and including 2050).

The time horizons of the impact are categorised as short-term (0–2 years), medium-term (3–5 years), and long-term (6 years and above). For risks and opportunities within different time horizons, the Company has formulated corresponding strategies to ensure that short- to medium-term risks remain controllable, opportunities are realised, and long-term strategic transformation objectives are achieved, thereby safeguarding business resilience and sustainable growth.

(a) Physical Risks

This scenario analysis encompasses three categories of physical risks: floods, extreme heat and heatwaves, and typhoons. The RCP 8.5 scenario from the IPCC has been selected to represent risk exposures under severe climate change conditions. The Company utilises PVaR to estimate the proportion of asset value loss resulting from climate-related physical risks to its total asset value.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Projection Results of Climate Physical Risk Scenario Analysis (2050)

Risk Category	PVaR Range	Risk Level
Extreme heat and heatwaves	1% - 5%	Medium-low
Floods	0% - 1%	Low
Typhoons	1% - 5%	Medium-low

Note: Physical Value-at-Risk (PVaR) = climate hazard-related losses/enterprise value. It represents the proportion of the Company's assets that are vulnerable to climate-related physical risks.

Results of risk analysis:

- Under the RCP 8.5 scenario featuring intensifying climate hazards, the PVaR for all three physical risk categories remains below 5%, classified as either low or medium-low risk, indicating that climate-related physical risks are generally controllable for the Company;

- The potential flood inundation depths at the Company's operating locations are projected to be at a relatively low level by 2050, with flood risks classified as low;

- High temperature events may impair infrastructure performance, leading to increased energy/electricity demand and higher water consumption and may also pose health and safety risks to personnel, resulting in additional operational expenditures. By 2050, the number of days with temperatures exceeding 35℃ at the Company's locations is projected to more than double compared to current levels, while cooling degree days are expected to increase by over 20%. Although these risks remain controllable, the Company will continue to refine high-temperature risk prevention measures and dynamically update safety protocols for high-temperature operations to ensure the proactivity and effectiveness of its risk response;

- Typhoon risks may cause operational disruptions, affecting production activities and operating revenue and may also result in infrastructure damage and asset losses. By 2050, maximum wind speeds from typhoons at the Company's locations could reach 47m/s under this scenario. Therefore, the Company will further strengthen typhoon risk prevention measures to mitigate the operational impact of typhoon risks.

The analysis results indicate that climate-related physical risks remain generally controllable under RCP 8.5 scenarios featuring intensifying climate hazards. In response to the three categories of physical risks identified above, the Company has initiated value chain impact assessments to analyse risk transmission pathways and potential financial implications. Corresponding countermeasures have been incorporated into the Company's sustainable development strategy and integrated into its daily operational risk management system.

In 2025, the Company suffered direct asset losses of approximately RMB60,000 due to acute physical risks such as typhoons and floods; capital expenditures of approximately RMB400,000 were invested in anti-seepage and structural reinforcement of plant facilities as well as procurement of flood control equipment; operational expenditures of approximately RMB2 million were used for insurance coverage, including fixed asset insurance, inventory insurance, and machinery breakdown insurance. To cope with high temperature conditions, the Company allocated approximately RMB2 million in operating expenses for heat allowances and procurement of heatstroke prevention and cooling supplies.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Impact Analysis of Significant Physical Risks and Response Measures

Risk Category	Impact Period	Impact Pathways and Affected Business	Value Chain Impact Level	Financial Impact Description	Resilience Building Measures
Floods	Short-term, medium-term, long-term	• Operational disruption: Floods may inundate the Company's plant areas, causing severe damage to production infrastructures. Long duration and high costs of equipment repair may lead to prolonged production line down-time and forced full plant shutdowns. • Supply chain interruptions: Flooding may disrupt port operations and land transportation, affecting raw material imports, finished product delivery, and follow-up production. The Company would be unable to supply goods to downstream customers on schedule, which may strain long-term partnerships. • Personnel safety: Extreme weather threatens employee safety in commuting, transportation and outdoor operations.	Upstream, down-stream, direct operation	An increase in equipment maintenance costs and capital expenditure constrains production capacity, reduces operating revenue, and poses threats to personal safety of employees.	• Operational disruption: (1) measures adopted include anti-seepage reinforcement of plant roofs and exterior walls, installation of waterproof and sealed partition walls in high-precision equipment areas, as well as establishment of an emergency support system with stockpiled emergency electricity and supplies; (2) according to the Company's *Special Emergency Response Plan for Typhoon and Flood Prevention and Control*, measures are taken to prepare sufficient emergency supplies including sandbags and water pumps, place sandbag at low-lying and leak-prone areas in workshops in advance, and assign dedicated personnel to manage river drainage at the pump house, maximising the exclusion of water from the plant area, and ensuring no water seepage or backflow inside the plant area. • Supply chain interruptions: (1) efforts are made to diversify supplier partnerships, develop an emergency logistics route map, control transportation duration, and share emergency response plans of production bases with key customers in advance; (2) raw material inventory and production capacity information is regularly synchronised, with backup buffer stocks to minimise order losses. • Personnel safety: Open indoor areas are cleaned up in advance for use as temporary evacuation shelters; sleeping bags and other supplies are prepared to meet potential accommodation demand.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Risk Category	Impact Period	Impact Pathways and Affected Business	Value Chain Impact Level	Financial Impact Description	Resilience Building Measures
Typhoons	Short-term, medium-term, long-term	• Operational disruption: Strong winds and heavy rains may damage plant facilities at production bases, causing water leakage in workshops and damage to exposed equipment, especially high-precision copper alloy sheet and strip production equipment; repairs to such equipment would be lengthy and costly; meanwhile, the Company has to suspend production according to emergency response plans, which would directly halt the production process. • Personnel safety: Extreme weather threatens employee safety in commuting, transportation and outdoor operations. • Supply chain interruptions: Raw material procurement relies on stable logistics and transportation. Typhoons may disrupt port operations and land transportation, affecting raw material imports, and finished product delivery. In addition, this may lead to order delivery delays, and damage long-term partnerships with suppliers and customers, increasing supply chain management costs and risks.	Upstream, downstream, direct operation	An increase in equipment maintenance and insurance expenses leads to higher operating costs and capital expenditure, constrained production capacity, reduced operating revenue, and threats to personal safety of employees.	• Operational disruption: (1) flood prevention measures are implemented, with strengthened typhoon early warning; (2) wind-resistant reinforcement and upgrades are conducted on temporary facilities and outdoor equipment in the plant area, with improved asset insurance coverage; (3) sufficient emergency supplies such as sandbags and water pumps are prepared to prevent waterlogging caused by short-term heavy rainfall; workshop roofs are reinforced and remediated in advance, with real-time patrols before and during typhoon landfalls, and timely remedial measures. • Personnel safety: (1) measures adopted include development of emergency response plans, advance stockpiling of emergency supplies, organisation of regular emergency drills; (2) according to the Company's *Special Emergency Response Plan for Typhoon and Flood Prevention and Control*, duty arrangements during typhoon are strengthened, with special attention to production conditions in high-temperature melting areas; (3) non-essential work is suspended on the day of typhoon landfalls or until the government downgrades level I emergency response. • Supply chain interruptions: (1) advance deliveries to prevent customers from facing inventory shortages; (2) the supply chain emergency stocking plan is optimised to hedge against the impact of production interruptions.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Risk Category	Impact Period	Impact Pathways and Affected Business	Value Chain Impact Level	Financial Impact Description	Resilience Building Measures
Extreme heat and heatwaves	Short-term, medium-term, long-term	• Efficiency reduction: Under extreme heat and heatwaves, metal components of equipment are prone to deformation due to thermal expansion and contraction, leading to a significant increase in equipment failure rates, and severely undermining production efficiency. In addition, the thickness accuracy of rolled copper alloy sheets and strips is prone to deviations, resulting in a substantial rise in the reject rate. • Increase in energy consumption: High temperatures raise the Company's cooling demand, requiring cooling systems to consume more water and electricity, which substantially drives up energy costs. The Company may also face power rationing risks due to tight electricity supply, further disrupting production plans. • Personnel safety: Heatwaves pose a serious threat to physical and mental health of frontline employees, who are prone to health issues such as heat exhaustion and heatstroke. This may lead to reduced work efficiency and higher absence rates, increasing the Company's labour costs and production losses. • Fire risk: Heatwaves may make domestic waste dry and flammable. Outdoor activities and overheated equipment can easily ignite fires in the Company's production and operations, resulting in facility damage and personnel evacuation, and raising emergency response costs and safety hazards.	Upstream, downstream, direct operation	An increase in equipment maintenance costs, energy consumption costs, operating costs, and capital expenditure results in fewer orders and lower operating revenue, and poses threats to personal safety of employees.	• Efficiency reduction: Key production equipment is equipped with an intelligent temperature control system, supported by increased inspection frequency, regular in-depth maintenance, and enhanced high-temperature resistance. • Increase in energy consumption: An energy management system is installed, along with energy-saving upgrades to cooling and ventilation systems; clean energy sources such as solar and wind power are utilised to reduce dependence on conventional energy, and lower energy costs and carbon emissions. • Personnel safety: (1) heatstroke prevention training for employees is enhanced to raise their self-protection awareness; (2) prominent warning signs are posted in high-temperature work areas, with adequate ventilation and cooling facilities in relevant workplaces. In the event of heatstroke, immediate treatment is provided in accordance with the *Heatstroke Emergency Response Card*; (3) heatstroke prevention supplies are distributed, including bottled water, salted soda, electrolyte drinks, mung bean soup, herbal tea, and other cooling beverages; heatstroke medicines are prepared for emergency. • Fire risk: (1) waste management is strengthened during high-temperature periods, with proper stacking and removal; (2) fire protection facilities are improved, along with enhanced fire prevention inspections; (3) emergency response plans are developed, and regular drills are organised to enhance emergency response capabilities and reduce fire risk.

(**b**) **Transition Risks**

The scenario analysis of the Company's transition risks adopts the NGFS's NZE 2050 Scenario, with a focus on marginal abatement costs associated with carbon prices driven by various climate policies, providing a basis for the quantitative assessment of the impact of carbon costs on the Company.

Based on its GHG emissions and emission reduction targets over the past three years, the Company estimates its carbon emission gap in alignment with regional and industrial policy requirements, and conducts baseline emission scenario simulations. Using China's regional carbon prices under the NGFS's NZE 2050 Scenario, the Company calculates the Carbon Value-at-Risk (CVaR) for each of its subsidiaries to assess the potential impact of rising carbon prices on asset values. The analysis assumes that the carbon emission intensity and the emission share of its subsidiaries remain stable.

Projection Results of Climate Physical Risk Scenario Analysis (2050)

Asset	CVaR Range	Risk Level
Ningbo Xingye Shengtai Group Co., Ltd.	5% - 15%	Medium
Ningbo Xingye Xintai New Electronic Materials Co., Ltd.	5% - 15%	Medium
Ningbo Xinyue Alloy Materials Co., Ltd.	1% - 5%	Medium-low

Note: Carbon Value-at-Risk (CVaR) = total carbon emission cost/enterprise value. Total carbon emission cost = the Company's carbon emission gap × carbon price. It represents the percentage of the Company's assets vulnerable to climate-related transition risks.

Risk Analysis Results:

- Under the NGFS's Net Zero 2050 scenario, China implements stringent climate transition policies, resulting in a continuous upward trend in carbon price that is expected to reach US$708 per tonne of CO_2 by 2050. The Company's business operations include non-ferrous metal processing with a high level of emission reduction difficulty. Amid stringent policy constraints and rising carbon prices, the Company faces significant climate transition risks in general, and needs to continuously monitor policy developments and increase investment in decarbonisation. Shengtai and Xintai are assessed as having medium climate transition risk, indicating that these risks remain within a controllable range.

- The non-ferrous metal processing industry in which the three subsidiaries operate features a high level of emission reduction difficulty, making it hard to achieve substantial emission reduction in the short term through technical upgrades. Therefore, a sizeable carbon emission gap, together with rising carbon prices, will impose significant carbon cost pressure. Going forward, the Company will continue to monitor developments in climate transition policies, and explore various decarbonisation pathways to adapt to the low-carbon transition trend.

