

PRECISION TSUGAMI (CHINA) CORPORATION LIMITED

津上精密機床(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1651

PRECISION TSUGAMI CHINA

2025-2026

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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ABOUT THIS REPORT

This ESG Report (this “**Report**”) aims to communicate the Group’s corporate mission and social responsibility commitments to our stakeholders, and to present the Group’s ESG performance in areas including corporate governance, environmental protection, employment practices, operational practices, and community investment.

REPORTING PERIOD

This Report details the Group’s specific ESG practices, challenges faced, and corresponding response measures for the fiscal year from 1 April 2025 to 31 March 2026 (“**FY2026**” or the “**fiscal year**” or the “**Reporting Period**”).

REPORTING SCOPE

The scope of this Report is determined based on the significance of the impact of each operating point on ESG-related aspects, covering the Group’s main operating locations in China, including Precision Tsugami (China) Corporation (“**PTC**”), Shinagawa Precision Machinery (Zhejiang) Co., Ltd. (“**Shinagawa Precision**”), and Precision Tsugami (Anhui) Corporation (“**Precision Tsugami Anhui**”). Unless otherwise specified, the ESG key performance indicators (“**KPIs**”) presented in this Report are obtained through the Group’s operational control mechanisms. In the future, the Group will continue to enhance its data collection capabilities and sustainable development management levels, steadily expanding the reporting scope.

BASIS AND PRINCIPLES OF PREPARATION

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Code**”) contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and follows the reporting principles set out therein:

Materiality: The issues covered in the report should reflect the company’s significant impact on the environment, society, and governance, or areas that substantially affect the assessment and decisions of stakeholders.

Balance: The report should provide a balanced and unbiased view of the company’s performance, covering both positive and negative aspects, without any false records or misleading statements.

Quantitative: KPIs disclosed in the report must be measurable to assess and verify the performance of the company’s environmental, social, and governance policies and management systems.

Consistency: The Company should ensure consistent disclosure statistical methods are used in the Report so that stakeholders can analyze and assess performance over time. Unless otherwise specified, the preparation methods of this Report are consistent with previous years to facilitate comparison. If there are any changes to the reporting scope or calculation methods, the Group will explain the relevant changes in the appropriate sections.

The information and cases contained in this Report are primarily derived from the Group’s statistical reports, internal communication documents, and other relevant internal documents, and do not contain any false records or misleading statements. The Group assumes full responsibility for the authenticity, accuracy, and completeness of the report content and guarantees that the disclosed information truly and objectively reflects the Group’s overall ESG performance.

ABOUT THIS REPORT

CONTACT US

The Group highly values stakeholder feedback and sincerely welcomes your valuable suggestions regarding the content of this Report or the Group's performance in the field of sustainable development. Please refer to the contact details below:

Tel: 0573-85298093

Website: <https://www.tsugami.com.cn/>

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BOARD ANNOUNCEMENT

The Group fully recognizes the importance of Environmental, Social, and Governance (ESG) factors in enhancing operational performance and overall corporate value. As the highest responsible and decision-making body for the Group's ESG affairs, the Board of Directors bears ultimate responsibility for the authenticity and effectiveness of ESG strategy formulation and related disclosure reports. The Board comprehensively supervises all ESG and climate-related issues affecting the Group's operations, shareholders, and other stakeholders' rights and interests. It highly prioritizes ESG construction, consistently integrating sustainable development concepts into the Group's strategic layout, establishing and implementing a scientific and standardized ESG governance structure, defining responsibilities and authorities at all levels, and strengthening the Board's oversight and participation in ESG affairs. Concurrently, considering the external macro-economic environment and the Group's own development strategy, the Board dynamically conducts materiality assessments of ESG and climate-related issues, systematically analyzes related risks and development opportunities, and prioritizes the governance and optimization of key issues as annual priorities for sustainable development work. Furthermore, the Board has full authority to formulate and review the Group's ESG management approach, development strategy, work priorities, and performance targets, regularly reviewing the progress of various ESG initiatives, evaluating the synergistic relationship between ESG targets and the Group's business, and steadily promoting the Group's long-term stable, balanced, coordinated, and high-quality sustainable development.

The Board has reviewed and approved the material sustainability issue assessment results and all content covered in this Report, guaranteeing that the report content is true, accurate, and complete, without any false records, misleading statements, or material omissions, and assumes responsibility for the authenticity, accuracy, and completeness of this Report's content. This Report was considered and approved at a Board of Directors meeting on 29 June 2026.

ABOUT THE GROUP

COMPANY PROFILE

Precision Tsugami (China) Corporation Limited (hereinafter referred to as the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**we**”) are leading professional manufacturers of CNC high-precision machine tools. The Group is the operating entity established in China by the renowned Japanese CNC high-precision machine tool manufacturer, Tsugami Japan. Since commencing operations in 2003, after more than twenty years of deep cultivation and continuous development, it has become a foreign-funded CNC machine tool manufacturer with significant brand influence in China’s machine tool industry. The Group’s main business involves the professional development, production, and sales of various CNC high-precision machine tools, including precision automatic lathes, precision turret lathes, precision machining centres, and precision grinding machines. The Group’s products are primarily applied in automotive parts, IT electronic components such as mobile phones and communication equipment, industrial automation components, medical devices, construction machinery, as well as emerging fields like AI liquid cooling and humanoid robots. The Group’s products are mainly sold in the Chinese mainland and Taiwan markets, and exported to Japan, South Korea, Europe, the Americas, and other countries and regions through the parent company, Tsugami Corporation 株式会社ツガミ (“**Tsugami Japan**”). The Group also supplies CNC high-precision machine tools to supply chains of world-renowned automobile manufacturers, home appliance manufacturers, and smartphone manufacturers.

The Group deeply understands that sustainable development is the core foundation for long-term stable operation and value growth, insisting on comprehensively integrating Environmental, Social, and Governance (ESG) concepts into its risk management system strategy. The Group consistently takes “perpetuate human creativity, innovation and inspiration through the provision of CNC high precision machine tools ”as its corporate mission, using ESG as a strategic guide to coordinate the three dimensions of environmental protection, social welfare, and corporate governance throughout business operations and risk management, practicing sustainable high-quality development. To achieve this mission, the Group adheres to five core values:

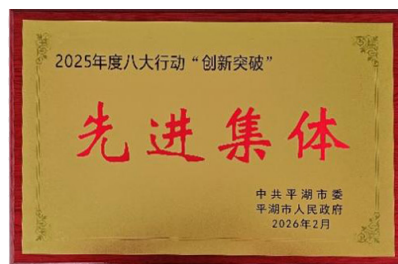
A Will to Succeed	The Group is committed to creating long-term and sustainable value for investors, continuously striving for excellence, pursuing outstanding performance financially and non-financially.
Integrity and Honesty in All Areas of Business	The Group adheres to business ethics, insists on leading by example, and requires business partners to operate honestly and with integrity.
Respect for People	The Group respects investors, employees, customers, business partners, and suppliers, caring for each other, valuing contributions, and working together for long-term development.
Protection of the Environment	The Group is committed to minimizing its potential adverse impact on the environment and protecting natural resources.
Pride in the Group’s Services and Product Quality	The Group is always customer-centric, insisting on meeting customer needs with high-quality products and professional services.

ABOUT THE GROUP

CORPORATE HONORS