- Although the three subsidiaries operate in the same non-ferrous metal processing industry, Xinyue has lower carbon emissions, carbon intensity, and Carbon Value-at-Risk (CVaR). This translates into a smaller potential carbon emission gap and lower absolute future carbon costs relative to Shengtai and Xintai, and thus lower transition risks.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Impact Analysis of Significant Transition Risks and Response Measures

Risk Category	Impact Period	Impact Pathways and Affected Business	Value Chain Impact Level	Financial Impact Description	Resilience Building Measures
Reputational risks	Medium-term, long-term	• Against the backdrop of low-carbon transition, stakeholders including customers, investors and international capital, generally require the Company to improve its emission management and disclosure transparency. Failure in timely and accurate response will damage the Company's brand reputation and erode customer trust.	Downstream, direct operation	• Decrease in operating revenue: Reputational damage will reduce customers' willingness to cooperate, leading to fewer customer orders or a shift to competitors, thereby directly affecting sales volume and market shares and reducing operating revenue.	• A disclosure mechanism in line with the ISSB framework is established to regularly publish carbon emissions and emission reduction progress. • A cross-departmental working group is set up to ensure reliable data sources and enhance transparency.
Policy and legal risks	Short-term, medium-term, long-term	• Along with tightened domestic and foreign carbon emission regulations, carbon trading mechanisms and green barriers, the Company's production and export activities must comply with higher legal and regulatory standards; otherwise, it may face penalties or export disruptions. • Under ever-strengthening carbon pricing policies, the Company has to incur higher costs of carbon allowances and carbon tax burdens, while rising carbon prices further intensify pressure on operating costs.	Direct operation, downstream	• Increase in credit risk: Inadequate compliance may impact the Company's credit ratings among customers and financial institutions, resulting in higher financing costs. • Increase in development costs: To comply with new policies, the Company needs to increase capital investment in developing low-carbon processes. • Increase in decarbonisation costs: Rising carbon prices will drive up costs of carbon allowances and carbon emission compliance.	• A systematic carbon compliance management mechanism is established to dynamically track policy changes at home and abroad and regularly assess compliance risks. • Carbon footprint accounting and disclosure systems are improved for export businesses to meet carbon compliance requirements in international markets. • A carbon cost projection system is developed to incorporate carbon price factors into the operational decision-making process.
Market risks	Short-term, medium-term, long-term	• Downstream customers are gradually shifting to low-carbon supply chains, with lower acceptance of high-carbon products. Failure to promptly launch low-carbon alloys or certified products may result in the loss of some high-end customers and international market shares.	Downstream	• Revenue fluctuation risk: Insufficient supply of eco-friendly products may lead to customer attrition and a decline in operating revenue.	• R&D of green products is advanced through increasing the proportion of recycled copper, and developing carbon footprint-certified products. • Low-carbon innovation projects are jointly launched in cooperation with key customers to align products with their decarbonisation requirements.
Technology risks	Medium-term, long-term	• Copper alloy production features high energy consumption, requiring increased capital expenditure for energy-saving equipment, waste heat recovery and green electricity in the future. Lagging technological upgrades will lead to reduced production efficiency and excessive carbon emissions.	Upstream, direct operation	• Increase in capital expenditure and operating costs: Capital investment is required for R&D, equipment upgrades, as well as energy and carbon trading costs.	• Phased transformation roadmaps are formulated to introduce energy-saving equipment, and gradually increase the proportion of green electricity. • A R&D fund is established to study low-carbon new materials and energy-saving processes.

(c) Transition opportunities

While assessing transition risks, the Company also focuses on the development opportunities arising from climate transition, including resource utilisation, energy structure, products and services, and organisational adaptability. These opportunities help reduce operational costs, and enhance market competitiveness and overall resilience.

Impact Analysis of Significant Transition Opportunities and Response Measures

Opportunity Category	Impact Period	Impact Pathways and Affected Business	Value Chain Impact Level	Financial Impact Description	Resilience Building Measures
Efficiency of resource utilisation	Short-term, medium-term	• Energy-saving upgrades and lean management are conducted in production to improve energy and water use efficiency, and reduce energy consumption and emissions per unit of product, thereby lowering comprehensive operational costs in production.	Direct operation	• Decrease in operating costs: Expenses from energy, water, and other resource consumption are reduced, together with lower carbon emission-related costs.	• The energy management system is developed to improve sub-item metering and monitoring. • Waste heat recovery, water-saving recycling, and energy-saving equipment upgrades are implemented.
Sources of energy	Medium-term, long-term	• The proportion of renewable energy and clean electricity is gradually increased to reduce the dependence on fossil energy, and alleviate operational pressure caused by energy price fluctuations and carbon emission costs.	Upstream, direct operation	• Decrease in operating costs: Risks from rising fossil energy prices are mitigated, and policy and financing incentives for green energy utilisation are secured.	• Renewable energy utilisation targets are formulated to promote green electricity procurement. • Electrification upgrades for high-energy-consuming processes are explored to raise the proportion of clean energy.
Products and services	Short-term, medium-term, long-term	• Through technological innovation and process improvement, copper alloy strip products with low-carbon footprint and high performance are developed to meet green procurement demand of customers in electronics, automobile and electric power industries, enhancing market competitiveness.	Downstream	• Increase in operating revenue: Through technological innovation and process improvement, low-carbon footprint and high-performance copper alloy strip products are developed to meet customers' green procurement demand and enhance market competitiveness.	• Carbon footprint accounting and disclosure mechanisms are established for products. • With an increased proportion of recycled copper, low-carbon products are developed and certified. • Green design and application are carried out in cooperation with key customers to include our products in the green procurement catalog.
Adaptability	Short-term, medium-term, long-term	• Policy trends and industry standards are tracked to enhance the ability to respond to climate change-related risks and opportunities. • The Company actively participates in industry alliances and formulation of green standards to strengthen its voice in the transition process.	Upstream, direct operation, downstream	• Increase in operating revenue: High adaptability to policy and market changes enhances customer stickiness, and secures green financing and business opportunities.	• Policy and market information monitoring mechanisms are established for regular scenario analysis and opportunity assessments. • The Company participates in formulation of industry green standards and pilot projects to enhance its overall adaptability.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Risk and Opportunity Management

The Company formulates and implements targeted risk management measures to strive to reduce climate risks, seize green development opportunities, and promote sustainable development. In 2025, the Company optimized and improved relevant management processes based on the updated identification results of climate risks and opportunities.

Risk Management Process for Addressing Climate Change

Stage	Specific content
Risk identification	• Based on its actual business operations, the Company deeply explores potential risks that may be encountered under the background of climate change, while actively introducing external authoritative climate risk assessment institutions and industry experts to identify various potential climate risks. • In 2025, the Company took climate-related scenario analysis as the core method for identifying climate-related risks and opportunities, systematically identifying potential risks.
Risk assessment	• A quantitative analysis is conducted for identified risks and opportunities to assess repair costs for damaged production equipment caused by extreme weather, cost increases due to climate-related raw material price fluctuations, as well as potential benefits from market opportunities brought by green transformation. • A scenario analysis is made to quantify potential impacts of different risks on business, including likelihood and degree of impact. Based on a comprehensive assessment from multiple dimensions such as finance, operations, and markets, as well as the probability of risk occurrence, identified climate-related risks are categorized into transition risks and physical risks, providing a core basis for subsequent ranking and management.
Risk ranking	• Risks are ranked according to the likelihood and impact of their occurrence as per results of risk assessments. Risks that may cause major production disruptions and huge economic losses are listed as high priority, such as equipment damage and plant shutdowns caused by typhoons. Risks with relatively small impacts and low probabilities of occurrence are listed as low priority, such as the impact of temperature fluctuations on the Company's electricity consumption. By clarifying priorities, the Company's resources are more reasonably allocated to the management of key risks.
Risk management	• The *Emergency Plan for Natural Disasters and Accidents* is developed to clarify the response processes and responsibility divisions when encountering various climate-related disasters. • Regular emergency drills and training sessions are conducted to improve the Company's ability to respond to disasters. • The Company intends to gradually establish a climate risk monitoring mechanism coordinated by the ESG Office, aiming to initially define core monitoring indicators, conduct climate risk monitoring and early warning, and regularly report the progress to the management, thereby providing reference for decision-making. • Climate-related risks are integrated into the existing risk management process, forming a complete risk management system from strategic planning, daily operation monitoring to emergency response to effectively resist climate risks.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Metrics and Targets

In 2025, the Company conducted its carbon inventory in accordance with ISO 14064-1:2018 and the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*. Based on the latest international climate change agreements and regulatory commitments, it scientifically calculated and established its climate targets. The climate targets are measured by the intensity of scope 1 and scope 2 greenhouse gas emissions per unit of output of Xingye Alloy, without adopting the Sectoral Decarbonisation Approach (SDA). The greenhouse gas categories covered include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

Climate Targets and Transition Action Pathways

Target*	Climate transition action	Progress in 2025
• Intensity target: With 2024 as the baseline year, the Company's Scope 1 + Scope 2 greenhouse gas emission intensity per unit of output will decrease by 3% by 2030.	• The proportion of renewable electricity such as self-generated photovoltaic power and purchased green electricity are continuously increased. • Energy-saving upgrades are implemented to reduce energy consumption per unit of product.	In 2025, the Company continued to boost the use of renewable energy. Renewable electricity consumption grew by 3.23% compared with the previous year, and purchased green electricity and green certificates rose by 150% compared with the previous year.

The Company regularly monitors the greenhouse gas emission intensity metric for quantitative tracking and timely feedback of target progress. For the complete climate-related metrics, please refer to the appendix: ESG Key Quantitative Performance Tables.

Greenhouse Gas Emissions Metrics

Greenhouse gas category	Unit	Emissions in 2025
Scope 1	Tonne of CO_2e	32,954.36
Scope 2 (location-based)	Tonne of CO_2e	134,791.19
Scope 2 (market-based)	Tonne of CO_2e	136,571.99
Scope 3	Tonne of CO_2e	745,194.00

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

1.2 ENVIRONMENTAL MANAGEMENT SYSTEM

The Company strictly complies with environmental laws and regulations and relevant provisions such as the *Law of the People's Republic of China on Environmental Protection* and formulates environmental management systems such as the *Environmental, Occupational Health and Safety Monitoring and Measurement Control Procedures*. In 2025, the Company revised the *Wastewater Management Process*, the *Exhaust Gas Management Process,* the *Radiation Safety Management Process*, and the *Inland River Management System of the Company*, continuously strengthening environmental management. In 2025, all production bases of the Company passed the ISO 14001:2015 Environmental Management System Certification. In accordance with the requirements of the environmental management system, the Company has established an environmental management organizational structure with clear division of duties and coordinated operation.

Environmental Management Organizational Structure



In 2025, the Company identified environmental factors in all production sites. The initiative focused on identifying environmental issues including wastewater discharge, exhaust gas emissions, chemical leakage, solid waste treatment, and energy and resource consumption. For the environmental factors identified, the Company properly managed potential environmental risks by establishing evaluation criteria, analyzing the degree of impact and the probability of occurrence, formulating tracking mechanisms, and updating the assessment list.

The Company regularly provides environmental protection training sessions for all employees, covering topics such as safety and environmental protection, environmental awareness enhancement, water pollution prevention and control, solid waste pollution prevention, solid waste classification and management, radiation safety and protection knowledge, and environmental emergency response management. In 2025, these training sessions recorded approximately 11,000 participant attendences, achieving 100% employee coverage.

In 2025, the Company invested approximately RMB 15 million in environmental protection-related expenses, with no penalties by the competent authorities for violating environmental management-related laws and regulations, nor major environmental impacts in this regard.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

1.3 RESOURCE UTILISATION AND MANAGEMENT

Energy Management

The Company strictly complies with the *Law of the People's Republic of China on Energy Conservation* and the *Law of the People's Republic of China on Renewable Energy*, and has formulated management documents such as the *Energy Conservation and Emission Reduction Management System*, the *Energy Management System*, the *Energy Conservation and Consumption Reducing Management System*, and the *Electricity Management System*. The main types of energy consumed by the Company include electricity and natural gas.

The Company has established an energy control and supervision team responsible for collecting, analyzing, and monitoring energy data, conducting regular energy audits, evaluating enterprise-wide energy utilisation, identifying areas of energy waste, and providing a basis for formulating precise energy-saving strategies. The daily work of the team includes detailed statistics on the energy consumption of each production workshop, monthly monitoring of the completion of energy targets, analysis of the energy consumption proportion of different production processes, and identification of areas with greater energy-saving potential to optimize energy management and improve overall energy efficiency.

Key Energy Consumption in 2025

Indicators	Unit	Total in 2025
Total natural gas	m^3	14,748,726
Total gasoline	L	40,272.61
Total diesel	L	241,974.87
Total purchased electricity	MWh	254,035.42
Purchased renewable electricity	MWh	30,000.00
Total photovoltaic power generation	MWh	21,817.10
Including: Self-consumed photovoltaic power generation	MWh	16,613.18

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Key Initiatives for Energy Conservation and Carbon Reduction

Category	Specific content
Use of clean energy	
Use of green electricity	In 2025, the Company's photovoltaic power generation reached 21.8171 million kWh, a year-on-year increase of 40.23%, resulting in a reduction of 12,106 tonnes of carbon dioxide emissions. Among this, its own PV power consumption amounted to 16.6132 million kWh, growing by 32.42% year on year. In addition, the Company purchased a total of 30 million kWh of green electricity and green certificates in 2025, up 150% year on year. The proportion of renewable power consumption reached 17.2%, increasing by 3.23% year on year.
Energy consumption reduction	
Production line upgrades	In 2025, Shengtai upgraded high-performance copper alloy strip production line by centrally replacing high-energy-consuming motors on existing equipment, including medium-pressure pumps, high-pressure pumps, cooling circulation pumps, and filtration pumps, and adopting high-efficiency energy-saving motors on milling, continuous annealing, and tension leveling production lines.
Waste heat recovery	In 2025, the Company invested RMB 2.2 million in a technological transformation project for waste heat recovery. By recovering industrial waste heat, the project reduced natural gas and electricity consumptions and CO_2 emissions.
Power grid optimization	In April 2025, Xinyue launched a low-voltage side reactive power compensation project, which was officially put into operation in mid-August. Following the operation of the system, the power factor of the distribution network increased from 0.9 to 0.97, eliminating harmonic interference; apparent power was reduced by 12%, with reduced line losses, and improved power utilisation efficiency.
Electricity storage	The Company built a 20 MW energy storage project to alleviate grid load pressure, making energy utilisation more flexible and stable. In 2025, the energy storage project delivered a total discharge of 10,591.12 MWh, with a discharge efficiency of 88%.
Equipment upgrades	S9 series oil-immersed transformers were phased out and replaced with S20 oil-immersed transformers, reducing losses by approximately 40%. Class A large intelligent equipment was upgraded to reduce the power consumption rate by over 10%.
Process improvement	The EAMic equipment management system was introduced to reduce downtime risks through real-time early warning, improve efficiency through standardized maintenance procedures, and optimize decision-making procedures and costs based on data analysis, facilitating production digitalization and operational reliability.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Category	Specific content
Green Office	
Greenery expansion	• The plant area features large-scale green belts and lawns, with increased area of green plants.
High efficiency and energy conservation	• Energy-saving LED lamps were adopted to save over 60% of energy than conventional lamps. • An online monitoring system was installed to keep track of power consumption within the plant area in a timely manner and implement appropriate energy-saving measures. • Electric vehicles for business were introduced to replace high-displacement fuel-powered vehicles; pure electric or hybrid vehicles for business were purchased to reduce fossil fuel use and exhaust gas emissions. • Light-sensing solar street lamps were promoted to supply power through self-generated electricity, thereby reducing electricity consumption. • Inverter motors were installed in dormitories to cut down power consumption caused by prolonged operation of original motors.
Low-carbon life	• The Company launched the "Chopstick Reduction for a Low-Carbon Life" campaign. It significantly reduced the use of disposable chopsticks in the canteen and for official receptions, and encouraged employees to bring their own tableware, cutting annual disposable chopstick consumption by approximately 380,000 pairs.

Water Resource Management

The Company's production water is sourced from municipal supplies, with no major risks in securing adequate water sources. The Company adheres to the *Water Law of the People's Republic of China*, and has formulated the *Water Use Management System* to standardize water utilisation and conservation across operations. In 2025, the Company's water consumption amounted to 665,021.00 m³, with a water consumption of 3.72 m³ per tonne of product. In the same year, Xintai was recognized as a water-saving enterprise of Ningbo.

Key Technical Initiatives for Water Resource Management

Technology	Specific content
Rainwater harvesting system	• The Company constructed nine rainwater harvesting systems in production workshops. After collecting, storing, and purifying rainwater, the Company used the rainwater in industrial processes such as cooling, cleaning, and dust removal, thus reducing dependence on tap water, lowering production costs, achieving water resource recycling, and reducing wastewater discharge.
Deionized water equipment	• According to the original treatment process of washing water, a large amount of wastewater is treated and discharged annually to meet the standard. Deionized water equipment is properly installed to fully utilize washing water, thereby producing deionized water and reducing the amount of tap water used.
Cooling tower circulating water reuse technology	• The cooling tower circulating water reuse technology is applicable in multiple operations of the Company. The water treated by reverse osmosis equipment can be partially or completely reused in the cooling tower circulating water system, which can reduce impurities such as dissolved solids, organic matter, and bacteria in the water, and lower wastewater discharge.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Circular Economy

In terms of product packaging, the packaging materials used by the Company's products mainly include wooden frames, paper cores, and lining fabrics. To standardize the use of packaging materials, the Company has formulated the *Product Packaging Control Regulations*. In 2025, the Company recycled a total of 5,661 tonnes of wooden frames and 1,032 tonnes of paper cores.

Regarding waste resource utilisation, the Company recycles rolling oil (mainly composed of base oil, mineral oil, emulsifiers).

Case study: The Company obtains SCS Recycled Content Certificates to consolidate foundation of circular economy

In June 2025, the Company obtained the SCS Recycled Content (RC) Certificates for a total of seven products, namely C7521, C7701, C18140, C64800, C19000, C70252, and C7025.


CERTIFICATE OF ACHIEVEMENT

Ningbo Xingye Shengtai Group Co., Ltd

Copper-Nickel-Phosphorus Alloy Strip C19000

Minimum 97% Recycled Copper* Content, a mix of Post-Consumer and Pre-Consumer Recycled Material

CERTIFICATE OF ACHIEVEMENT

Ningbo Xingye Shengtai Group Co., Ltd

Copper-Chromium Alloy Strip C18140

Minimum 96% Recycled Copper* Content, a mix of Post-Consumer and Pre-Consumer Recycled Material

SCS Recycled Content (RC) Certificates

1.4 MANAGEMENT OF DISCHARGES, EMISSIONS AND WASTES

Wastewater Management

The Company complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, as well as relevant standards, such as the *Integrated Wastewater Discharge Standard (GB8978 - 1996)* and the *Indirect Discharge Standards for Nitrogen and Phosphorus Pollutants in Industrial Wastewater* (DB33/887 - 2013), and has formulated internal systems such as the *Wastewater Management Process* and the *Inland River Management System of the Company*. Its wastewater is mainly divided into domestic sewage and production wastewater. The production wastewater is treated at the Company's self-built sewage treatment station and then discharged into the municipal sewage pipeline. The domestic sewage is pretreated in an oil separator and septic tank and then discharged into the municipal sewage pipeline after treatment. Finally, it enters the sewage treatment plant in Hangzhou Bay New Area for treatment.

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

In 2025, the Company revised the *Wastewater Management Process*, and adjusted the inspection frequency of the "total phosphorus" indicator for inland river water quality from monthly external monitoring to weekly internal monitoring. The Company has established the *Management Ledger for Wastewater Discharge*, implementing a rigorous testing on parameters in the wastewater such as pH value, chemical oxygen demand (COD), suspended solids, ammonia nitrogen, and ions of metals such as iron, copper, and zinc to ensure the compliant discharge of wastewater. The Company hires external institutions to conduct wastewater discharge monitoring every year, and continuously upgrades wastewater treatment and reuse technologies, thereby minimizing the impact on the receiving water bodies. In 2025, all of the Company's wastewater discharges met the standards, and no incidents of being penalized by regulatory authorities due to excessive pollutant discharge or illegal discharge occurred.

Wastewater Discharge in 2025

Indicators	Unit	Value
Industrial wastewater discharge volume	m^3	99,466.56
Industrial wastewater discharge intensity	m^3/tonne of product	0.56
Chemical oxygen demand (COD) discharge in wastewater	Tonne	5.83
Ammonia nitrogen (NH_3-N) discharge in wastewater	Tonne	0.27

Exhaust Gas Management

The Company strictly complies with laws and regulations related to exhaust gases and air pollution prevention and control, such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, as well as relevant standards, such as the *Emission Standards of Air Pollutants for Industrial Kilns and Furnaces* (GB9078 - 1996), and the *Integrated Emission Standards of Air Pollutants* (GB16297 - 1996), and has formulated internal management systems including the *Exhaust Gas Management Process*. The main exhaust gases generated by the Company include smelting exhaust gas, natural gas combustion exhaust gas, rolling exhaust gas, and sulfuric acid mist.

In 2025, the Company revised the *Exhaust Gas Management System,* and updated the names and responsibilities of relevant departments to guide and regulate the monitoring and management of exhaust gas emissions. It also established the *Management Ledger for Exhaust Gas Emissions* to ensure that pollutants in the exhaust gas, such as particulate matter, lead and its compounds, tin and its compounds, nickel and its compounds, nitrogen oxides, and sulfur dioxide, meet the emission standards. The Company hires external institutions to conduct exhaust gas discharge monitoring every year. In 2025, all of the exhaust gas emissions generated by the Company met the standards.

Exhaust Gas Emissions in 2025

Indicators	Unit	Value
Particulate matter (PM) emissions in exhaust gases	Tonne	8.61
Sulfur oxides (SO_x) emissions in exhaust gases	Tonne	0.56
Other pollutants emissions in exhaust gases (VOCs)	Tonne	1.08

1. ENVIRONMENTAL: PROMOTING GREEN DEVELOPMENT TO BUILD A LOW-CARBON FUTURE

Waste Management

The Company strictly complies with the laws and regulations in the field of waste treatment and recycling, such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste,* the *National Hazardous Waste List,* the *Measures on the Management of Hazardous Waste Manifests, and* the *Measures on the Management of Recycling of Renewable Resources*, and has formulated the *Solid Waste Management System.* The waste mainly involved in the Company's production and operation is categorized into non-hazardous waste and hazardous waste. Non-hazardous wastes mainly include copper scraps and waste packaging materials. Hazardous wastes mainly include smelting fly ash, copper-containing sludge, waste mineral oil, water treatment concentrated oil, oil-contaminated rags, waste packaging bags, waste diatomite.

All bases of the Company strictly implemented the compliant collection, classification, storage, and transfer of different types of waste to ensure compliant operation. The Company has established a *Solid Waste Management Ledger* to record in detail the category, generation amount, transportation method, and treatment method of waste, so as to strengthen management and tracking. Non-hazardous waste is collected and classified within the plant area and then comprehensively utilised by waste recycling companies. Hazardous waste is temporarily stored in the hazardous waste warehouse and regularly sent to qualified units for safe disposal. In 2025, 100% of the waste generated by the Company was disposed of in compliance with applicable regulations.

In 2025, the Company used sludge drying equipment to continuously dry sludge by heating, hot air circulation, low-temperature vacuum drying and other means. By evaporating free water and interstitial water, and lowering the moisture content, it achieved sludge reduction and stabilization. While reducing the moisture content of waste, this process also decreased waste volume and weight, facilitating subsequent transportation, disposal, or resource utilisation. This project reduced the Company's current hazardous waste generation amount by approximately 420 tonnes.

Waste Discharge in 2025

Indicators	Unit	Value
Hazardous waste generated	Tonne	1,303.48
By disposal method: incineration with energy recovery	Tonne	75.32
By disposal method: recycling/reuse	Tonne	1,228.16
Hazardous waste generation intensity	Tonne/tonne of product	0.0073
Non-hazardous waste generated	Tonne	7,012.86
By disposal method: incineration with energy recovery	Tonne	768.12
By disposal method: recycling/reuse	Tonne	6,244.74
Non-hazardous waste generation intensity	Tonne/tonne of product	0.0392

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

2.1 HIGH-QUALITY PRODUCTS AND SERVICES

Product Quality and Safety

Xingye Alloy has always regarded product quality as the cornerstone of its strategy and development. It strictly complies with the *Product Quality Law of the People's Republic of China*, *GB/T 2059 Copper and Copper Alloy Strip*, *GB/T 2040 Copper and Copper Alloy Sheet*, *GB/T 17793 Wrought Copper and Copper Alloy Plate, Sheet and Strip for General Purposes – Dimensions and Tolerances*, *GB/T 26301 Copper-nickel-zinc Alloy Strips and Foils for Shield*, *YS/T 1040 Copper-nickel-zinc Alloy Strips for Resonator*, and *YS/T 1082 Copper Strip for Lamp Frame*, and other applicable laws, regulations, and industry standards. Through refined management of all production processes, the Company continuously provides high-quality products to its customers.

In 2025, the Company further enhanced its product quality management system and optimized the quality management organizational structure. Shengtai has set up the Technical and Quality Department, Xintai has set up the Quality Department, and Xinyue has set up the Technical and Quality Department, ensuring that all stages—from incoming materials through production to finished products—undergo strict inspection and management.

In 2025, the Company's business divisions made key revisions to the *Control Procedure for Nonconforming Products* and the *Control Procedure for Product Monitoring and Measurement*. The revisions refined the product disposal process and the requirements for handling nonconforming raw materials, strengthened supervision and inspection of the implementation of corrective and preventive measures as well as the follow-up on quality feedback and rectification, clarified sampling inspection requirements for certain auxiliary materials, and optimized the control items and frequency of process capability and statistical process control, further improving the Company's overall quality management system.

The Company has established a product recall procedure in accordance with the *Control Procedure for Nonconforming Products*, which defines recall timing, traceability, review, and approval processes, as well as response measures including information release, handling of recalled products, reporting, and public relations, to ensure rapid response and effective risk control. In 2025, Xingye Alloy did not experience any large-scale public recalls of nonconforming products.

The Company conducted multiple internal and external quality audits to evaluate the effectiveness of its product quality management system and verify the conformity of various product categories. Internally, in 2025, Xingye Alloy carried out 5 product audits and 6 process audits across multiple products, all of which met quality management requirements, with the comprehensive quality index (QKZ) for product audits no less than 95% and the quality capability for process audits exceeding 90%. Externally, 100% of the Company's production bases obtained ISO 9001:2015 Quality Management System certification and IATF 16949:2016 Automotive Quality Management System certification.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Measurement Management System Certification	AEO Customs Advanced Certification	Labouratory Accreditation
		

In 2025, the Company conducted over 100 internal and external training sessions focused on product quality improvement and acceptance, covering key customer control projects, quality issue analysis and resolution, and theories and applications of metal materials. These efforts effectively enhanced employees' professional capabilities and laid a solid foundation for continuous improvement of product quality and increased customer satisfaction.

Product Innovation

Continuous innovation in products and technologies serves as the core driver of the Company's development. To ensure efficient management of the R&D process, Xingye Alloy adjusted its organizational structure and established a Strategic Development Center to strengthen strategic focus, optimize resource allocation, and systematically improve R&D efficiency. The R&D team comprises professionals from multiple disciplines, including materials engineering, metallurgical engineering, civil engineering, electrical automation, construction engineering, and numerical control technology. Xingye Alloy currently has 114 R&D personnel, including 9 with master's degrees, 2 with doctoral degrees, 5 postdoctoral researchers, and 5 foreign experts in the copper processing industry, providing strong support for scientific and technological innovation.

R&D Innovation Awards in 2025

- "Low-Residual-Stress Copper Alloy for Lead Frames and Its Preparation Method" won the 2025 Nonferrous Metal Processing Industry Outstanding Patent Award and the Silver Award at the Ningbo Patent Innovation Competition
- "Research on Key Technical Standards for Advanced Structural and Functional Materials in the Nonferrous Metals Field" won the First Prize of the China Nonferrous Metals Industry Science and Technology Award.
- "Key Technology and Industrialization Project for the Manufacturing of Cu-Cr-X Alloy Strips for Very Large Scale Integration (VLSI)" won the First Prize of the Ningbo Science and Technology Progress Award.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Case Study: First International Standard Certification for a High-performance Copper-cobalt-silicon Alloy

In 2025, the Strategic Development Center of Shengtai successfully developed a high-performance copper–cobalt–silicon alloy, which was recognized by the Copper Development Association (CDA) in the United States and officially assigned the UNS designation C64855. This marks the Company's first independently obtained international standard designation, representing a significant breakthrough in alloy material R&D and standardization. The alloy has been incorporated into the Company's internal standards system under the designation XY-64855.

Xingye Alloy places strong emphasis on innovation-driven development and collaborative partnerships. In 2025, it further deepened cooperation with universities and research institutions, undertaking a total of seven industry-academia-research collaboration projects, including two projects under the National Key Research and Development Program of China. These efforts demonstrate the Company's strong capabilities and commitment in cutting-edge technology development and application.

Case Study: Industry-Academia Collaborative Innovation of Shengtai

- The Company, together with the Design and Research Institute of University of Science and Technology Beijing, jointly launched the "Digitalization of Short-Process Manufacturing" project to address key technological challenges, leveraging digitalization to upgrade manufacturing capabilities, enhance core competitiveness, and usher in a new era of intelligent manufacturing.
- In collaboration with Central South University, the Company carried out a project on copper-nickel-tin alloy strip. The first product, XYK-46, achieved industrialization in 2024 and passed customer validation in 2025, entering mass production.
- A pilot-scale trial and industrialization project on titanium-copper alloys, jointly conducted by the Company with Xi'an University of Architecture and Technology and GRINM Group, has progressed steadily and achieved mid-term objectives in 2025.

Intellectual Property Protection

Xingye Alloy strictly complies with the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and has established a *Patent Management System* to standardize processes for IP application, protection, and utilisation, thereby building a comprehensive portfolio of proprietary intellectual property. In 2025, the Company conducted patent landscaping on high-strength, high-conductivity copper alloys, systematically reviewing the patent protection status and circumvention pathways for such copper alloys, and secured approval for the Ningbo Patent Navigation Project. During the year, Xingye Alloy filed 11 invention patent applications and 4 utility model patent applications, and was granted 3 invention patents and 3 utility model patents. By the end of 2025, Xingye Alloy held a total of 77 patents, including 49 invention patents.

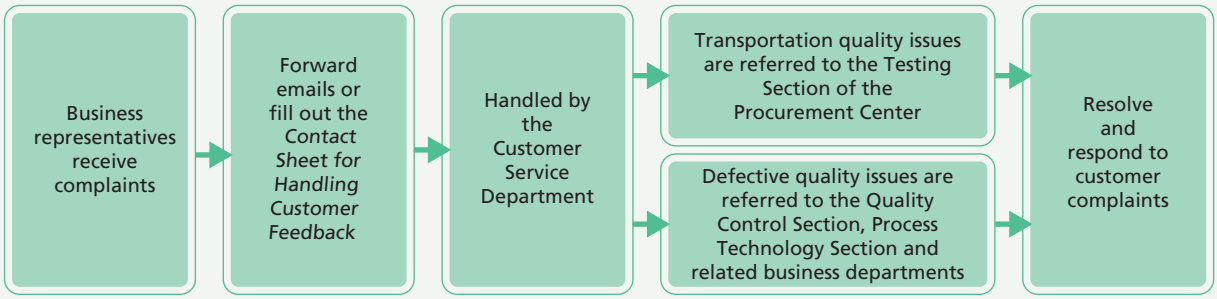
In 2025, the Company established an online IP application workflow, converting perishable paper documents into permanently accessible OA online files. This resulted in a more systematic and comprehensive patent application process with improved protection mechanisms. To raise employee awareness of IP protection, the Company regularly shares related articles, cases, and updates on policies via WeChat Work and official social media accounts, and organizes targeted training for key departments, focusing on legal regulations, protective measures, and practical considerations, thereby reinforcing management and protection of intellectual property across the organization.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Customer Service

In terms of customer service, Xingye Alloy has formulated system documents such as the *Customer Service Control Procedure*, the *Customer Complaint, Return, and Claim Handling Process*, and the *Management Process for Handling Finished Products with Quality Issues* to ensure that customer service across pre-sale, in-sale, and post-sale stages is standardized and consistent.

Customer Complaint Handling Process



To enhance customer service quality and continuously optimize the customer experience, the Company has implemented a range of measures covering training, customer feedback management, and service improvement. These efforts aim to better meet customer needs, increase customer satisfaction, and foster long-term relationships with customers. By the end of 2025, Xingye Alloy achieved a 100% customer complaint resolution rate, with an overall satisfaction score of 95.10.

Customer Service Measures

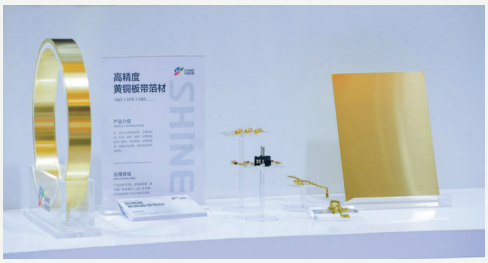
Category	Specific Measures
Employee Training and Improvement	• Conducted multiple customer service training sessions, covering business review and improvement, new product customer usage guidance, professional sales knowledge, and other content, with a total training duration of 208 hours. • Added customer complaint rate as a performance metric, and organised regular related training and assessments.
Customer Service and Feedback Optimization	• Optimized localized customer services through offices in Guangdong and Wenzhou. • Developed the *2025 Customer Satisfaction Survey Improvement Plan* based on customer feedback, with relevant departments analyzing and implementing improvements. • Implemented a visitor management system to reduce waiting time and improve first impressions. • Renovated and upgraded customer canteen to enhance customer dining experience. • Improved fleet image by enforcing no smoking in/around vehicles and maintaining odor-free interiors to enhance customer ride satisfaction.
Digital Management	• Implemented an information dashboard for customer complaints, enabling real-time monitoring and faster, more efficient analysis and response.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Industry Engagement

In 2025, Xingye Alloy actively participated in a series of domestic and international trade shows and industry forums, maintaining in-depth exchanges and technical dialogues with global supply chain partners, research institutions, and customers. These activities showcased the Company's technological expertise and innovative products in high-end copper alloy materials, and provided its material solutions and insights for key applications such as semiconductor packaging and electronic connectors. Through these high-quality industry exchanges, the Company further promoted technological collaboration and continued contributing to the advancement of the industrial ecosystem.





The 24th Munich Shanghai Electronics Show in April 2025





Copper China in July 2025

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

2.2 SUPPLY CHAIN MANAGEMENT

Supplier's Quality Management

Xingye Alloy classifies its suppliers into two main categories: raw material suppliers and substance suppliers, which are managed by the Raw Material Procurement Section of the Planning and Coordination Center and Substance Procurement Center respectively. Raw material suppliers are further classified by material type into Category A (alloy suppliers), Category B (new material suppliers), and Category C (scrap material suppliers). Substance suppliers are classified by spare parts type into Category I, II, III, and IV (outsourcing suppliers).

To further strengthen quality management, the Company newly revised the *Raw Material Procurement Control Procedures* in 2026, providing detailed regulations on the supply chain management framework, supplier risk assessment, annual performance evaluation, and annual audit management.

Supplier Management Process

Main Process	Main Work Content
Supplier Development & Assessment	• Identify potential raw material suppliers according to product technical specifications and quality requirements; • Qualification assessment: Evaluate new suppliers through multiple methods, covering basic information, qualifications, product and service capabilities, labour and business ethics, environmental and occupational health & safety, and conflict minerals management. Record the assessment result in the *Raw Material Supplier Risk Assessment Record*. Conduct on-site evaluations as needed to confirm suitability, and, based on the evaluation result, determine whether the supplier can be included as a qualified supplier; • Sample evaluation: Procurement personnel complete the *Supplier Sample Assessment Form* for samples provided by suppliers. Samples are verified by the Technical and Quality Department and other relevant professional personnel. Only qualified samples can proceed to bulk procurement.
Verification of Procured Products	• Internal verification: Inspectors verify material information and issue the *EAS System Inspection Notice*. Raw material inspectors conduct inspections according to the *Raw Material Inspection Standards*; • Customer verification: The Company provides relevant documentation or arranges on-site verification according to customer requirements; • Verification of products from customer-specified sources: Conduct conformity checks as required, and/or monitor the supplier's product compliance through regular second-party audits.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Supplier Management Process

Main Process	Main Work Content
Supplier Performance Monitoring	• Score suppliers on quality, delivery, cooperation, excess freight, cost, and other relevant metrics using the *Monthly Supplier Performance Assessment Form*. If a supplier is rated "unqualified" for the month, issue the *Rectification Report for Abnormal Quality*, requiring corrective actions within two months. Suppliers failing to close issues within the deadline will be placed on the *List of Pending Suppliers* and be subject to re-evaluation through the supplier qualification process before being re-approved; • Annual supplier performance review: Aggregate monthly monitoring results throughout the year to compile the *Annual Supplier Performance Assessment Form*. If a supplier receives three "unqualified" monthly ratings within the year, their qualified supplier status will be revoked with the approval of the Procurement Director.
Supplier Quality Management System (QMS) Development	• Annually review QMS certification status of qualified suppliers of raw materials for manufacturing. Suppliers not certified to ISO 9001:2015 are included in the *Supplier QMS Development Plan*. Send the *QMS Development Plan Confirmation Letter* to suppliers, confirm feedback, and follow up on their QMS certification status.
Annual Audit of Suppliers	• Conduct audits in accordance with the *Annual Supplier Audit Plan*. For suppliers required to perform self-assessments, issue the *Supplier Audit Checklist*, and determine the audit results based on a review of their submissions. For suppliers requiring on-site audits, conduct on-site audits using the *Supplier Audit Checklist*. • Suppliers scoring below 60% in the annual audit will have their qualified status revoked. If a supplier intends to continue cooperation, they must undergo multiple small-batch verifications to demonstrate improvements in quality, delivery, and other key aspects, and then be re-evaluated through the new supplier assessment process.

By the end of 2025, Xingye Alloy conducted training for suppliers on the list of qualified suppliers via online platforms or video calls. In addition, suppliers also received face-to-face guidance on quality and process control during on-site audits.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Sustainable Supply Chain

Xingye Alloy actively implements sustainable procurement principles and continuously optimizes its supply chain management system. It has formulated and implemented the *Sunshine Procurement System* and the *Integrity Management Implementation Regulations*, which specify procurement process standards and integrity and self-discipline requirements to establish a transparent and accountable procurement management system. The Company requires 100% of procurement staff to sign the *Employee Integrity and Self-Discipline Commitment*, and has signed *Integrity Agreements* with 122 substance suppliers and raw material suppliers.

Sustainable Supply Chain Management Measures

Management Type	Specific Measures
Supply Chain Environmental Management	• Require all suppliers to strictly comply with the *Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS),* the *Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)*, as well as company and customer environmental requirements; • Require all qualified raw material suppliers to sign a *Warranty for Non-use of Hazardous Substances*, committing to compliance with standards for prohibited substances; • Conduct on-site environmental audits for the top five distributor-type suppliers and top three manufacturing suppliers by purchase volume, evaluate environmental risks using the *Raw Material Supplier Audit Checklist*, and require suppliers to promptly rectify any non-compliance; • Provide targeted training for internal procurement staff on REACH, persistent organic pollutants (POPs), and customer environmental requirements to enhance environmental awareness and professional capability, and ensure that relevant requirements are effectively communicated to suppliers.
Supply Chain Social Management	• Include social responsibility audit items in the *Raw Material Supplier Audit Checklist* to ensure suppliers comply with ethical standards, such as prohibiting child labour and forced labour; • Establish a whistleblowing hotline and email to safeguard suppliers' legal rights and interests and supervise procurement compliance; • Hold suppliers violating the integrity commitment and social responsibility regulations accountable as appropriate, and immediately terminate cooperation.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Case Study: Shengtai Awarded EcoVadis Bronze Medal for the Second Consecutive Year

In February 2026, Shengtai was awarded a Bronze Medal in the assessment by EcoVadis, a global enterprise sustainability rating agency, for the second consecutive year, achieving a total score of 70 out of 100 and ranking within the top 19% of all participating companies worldwide. This demonstrates the Company's continuous and stable management performance and improvement in areas such as environmental protection, labour and human rights, business ethics, and sustainable procurement.



EcoVadis Bronze Medal, March 2025



EcoVadis Bronze Medal, February 2026

Responsible Minerals Management

The Company has publicly published its *Statement on Conflict Minerals* on its official website, committing to refraining from the use of conflict-affected minerals (such as gold, tin, tantalum, and tungsten) sourced from the Democratic Republic of the Congo and its neighboring countries. At the same time, it continuously improves and optimizes its internal management procedures in accordance with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

The Company requires all suppliers to clearly indicate whether the products they supply contain conflict minerals and to avoid the use of such minerals wherever possible. Where suppliers' products involve conflict minerals, they are required to obtain relevant certifications proving that no conflict minerals were used in the smelting and refining process in accordance with industry requirements, thereby ensuring compliance with international regulations and the Company's requirements. In 2025, Xingye Alloy was not involved in the procurement or use of conflict minerals.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

2.3 EMPLOYEE RIGHTS AND DEVELOPMENT

Employment and Diversity

The Company strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, and other applicable laws and regulations. It has established internal policies, including the *Recruitment Management System*, the *Anti-Harassment and Anti-Abuse Management System*, the *Management System for Protection of Special Groups of Employees*, and the *Management System for the Prohibition of Child Labour*, to ensure that the rights and interests of all employees are fully protected.

Adhering to the principles of equality and non-discrimination, Xingye Alloy prohibits bias based on race, color, age, gender, ethnicity, marital status, or other factors. Recruitment decisions are based on competence and job fit, and all employees are provided with equal opportunities for training, promotion, and career development. The Company strictly follows standardized recruitment procedures and eliminates child labour risks at the source through identity verification and age checks. In the event of inadvertent employment of underage workers, employment is immediately terminated, and assistance is provided to ensure their safe return to their guardians. Forced labour in any form is strictly prohibited; any such practices are immediately stopped if identified. Working hours are arranged in compliance with applicable laws, overtime is compensated in accordance with statutory requirements, and employees' rights to statutory holidays and rest and leave entitlements are fully protected.

The Company also actively safeguards the rights and interests of female employees in strict compliance with the *Law on the Protection of Women's Rights and Interests*, the *Provisions on the Labour Protection of Female Employees*, and other applicable laws and regulations. Additional policies, including the *Special Group Employee Protection Policy* and the *Foreign Labour Protection Policy*, have been implemented to promote workforce diversity. As of 2025, the Company employed 68 rehired retirees and 28 employees with disabilities, accounting for 5.06% of the total workforce. Women represented 18.18% of senior management, an increase of 2.8 percentage points year-on-year.

While ensuring compliance in employment practices, the Company has further strengthened its employer branding initiative. In 2025, a graduate recruitment interview panel was established, and multiple new media platforms – including official social media accounts, video channels, and online recruitment presentations – were utilised for talent outreach. Throughout the year, recruitment-related content across these platforms generated more than 20,000 views.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Employment and Employee Rights Indicators

Indicator	Unit	Value for 2025
Total number of employees	Person	1,899
Signing rate of labour contracts	%	100
Coverage of social insurance	%	100

Employee Democratic Communication

Xingye Alloy is committed to fostering a fair and respectful working environment, safeguarding employees' legitimate rights and interests and encouraging active participation in corporate democratic management through well-established systems and accessible channels.

Employees' rights to freely associate and engage in collective bargaining are fully respected. A legally established labour union with multiple specialized committees acts as an effective bridge between employees and management. The Company has developed and implemented internal regulations, including the *Freedom of Association Management System* and the *Employee Opinion Management System*. By the end of 2024, the labour union, representing all employees, signed a *Collective Agreement* with the Company, covering core rights and interests such as working hours, compensation, and benefits.

A multi-dimensional, continuous communication and participation mechanism is in place. Employees can provide feedback through direct or higher-level supervisors, the labour union, the HR department, or the General Manager's mailbox. The Company regularly gathers employee opinions via workers' congress, discussion forums, and other channels. In 2025, the workers' congress reviewed and approved various revisions to key policies, including the *Employee Code of Conduct*.

The Company evaluates management effectiveness through an annual employee satisfaction survey. In 2025, 1,876 questionnaires were distributed, with 1,362 valid responses collected, achieving an overall satisfaction score of 84.8, up 2.2 points from the previous year. Based on survey feedback, targeted improvements have been implemented in key areas such as compensation and benefits, working environment, and career development, forming a closed-loop management cycle of "listening – assessment – improvement".

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Employee Welfare and Support

We firmly believe that employees' well-being forms the foundation of corporate development. Accordingly, the Company continues to invest in and innovate its employee welfare programs, providing comprehensive support that extends from work to daily life and from physical health to psychological well-being, while fostering a highly supportive workplace environment with a strong sense of belonging.

Living Support and Benefits

Category	Specific Measures
Living Support	• **Housing support:** Provided self-built employee dormitories and leased apartments, offering suitable, comfortable, and secure accommodation for more than 700 employees; completed upgrades to dormitories and bathrooms (equipped with underfloor heating) in 2025 to improve living conditions; organised initiatives such as "Model Dormitory" programs. • **Transportation:** Provided free shuttle bus services for employee commuting. • **Catering:** Operated clean and well-maintained on-site dining facilities with a wide variety of meal options at affordable prices; in 2025, upgraded menu offerings to include premium dishes and specialty wheat-based dishes.
Care and Support	• **Holiday and benefits:** Provided birthday gift cards, holiday benefits, wellness retreat benefits, and annual event benefits; collaborated with local merchants to offer exclusive discounts to employees; regularly organized team-building activities, with a participation rate of approximately 90%. • **Family support:** Established lactation rooms and provided paid parental leave, annual leave, compensatory leave, and remote work options; supported non-local employees in household registration and children's school enrollment. • **Hardship assistance:** Established a dedicated fund to support employees in need, assisting 82 employees in 2025. • **Summer care:** Fully implemented high-temperature allowances and "summer care" initiatives, distributing heat-relief supplies such as bottled water, electrolyte drinks, and mung bean soup, to safeguard employee health; total investment reached approximately RMB1.97 million.
Incentives and Development	• **Incentive mechanism:** Recognized outstanding employees at the annual meeting and provided awards. • **Housing subsidies:** Provide housing purchased subsidies of up to RMB80,000 per employee, benefiting more than 100 employees with a cumulative amount of nearly RMB3 million.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE





Xingye Alloy 40th Anniversary Celebration



Mid-Autumn Gala: Forty Years of Xingye, A Century of Craftsmanship



Spring Festival Family Portrait Event



Xing BA Group Basketball Tournament



"Xingye Cup" E-sports Tournament



Party-Building Study Tour



"Yixing Yuanqi" Youth Networking Event

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Case Study: Summer Care Program for Employees' Children

Since 2014, the Company has organised a free summer care program for employees' children for 12 consecutive years, serving more than 1,000 employees' children with a total investment of nearly RMB1.3 million. In 2025, the 12th summer care program adhered to the principles of "Safety, Enjoyment, and Fulfillment". The program covered multiple disciplines, including humanities, critical thinking, arts, and sports, while offering a variety of specialized activities:

- Practical experiences: Senior participants visited Nanhu in Jiaxing for a revolutionary site study tour and visited the Shooting Range at the Ningbo Olympic Sports Center to experience Olympic shooting.
- Intangible cultural heritage: Participants engaged in hands-on workshops such as celadon pottery throwing, clay modeling, shadow puppetry appreciation, dough figurine making, sugar figurine making, bamboo weaving, and Chinese knotting.
- Safety education: In collaboration with the sub-district labour union, the Company organised employees' children to visit the Safety Education and Training Center to gain hands-on experience in traffic safety, fire safety, and emergency evacuation through simulation exercises.
- Physical and recreational activities: A dedicated indoor playground for younger children was newly established; fun sports games were organised to strengthen teamwork.

Through a systematic curriculum and a wide range of activities, the summer childcare program eased employees' childcare burdens during the summer holiday while providing their children with an educational and engaging growth experience. In September 2025, the program was honored with the "Heartwarming Childcare Program" award by the Ningbo Federation of Trade Unions.



Visit to the Hemudu Archaeological Site



Celadon Pottery Experience



Traditional Festival Culture Study Tour



Fun Sports Day

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Upholding a "people-centered" management philosophy, Xingye Alloy provides a comprehensive range of services covering both mental and physical well-being. These initiatives help employees enhance their health management capabilities, alleviate workplace stress, and strengthen team cohesion and a sense of belonging, thereby injecting positive and stable internal momentum into the Company's sustainable development.

Health Care and Psychological Support

Category	Specific Measures
Regular Health Check-ups	The Company offers health check-ups, medical examinations for special positions, commercial insurance, and employee medical mutual aid. All employees are entitled to a biennial welfare health check-up, and the Company strictly adheres to pre-employment, in-service, and post-employment occupational health examination requirements.
Routine TCM-based Health Therapy	Since 2023, the Company has introduced diversified health services, including on-site traditional Chinese medicine (TCM) consultations. In 2025, this initiative was fully upgraded with dedicated physicians stationed weekly, offering pulse diagnosis, acupuncture, health consultation, and health conditioning services. By the end of 2025, the initiative had provided services to over 2,000 employees cumulatively and was well received by employees.
Fitness and Sports Facilities for All Employees	The Company has developed comprehensive sports facilities, including a gym, outdoor basketball court, and table tennis courts, encouraging employees to exercise regularly, improve physical fitness, and enhance team cohesion.
Personalized Counseling Channels	The Company provides ongoing one-on-one psychological consultation and guidance, ensuring that employees in need can access timely, confidential, and professional support.

Occupational Health and Safety

Xingye Alloy strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Criteria for Determining Major Accident Hazards in Industrial and Trade Enterprises*, the *Regulations of Zhejiang Province on the Prevention and Control of Occupational Diseases* and other applicable laws and regulations. It has established internal policies including the *Personal Protective Equipment Distribution Standards*, the *Employee Medical Examination Management Policy*, and the *Occupational Health Management Policy*, and has achieved 100% ISO 45001:2018 Occupational Health and Safety Management System certification across all production sites. In 2025, no major production safety incidents occurred.

In 2025, Xingye Alloy engaged third-party institutions to conduct occupational hazard factor assessments, covering 100% of production sites. Identified key occupational disease risk positions included cleaners, furnace operators, casting operators, rolling operators, and cutting operators, with hazard factors involving noise, high temperature, ionizing radiation, silica dust, copper dust, lead fumes, and copper fumes. Based on the results and recommendations in the *Workplace Occupational Disease Hazard Factors Testing Report*, the Company implemented a series of protective measures, including constructing soundproof rooms, regularly replacing protective equipment, and maintaining ventilation and dust removal systems.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Occupational Health and Safety Measures

Category	Specific Measures
Risk Management	• Fully implemented standardized work safety management in 2025 to systematically enhance safety management across all workshops. • Conduct annual external radiation dose monitoring for employees in radiation-related positions. • Carry out annual ergonomic identification and assessment to reduce repetitive strain injuries (RSI). • Regularly engage third-party institutions to conduct occupational disease hazard factor testing and health and safety risk assessments.
On-site Control	• Implement source control measures, including constructing soundproof rooms, upgrading ventilation and dust removal systems, and installing cooling and air-conditioning systems. • Provide and regularly replace personal protective equipment that meets national standards. • Establish full-process control over newly procured equipment, from procurement risk assessment and installation supervision to CE-compliant safety acceptance inspections. • Implement a monthly cross-functional safety inspection mechanism to identify equipment hazards, compile tracking lists, and ensure rectification. • Require all personnel from outsourced contractors to implement a "permit-to-work badge" system, ensuring full-process safety supervision.
Education and Training	• In 2025, a total of 137 company-wide occupational health and safety training sessions were completed, covering nearly 16,800 person-times, with 100% coverage. Training topics included interpretation of safety laws and regulations, promotion of safety culture, implementation of safety responsibilities, common accident types, and occupational health protection, thereby enhancing employee safety awareness. • In 2025, a total of 23 training sessions were conducted for frontline managers to enhance their management capabilities, including training on special equipment safety and hazardous chemical production, reaching 1,080 person-times.
Emergency Drills	• Conducted 28 emergency drills in 2025, covering 1,508 person-times. Drill scenarios included fire evacuation, hazardous waste leakage, hazardous chemical spills, special operations rescue, and special equipment-related incidents. These drills helped identify gaps in emergency response plans, which were subsequently improved, while also increasing participants' familiarity with emergency procedures , and enhancing response capabilities. • Conducted two company-wide fire safety drills in 2025 to effectively improve employees' fire safety awareness and emergency response capabilities.
Safety Education	• Organised the "Safety and Health Cup" safety knowledge competition in 2025 to strengthen employee safety awareness. • Collaborated with medical experts from Hangzhou Bay in 2025 to deliver summer heat safety awareness sessions, and with Red Cross emergency response specialists to provide first-aid training.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE





Fire Safety Drills



“Safety and Health Cup” Safety Knowledge Competition



Company-wide Safety Training

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

Employee Training and Development

Regarding talent as its core capital, Xingye Alloy has established a talent development system based on "training empowerment, scientific evaluation, and clear career progression", fostering growth together with employees.

Employee Training

Xingye Alloy emphasizes the holistic development of its talents. In 2025, it revised the *Training Management System* and the *Internal Lecturer Management System* to clarify the management and structure of its training system, fostering the growth of various talents and empowering employees' career advancement. The Company carried out employee skills training programs as scheduled, achieving a 100% training completion rate and a training satisfaction score of 94.69, an increase of 3.4 points compared with the previous year.

Talent Training Programs

Layered Leadership Development

- **"Qianjun" Program (for mid-to-senior management and reserves):** As a strategic development program for the Company's mid-to-senior managers, this program employs a diversified blended approach—including external experts, cross-disciplinary study trips, and team-building exercises—to systematically enhance participants' strategic vision, transformational leadership, and decision-making abilities. Since its inception, the program has conducted 11 course sessions and 4 review meetings, training over 700 participants with a total of more than 170 learning hours. In 2025, 59 participants successfully completed the program.
- **"Qihang" Program (for middle-to-lower management and backbones):** Designed to meet the development needs of middle-to-lower managers and business backbones, the program focuses on enhancing general management skills, such as team leadership, problem solving, and business coordination. In 2025, 7 training sessions were completed, with 20 participants graduating, effectively empowering the core talent pipeline.

Professional Competency Enhancement Training

- **Comprehensive curriculum system:** The Company has established a training system that integrates internal and external resources, covering critical areas including quality, process, equipment, sales, and general professional skills. In 2025, the Company conducted 64 internal training sessions (covering 1,968 participants) and 48 external sessions (covering 1,482 participants), achieving an average satisfaction rate of 94.69%, an increase of 3.71%.
- **Internal trainer development:** Through TTT (Training the Trainer to Train) programs, course development workshops, and other specialized initiatives, the Company cultivated 33 internal trainers and established the "Xingshi" Program, laying a solid foundation for organizational knowledge transfer.

Talent Pipeline Development and Reserve

- **Deepening of the mentorship mechanism:** The Company fully implements the mentorship mechanism across production, equipment, and other teams, and reinforces its effectiveness through process spot checks and annual evaluations. In 2025, a total of 682 mentor-apprentice pairs across the business units were established, achieving an average satisfaction score of 92.2.
- **"Chengcai" Program (for fresh graduates):** This is a 1.5-year management trainee program equipped with dual mentors, offering systematic development through training, job rotation, and coaching. In 2025, the program conducted 53 specialized training sessions totaling over 248 hours of learning. The first cohort achieved a 100% retention rate in designated positions, preliminarily forming the Company's talent reserve pool.

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

University-enterprise collaboration

- **Expansion of cooperation network:** In 2025, the Company added 13 new campus recruitment partnerships with key universities, including Zhejiang University and Harbin Institute of Technology, 10 of which are included in the national Double First-Class Initiative. Xingye Alloy facilitated mutual understanding by organizing visits to the Company by university students and faculty and internship programs. In 2025, it hosted visits from two partner universities.
- **Industry-education integration enhancement:** The Company's Marketing Center Director was appointed as an Industry Professor at the School of Management, College of Science and Technology, Ningbo University. The partnership aims to conduct in-depth cooperation in talent development, scientific research, and achievement transformation.



"Qianjun" Program Exchange Visit



"Qihang" Program Opening Ceremony



"Chengcai" Program Closing Ceremony



"Xingshi" Program Internal Trainer Recruitment

2. SOCIAL: ADVANCING IN SYNERGY TO UNLOCK DIVERSE VALUE

2.4 BUILDING A BETTER COMMUNITY TOGETHER

Adhering to the concept of "taking it from the society and giving back to the society", Xingye Alloy actively fulfills its corporate citizenship and gives back to society by carrying out a range of public welfare and charitable activities. Looking ahead, the Company will continue to advance various community-oriented initiatives, aiming to share development outcomes with employees and local communities and to jointly create a better life.

Community Support Initiatives

Category	Specific Measures
Education Donations	• Conducted the "Books for Vegetables" Party-building public welfare campaign, donating books in exchange for fresh vegetables • Donated books to Andong Town Central Primary School • Donated supplies to left-behind children in mountainous areas of Hunan
Community Care	• Visited and supported elderly residents in Liutang Village during the Double Ninth Festival





Book Donation for Education





Elderly Care during the Double Ninth Festival



"Books for Vegetables" Party-building Public Welfare Campaign



Donation of Supplies to Left-behind Children

3. GOVERNANCE: ENHANCING GOVERNANCE AND STRENGTHENING THE RESPONSIBILITY FRAMEWORK

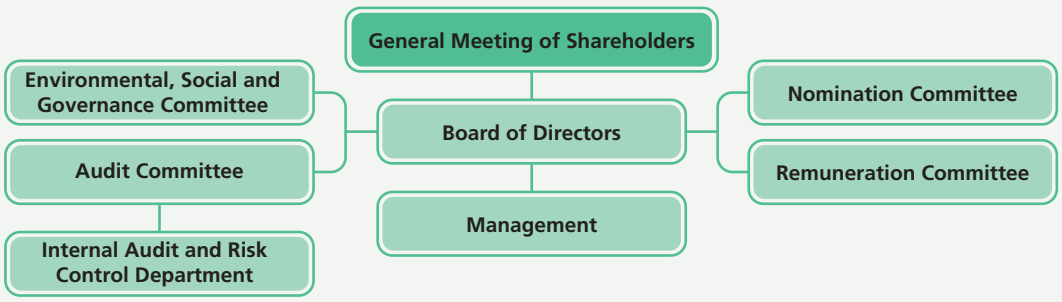
3.1 CORPORATE GOVERNANCE

Governance Structure

The Company strictly complies with the *Company Law*, the *Securities Law*, and the Listing Rules of the Stock Exchange, and has established a series of core governance policies based on these laws and regulations, including the *Articles of Association*, the *Shareholder Communication Policy*, and the *Remuneration Policy of Directors*, which clearly define the division of powers and responsibilities among the General Meeting of Shareholders, the Board of Directors, and management, providing a solid institutional foundation for the core governance framework.

The Company has established a clear and accountable governance structure, and actively promotes board diversity and independence. In 2025, the Board of Directors consisted of three executive directors and four independent non-executive directors, with female directors accounting for approximately 30%. Each director possesses extensive knowledge, experience, and expertise relevant to the Group's business operations and development, ensuring the professional capability to guide the Company's growth. The Board has established four specialized committees: the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Environmental, Social and Governance (ESG) Committee, which discharge their duties through regular meetings, ensuring scientific, standardized, and transparent governance across strategy, operations, and sustainable development. In 2025, the Company held a total of four board meetings.

Governance Structure



3. GOVERNANCE: ENHANCING GOVERNANCE AND STRENGTHENING THE RESPONSIBILITY FRAMEWORK

Protection of Investors' Rights and Interests

Xingye Alloy is committed to establishing a transparent and fair mechanism for investor communication and protection of rights and interests. The Company convenes shareholders' general meetings in strict accordance with the *Articles of Association*, safeguarding shareholders' rights to information and participation, and has established the *Disclosure Policy* and the *Core Shareholder Protection Standard* to ensure timely, accurate, and complete information disclosure.

Xingye Alloy publishes all announcements and reports simultaneously on its official website and the HKEX's disclosure platform, and has a dedicated hotline and designated contact person (the Company Secretary) to handle shareholder inquiries. Regarding the management of related-party transactions, the Company ensures compliance and fair pricing of all transactions through robust policies, clearly defined review and disclosure procedures, recusal mechanisms, and internal audit, thereby protecting the interests of the Company and all shareholders.

3.2 RISK MANAGEMENT

The Company strictly complies with the *Securities and Futures Ordinance* and the Listing Rules of the Stock Exchange, continuously enhancing its internal control system to strengthen risk management capabilities. To this end, an *Internal Audit System* has been established to ensure that financial, operational, and other types of risks remain within a controllable range.

The Board of Directors holds full responsibility for establishing and maintaining the risk management and internal control system and delegates specific duties and authorities to the Audit Committee. The Company recognizes that this system is designed to manage, rather than completely eliminate, the risks of failing to achieve business objectives and to provide reasonable (though not absolute) assurance against material misstatements or losses.

Organizational Structure of Risk Management and Internal Control

Role	Responsibilities
Board of Directors	Evaluate and determine the nature and extent of risks acceptable to achieve the Group's strategic objectives, including, among other things, significant risks related to ESG issues.
Audit Committee	Oversee the design, implementation, and monitoring of the risk management and internal control systems by management.
Management	Design, implement, and maintain appropriate and effective risk management and internal control systems; monitor risks (including ESG-related risks) and take measures to mitigate operational risks in daily business activities.
Internal Audit and Risk Control Department	Review the adequacy and effectiveness of the Group's risk management and internal control system; report audit findings to the Audit Committee and provide recommendations to the Board and management for addressing significant deficiencies.

Excerpt of the 2025 Material Risk List

Risk Category	Key Mitigation Measures
Strategic and Operational Risks	Monitor deviations through a rigorous monthly tracking mechanism for business objectives and performance, with analysis and follow-up on corrective actions; closely track policy and market developments to ensure that the strategic direction keeps pace with the times.
Compliance and Business Ethics Risks	Strictly enforce the *Integrity Management System* and sign integrity agreements with business partners; continuously conduct regulatory training and publicity, embedding compliance oversight throughout all business processes.
Information Security Risks	Implement technical safeguards, including system patches, antivirus protection, and access controls; establish rapid response mechanisms to mitigate the impact of potential incidents such as data breaches.
Internal Processes and Human Resources Risks	Implement a year-round internal audit plan to ensure timely rectification of issues; address workforce challenges through dynamic work plan adjustments and diverse employee development initiatives.

3.3 ANTI-CORRUPTION AND ANTI-BRIBERY

Xingye Alloy strictly complies with the *Interim Provisions on Prohibiting Commercial Bribery*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Foreign Corrupt Practices Act*, and other applicable laws and regulations. In line with these requirements, institutional documents have been established, including the *Overseas Anti-Bribery Management System*, the *Integrity Management System*, the *Gifts and Hospitality Management System*, the *Code of Business Ethics*, the *Sunshine Procurement System*, and the *Integrity and Honesty Management Procedures*.

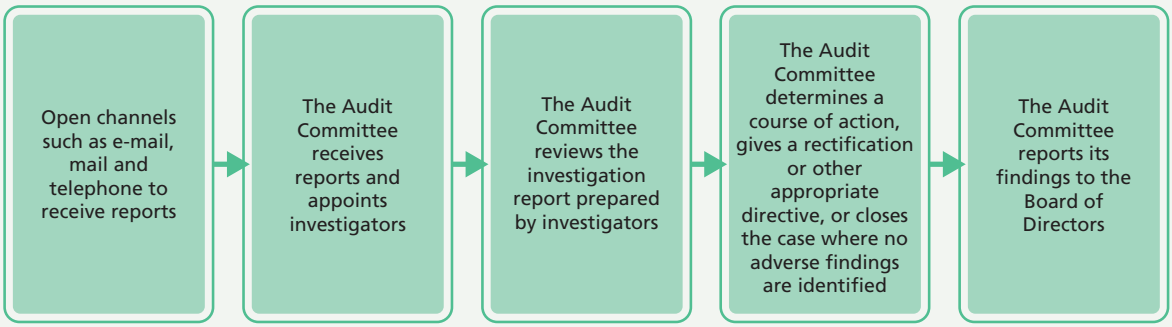
The Company maintains a zero-tolerance stance on corruption and has implemented robust reporting and protection mechanisms, encouraging both internal and external stakeholders to report any breaches of integrity or honesty under real-name protocols. All reports are treated with strict confidentiality, and necessary protection is provided for whistleblowers, strictly prohibiting any form of retaliation.

3. GOVERNANCE: ENHANCING GOVERNANCE AND STRENGTHENING THE RESPONSIBILITY FRAMEWORK

Reporting Channels

Channel	Details
Mail	Address: Unit 11, 11/F, Hung Tai Industrial Building, 37-39 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Email	cnb@cn-shine.com (This e-mail can only be accessed by members of the Audit Committee and by the Secretary of the Audit Committee at the direction of the Audit Committee)
Telephone	0574-63073311 (Audit Committee Secretariat)

Reporting and Handling Process



To further strengthen compliance awareness, Xingye Alloy organised a dedicated online training session in July 2025 under the theme of "Upholding Business Ethics and Preventing Corruption Risks", providing a systematic interpretation of anti-corruption policies and codes of conduct. Following the training, the relevant requirements were communicated to Directors, achieving 100% coverage of anti-corruption training. As of the end of 2025, no cases or litigation related to corruption, bribery, fraud, or money laundering had occurred.

3.4 TRADE SECRET MANAGEMENT

The Company upholds a strong sense of responsibility in safeguarding trade secrets and customer privacy, thereby establishing a solid foundation for high-quality development. To this end, it has formulated the *Corporate Trade Secret Management Regulations* and established a comprehensive trade secret management system to mitigate the risks of information leakage and infringement. In 2025, a Trade Secret Management Committee was established as the highest governing body for trade secret management of the Company, with a Confidentiality Office set up as the executive body responsible for implementation.

Countermeasures for Trade Secret Leakage Incidents

Confidentiality Leakage Reporting Mechanism	Emergency Disposal Plan	Leakage Situation Assessment	Collection of Evidence of Infringement
Encourage employees to report potential leakage risks, and upon verification provide cash incentives to strengthen overall confidentiality awareness.	Immediately control losses, investigate the causes, assess the situation, collect evidence, determine internal and external response measures, and conduct post-incident reviews for continuous improvement.	Assess the scope, methods, and severity of the leakage, as well as the profile of the infringing party and the impact on the Company, providing a basis for rights protection actions.	Collect evidence including proof of rights, asset value, confidentiality measures, information on the individuals responsible for the leakage, evidence of R&D, facts of damages, and costs incurred for rights protection.

The Company places a high priority on the protection of intellectual property and trade secrets. In 2025, it engaged a professional legal team to deliver two rounds of specialized training on "Trade Secret Protection Management" for all employees. The training focused on the legal definition of trade secrets, routine confidentiality measures, risks and liabilities associated with information leakage, and further deepened understanding through the analysis of typical cases.

To ensure comprehensive training coverage and effectiveness, a tiered and multi-format approach was adopted by the Company. The first round of training was delivered through separate sessions for middle and senior management and for all frontline employees, covering more than 1,800 participants. The second round of training targeted middle and senior management as well as employees in key positions through in-person sessions, covering more than 1,000 participants, supplemented by online learning and assessments for other employees. As of the end of December 2025, a total of 983 employees had participated in the related online assessments, with a pass rate of 99.59%, effectively reinforcing confidentiality awareness across the workforce and strengthening the Company's intellectual property protection framework.





On-site Trade Secret Training

3. GOVERNANCE: ENHANCING GOVERNANCE AND STRENGTHENING THE RESPONSIBILITY FRAMEWORK

3.5 INFORMATION SECURITY AND DATA PROTECTION

With the ISO 27001 information security management system as its core framework, the Company has established a dynamic defense system covering risk identification, continuous monitoring, and emergency response. In 2025, the Company issued the *Overall Policy for Cyber and Information Security* as a top-level guideline and progressively revised a dozen key institutional policies, including the *Cyber and Information Security Responsibility Management System*, *Data Security Management System*, *Data Backup Management System*, *IT Asset Management System*, and *IT Consumables Management System*. In 2025, the Company achieved its operational goal of zero major information security incidents.

A centralized Security Operations Center (SOC) has been established to implement full lifecycle management across "identify — protect — detect — respond — recover". Core data and assets are identified, classified, and graded, with enhanced protection applied in accordance with regulatory requirements. By deploying a zero-trust architecture, least-privilege access control is enforced across endpoints, networks, and application layers. The SOC enables 24/7 anomaly detection and automated alerting, while tiered emergency response plans, business continuity plans, and disaster recovery mechanisms have been developed to drive the transition from "passive defense" to "proactive prevention" in information security management.

In 2025, multiple information security training sessions were conducted, covering topics such as cybersecurity awareness, anti-phishing and fraud prevention, and information security risk awareness, thereby enhancing employees' capability to prevent information security risks.

Key Technology Deployments in 2025

Category	Specific Measures
Network Infrastructure Upgrade	Upgraded the Company's wireless network to achieve high-speed, stable, and secure coverage, integrated with advanced security protection mechanisms.
Precision Access Control	Deployed a network access control system enforcing mandatory identity authentication and security compliance checks on all devices connecting to the internal network, enabling role-based dynamic permission management.
Unified Endpoint Management and Control	Implemented company-wide endpoint management and Endpoint Detection and Response (EDR) systems, enabling centralized enforcement of endpoint security policies, behavior auditing, and in-depth detection and rapid response to advanced threats.
Secure Remote Access	Deployed a zero-trust-based secure remote access gateway, enforcing strict identity authentication, endpoint health checks, and encrypted transmission for all remote connections to ensure safe and controlled access.
Third-party Assessment	Engaged independent third-party cybersecurity firms to conduct comprehensive risk assessments and penetration tests, and implemented remediation and system enhancements based on expert recommendations.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Adhering to the principles of "accuracy" and "comparability", the Company disclosed quantitative performance that reflects the effectiveness of sustainable development management, and traced the corresponding data of previous years as much as possible.

ENVIRONMENTAL PERFORMANCE

Addressing Climate Change

Indicators[1]	Unit	2023	2024	2025
Scope 1 GHG emissions[2]	tCO_2e	25,830.78	30,902.40	**32,954.36**
Scope 2 GHG emissions (location-based)[3]	tCO_2e	114,829.42	118,282.90	**134,791.19**
Scope 2 GHG emissions (market-based)[3]	tCO_2e	117,918.40	117,371.99	**136,571.99**
Total GHG emissions (Scope 1 + Scope 2)[4]	tCO_2e	143,749.18	148,274.39	**169,526.35**
GHG emission intensity (Scope 1 + Scope 2)[5]	tCO_2e/tonne of product	1.04	0.90	**0.95**
Scope 3 GHG emissions[6]	tCO_2e	/	717,837.78	**745,194.00**
Scope 3 upstream GHG emissions[7]	tCO_2e	/	570,205.45	**588,711.55**
Scope 3 downstream GHG emissions[8]	tCO_2e	/	147,632.33	**156,482.45**

Note 1: The organizational boundary for GHG data covers Ningbo Xingye Shengtai Group Co., Ltd., Ningbo Xingye Xintai New Electronic Materials Co., Ltd., and Ningbo Xinyue Alloy Materials Co., Ltd. In 2025, the Company expanded the scope of GHG disclosure and supplemented data for 2024. The GHG types included in the accounting comprise carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3), and others. These emissions primarily arise from direct emissions in production and operation processes (e.g., combustion of natural gas, diesel, gasoline, and fugitive emissions) and indirect emissions (e.g., purchased electricity), as well as value chain-related indirect emissions (e.g., procurement of goods and services, upstream and downstream transportation and distribution, employee commuting and business travel, waste disposal, etc.).

Note 2: The emission factors for Scope 1 GHG emissions are based on the *China Energy Statistical Yearbook (2023)*, the *Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial) (2011)*, and the *IPCC Guidelines for National Greenhouse Gas Inventories (2006)*.

Note 3: The accounting scope for Scope 2 GHG emissions includes GHG emissions from purchased electricity, excluding solar power generation. The Company further standardized and unified the selection of grid emission factors, and retroactively adjusted the 2023 data accordingly. For 2023, Scope 2 calculation followed the *Announcement on the Release of the Carbon Dioxide Emission Factors of the Power Sector for 2021* issued by the Ministry of Ecology and Environment of China and the National Bureau of Statistics, using 0.5568 tCO_2/MWh for location-based grid emission factor and 0.5942 tCO_2/MWh for market-based grid emission factor. For 2024, Scope 2 calculation followed the *Announcement on the Release of the Carbon Dioxide Emission Factors of the Power Sector for 2022* issued by the Ministry of Ecology and Environment of China and the National Bureau of Statistics, using 0.5366 tCO_2/MWh for location-based grid emission factor and 0.5856 tCO_2/MWh for market-based grid emission factor. For 2025, Scope 2 calculation followed the *Announcement on the Release of the Carbon Dioxide Emission Factors of the Power Sector for 2023* issued by the Ministry of Ecology and Environment of China and the National Bureau of Statistics, using 0.5306 tCO_2/MWh for location-based grid emission factor and 0.6096 tCO_2/MWh for market-based grid emission factor.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Note 4: [Calculation formula] Total GHG emissions (Scope 1 + Scope 2) = Scope 1 GHG emissions + Scope 2 GHG emissions (market-based).

Note 5: [Calculation formula] GHG emission intensity (Scope 1 + Scope 2) = Total GHG emissions (Scope 1 + Scope 2)/Total production volume.

Note 6: Scope 3 GHG emissions are calculated according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* with the organizational boundary determined using the operational control approach. Following substantive identification of Scope 3 emission categories, all material indirect GHG emission items are included within the quantification scope.

Note 7: Scope 3 upstream GHG emissions include the following categories: Category 1 – Purchased goods and services; Category 2 – Capital goods; Category 3 – Fuel- and energy-related activities; Category 4 – Upstream transportation and distribution; Category 5 – Waste generated in operations; Category 6 – Business travel; Category 7 – Employee commuting.

Note 8: Scope 3 downstream GHG emissions include the following categories: Category 9 – Downstream transportation and distribution; Category 10 – Processing of sold products; Category 12 – End-of-life treatment of sold products.

Energy Management

Indicators	**Unit**	2023	2024	**2025**
Total purchased electricity	MWh	206,231.00	220,430.31	**254,035.42**
Purchased renewable electricity[1]	MWh	7,782.00	20,000.00	**30,000.00**
Self-consumed photovoltaic generation[1]	MWh	10,583.94	12,546.20	**16,613.18**
Total natural gas	m^3	11,610,000	13,412,099	**14,748,726**
Total diesel[2]	L	184,545.00	176,415.11	**241,974.87**
Total gasoline	L	35,050.00	36,185.61	**40,272.61**
Direct energy consumption[3]	MWh	138,303.33	159,681.67	**178,899.37**
Indirect energy consumption[4]	MWh	206,231.00	220,430.31	**254,035.42**
Total energy consumption	MWh	344,534.33	380,111.98	**432,934.79**
Total renewable energy consumption[1]	MWh	18,365.94	32,546.20	**46,613.18**
Energy consumption per unit of product[5]	MWh/tonne of product	2.49	2.30	**2.42**

Note 1: In 2025, the Company actively optimized its energy mix, resulting in a year-on-year increase in the use of green electricity.

Note 2: In 2025, the increase in total diesel was driven by higher logistics and transportation demand due to capacity expansion, as well as the aging of diesel-powered forklifts.

Note 3: Direct energy includes natural gas, diesel, gasoline, and self-generated photovoltaic power, calculated in accordance with *GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption.*

Note 4: Indirect energy includes purchased electricity.

Note 5: Energy consumption per unit of product refers to the total electricity and natural gas consumed per tonne of production. It is calculated as the total annual electricity and natural gas consumption divided by the total annual production volume in tonnes.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Water Resource Management

Indicators	Unit	2023	2024	2025
Water consumption	m^3	469,696	594,598	**665,021**
Water consumption per unit of product[1]	m^3/tonne of product	3.39	3.59	**3.72**

Note 1: [Calculation formula] Water consumption per unit of product = Water consumption/Total production volume.

Packaging Material Management

Indicators	Unit	2023	2024	2025
Total amount of packaging materials used for shipment of finished goods[1]	Tonne	3,763	5,398	**6,693**
Of which, the amount of packaging materials (wood) used for finished goods[1]	Tonne	3,151	4,608	**5,661**
Of which, the amount of packaging materials (paper core) used for finished goods[1]	Tonne	612	790	**1,032**
Intensity of packaging materials used for shipment of finished goods[2]	Tonne/tonne of product	0.0272	0.0326	**0.0374**

Note 1: The year-on-year increase was mainly due to higher production and sales volumes in 2025.

Note 2: [Calculation formula] Intensity of packaging materials used for shipment of finished goods = Total amount of packaging materials used for shipment of finished goods/Total production volume.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Management of Discharges, Emissions and Wastes

Indicators		Unit	2023	2024	2025
Industrial wastewater discharge volume[1]		m^3	41,338.00	61,019.80	**99,466.56**
Industrial wastewater discharge intensity[2]		m^3/tonne of product	0.3	0.37	**0.56**
Chemical oxygen demand (COD) discharge in wastewater		Tonne	/	4.88	**5.83**
Ammonia nitrogen (NH_3-N) discharge in wastewater[1]		Tonne	/	0.19	**0.27**
Particulate matter (PM) emissions in exhaust gases		Tonne	/	9.51	**8.61**
Sulfur oxides (SO_x) emissions in exhaust gases		Tonne	/	0.59	**0.56**
Other pollutants emissions in exhaust gases (VOCs)[1]		Tonne	/	0.08	**1.08**
Total waste		Tonne	5,409.00	6,381.66	**8,316.34**
Total waste recycled		Tonne	4,840.00	5,734.78	**7,472.90**
Hazardous waste generated		Tonne	1,644.00	1,387.34	**1,303.48**
By disposal method	Incineration with energy recovery	Tonne	142.00	93.23	**75.32**
	Recycling/reuse	Tonne	1,502.00	1,294.11	**1,228.16**
Hazardous waste generation intensity[2]		Tonne/tonne of product	0.0119	0.0084	**0.0073**
Non-hazardous waste generated[3]		Tonne	3,765.00	4,994.32	**7,012.86**
By disposal method	Incineration with energy recovery	Tonne	427.00	553.65	**768.12**
	Recycling/reuse	Tonne	3,338.00	4,440.67	**6,244.74**
Non-hazardous waste generation intensity[2]		Tonne/tonne of product	0.0272	0.0301	**0.0392**

Note 1: In 2025, the Company's new factory released capacity, improved metering equipment and further standardized data collection and calculation methods, resulting in an increase in environmental emission data.

Note 2: Intensity indicators are calculated as total annual emissions divided by total annual production volume.

Note 3: The increase in non-hazardous waste generated in 2025 was due to more projects and higher production.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

SOCIAL PERFORMANCE

Employee Numbers

Indicators		Unit	2023	2024	2025
Total number of employees		Person	1,534	1,757	**1,899**
By gender	Male	Person	1,247	1,402	**1,509**
	Female	Person	287	355	**390**
By employment type	Labour contract	Person	1,488	1,690	**1,825**
	Other employment types[1]	Person	46	67	**74**
By age group	>50 years old	Person	263	300	**327**
	30-50 years old	Person	937	1,031	**1,087**
	<30 years old	Person	334	426	**485**
By geographical region	The Chinese mainland	Person	1,527	1,750	**1,893**
	Overseas[2]	Person	7	7	**6**

Note 1: Other employment types include rehired retirees and part-time employees.

Note 2: Overseas employees refer to employees whose work locations are outside the Chinese mainland.

Employment and Labour

Indicators		Unit	2023	2024	2025
Employee turnover rate[1]		%	21.68	32.78	**21.06**
By gender	Female[1]	%	18.71	20.02	**20.26**
	Male[1]	%	21.42	32.38	**21.27**
By age group	>50 years old[1]	%	8.73	7.33	**10.40**
	30-50 years old[1]	%	15.73	24.83	**18.95**
	<30 years old[1]	%	45.05	57.51	**32.99**
By geographical region	Employees from Chinese mainland[1]	%	21.68	29.89	**21.13**
	Overseas employees[1]	%	0	0	**0**

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Indicators	Unit	2023	2024	2025
Percentage of women in senior management	%	15.38	15.38	**18.18**
Percentage of employees from minority or vulnerable groups in the entire organizational structure	%	7.49	6.71	**8.05**
Employee welfare investment	RMB 10,000	400	1,395	**1,696**
Number of employees benefiting from welfare	Person	1,534	1,728	**1,879**
Employee satisfaction survey results	Point	81	82	**84**
Number of employees engaged in positions with occupational disease risks	Person	582	618	**743**
Number of employees suffering from occupational diseases	Person	0	0	**0**
Incidence rate of occupational diseases	%	0	0	**0**
Percentage of participants of occupational physical examinations in employees engaged in positions with occupational disease risks[2]	%	100	100	**100**
Number of work-related fatalities	Person	0	0	**0**
Rate of work-related fatalities	%	0	0	**0**
Lost days due to work-related injuries	Day	180	45	**34**
Total investment in safety operation	RMB 10,000	650	699	**866**
Number of employees attending work safety training[3]	Person-time	2,800	15,019	**18,212**
Number of work safety training	Time	118	143	**171**
Number of emergency drills	Time	7	7	**28**
Number of employees participating in emergency drills	Person-time	239	1,388	**1,508**
Number of incidents of violation of safety laws and regulations	Case	0	0	**0**
Number of major accidents	Case	0	0	**0**
Employee training coverage	%	100	100	**100**

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Indicators		Unit	2023	2024	2025
By gender	Male employee training coverage[4]	%	80.99	79.98	**79.38**
	Female employee training coverage[4]	%	19.01	20.02	**20.62**
By employee category	Frontline employee training coverage[4]	%	86.86	89.58	**91.08**
	Middle management training coverage[4]	%	8.29	6.02	**5.30**
	Senior management training coverage[4]	%	4.85	4.40	**3.62**
Average number of hours of training per capita for all employees		Hour	28.35	33.50	**32.25**
By gender	Average number of hours of training per capita for male employees[5]	Hour	28.19	33.31	**32.50**
	Average number of hours of training per capita for female employees[5]	Hour	29.01	34.24	**35.25**
By employee category	Average number of hours of training per capita for frontline employees[5]	Hour	25.60	27.04	**31.24**
	Average number of hours of training per capita for middle management[5, 6]	Hour	49.02	51.29	**38.40**
	Average number of hours of training per capita for senior management[5]	Hour	42.28	40.57	**36.45**

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Indicators	Unit	2023	2024	2025
Coverage of employees receiving regular performance and career development evaluations	%	100	100	**100**
Coverage of employees by collective bargaining agreements	%	100	100	**100**
Number of incidents of child labour	Case	0	0	**0**
Number of incidents of forced labour	Case	0	0	**0**
Number of incidents of harassment and discrimination[7]	Case	0	0	**1**

Note 1: [Calculation formula] Employee turnover rate for each category = Number of employees leaving in the category/Total number of employees in the category × 100%.

Note 2: [Calculation formula] Percentage of participants of occupational physical examinations in employees engaged in positions with occupational disease risks = Number of participants of occupational physical examinations/Number of employees engaged in positions with occupational disease risks × 100%.

Note 3: In 2025, due to expanded production scale and an increase in total employees, as well as enhanced targeted safety training for frontline positions, the number of employees attending work safety training increased.

Note 4: [Calculation formula] Employee training coverage for each category = Number of employees in the category who received training/ Total number of employees receiving training × 100%.

Note 5:` [Calculation formula] Average number of hours of training per capita for employees for each category = Total number of hours of training for employees in the category/Total number of employees in the category.

Note 6: The first cohort of "Qianjun" Program for middle management concluded in March 2025. As the Company shifted its training focus from middle management to frontline management, the total training hours for middle management decreased compared with 2024.

Note 7: In January 2025, one incident of sexual harassment occurred. Following investigation and verification, the Company immediately dismissed the individual involved in accordance with its internal policies.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

Supply Chain Management

Indicators		Unit	2023	2024	2025
Total number of suppliers		No.	851	1,037	**1,094**
By geographical region	Local suppliers	No.	832	1,023	**1,082**
	Overseas suppliers	No.	19	14	**12**
Number of supplier inspections		No.	61	60	**60**
Number of suppliers assessed for environmental, labour, and ethical performance in accordance with the Company's supplier assessment system		No.	61	109	**114**
Duration of supplier compliance training		Hour	9.5	9.5	**8**
Number of suppliers participating in compliance training		Person	71	147	**130**

Product Responsibility

Indicators	Unit	2023	2024	2025
Percentage of total products sold or shipped subject to recalls for safety and health reason	%	0	0	**0**
Number of customer complaints received on product quality or service	No.	1,462	1,433	**1,431**
Complaint handling rate[1]	%	100	100	**100**

Note 1: [Calculation formula] Complaint handling rate = Number of complaints handled/Number of customer complaints received regarding product quality or service × 100%.

4. ESG KEY QUANTITATIVE PERFORMANCE TABLES

R&D and Innovation

Indicators	Unit	2023	2024	2025
Fund investment in technological innovation and R&D	RMB 10,000	10,758	18,641	**26,490**
Amount of incentives and subsidies received from the State for technological innovation and R&D	RMB 10,000	936	723	**900**
Number of patent applications	No.	6	14	**15**
Number of patents granted	No.	12	13	**6**

Community Investment

Indicators	Unit	2023	2024	2025
Total amount of public welfare investment	RMB 10,000	58	15	**25**
Number of employees participating in volunteering activities	Person-time	280	300	**320**
Total hours of employees' volunteering activities	Hour	700	750	**800**

GOVERNANCE PERFORMANCE

Anti-corruption and Anti-bribery

Indicators	Unit	2023	2024	2025
Number of concluded corruption cases against the Company and employees	Case	0	0	**0**
Number of reports received from employees	No.	0	0	**0**
Employee anti-corruption training coverage	%	100	100	**100**
Average anti-corruption training hours per employee	Hour	2	2	**2.5**
Average anti-corruption training hours per board member	Hour	2	2	**2.5**
Percentage of employees receiving business ethics training	%	100	100	**100**

5. BENCHMARK INDEX TO THE HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Part B: Mandatory Disclosure Requirements

Mandatory Disclosure	Reporting Section
Governance Structure	Corporate Governance, ESG Governance Structure
Reporting Principles	About the Report
Reporting Boundary	About the Report

Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Reporting Section
A. Environmental	
A1. Emissions	Environmental Management System, Management of Discharges, Emissions and Wastes
A1.1	Environmental Performance
A1.3	Environmental Performance
A1.4	Environmental Performance
A1.5	Management of Discharges, Emissions and Wastes
A1.6	Management of Discharges, Emissions and Wastes
A2. Use of Resources	Resource Utilisation and Management
A2.1	Resource Utilisation and Management
A2.2	Resource Utilisation and Management
A2.3	Resource Utilisation and Management
A2.4	Resource Utilisation and Management
A2.5	Resource Utilisation and Management
A3. The Environment and Natural Resources	Resource Utilisation and Management
A3.1	Resource Utilisation and Management
B. Social	
Employment and Labour Practices	
B1. Employment	Employee Rights and Development
B1.1	Social Performance
B1.2	Social Performance
B2. Health and Safety	Employee Rights and Development
B2.1	Social Performance
B2.2	Social Performance
B2.3	Employee Rights and Development

5. BENCHMARK INDEX TO THE HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Subject Areas, Aspects, General Disclosures and KPIs	Reporting Section
B3. Development and Training	Employee Rights and Development
B3.1	Social Performance
B3.2	Social Performance
B4. Labour Standards	Employee Rights and Development
B4.1	Employee Rights and Development
B4.2	Employee Rights and Development
Operating Practices	
B5. Supply Chain Management	Supply Chain Management
B5.1	Social Performance
B5.2	Social Performance
B5.3	Supply Chain Management
B5.4	Supply Chain Management
B6. Product Responsibility	High-quality Products and Services
B6.1	Social Performance
B6.2	Social Performance
B6.3	High-quality Products and Services
B6.4	High-quality Products and Services
B6.5	High-quality Products and Services
B7. Anti-corruption	Anti-corruption and Anti-bribery
B7.1	Anti-corruption and Anti-bribery
B7.2	Anti-corruption and Anti-bribery
B7.3	Anti-corruption and Anti-bribery
Community	
B8. Community Investment	Building a Better Community Together
B8.1	Social Performance
B8.2	Building a Better Community Together, Social Performance

5. BENCHMARK INDEX TO THE HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Part D: Climate-related Disclosures

Climate-related Disclosures	Reporting Section
(I) Governance	
19. Governance	Addressing Climate Change
(II) Strategy	
20. Climate-related risks and opportunities	Addressing Climate Change
21. Business model and value chain	Addressing Climate Change
22-23. Strategy and decision-making	Addressing Climate Change
24-25. Financial position, financial performance and cash flows	Addressing Climate Change
26. Climate resilience	Addressing Climate Change
(III) Risk Management	
27. Risk Management	Addressing Climate Change
(IV) Metrics and Targets	
28-29. Greenhouse gas emissions	Environmental Performance
30. Climate-related transition risks	Addressing Climate Change
31. Climate-related physical risks	Addressing Climate Change
32. Climate-related opportunities	Addressing Climate Change
33. Capital deployment	Addressing Climate Change
34. Internal carbon prices	Addressing Climate Change
35. Remuneration	Addressing Climate Change
36. Industry-based metrics	Addressing Climate Change
37-40. Climate-related targets	Addressing Climate Change
41. Applicability of cross-industry metrics and industry-based metrics	Addressing Climate Change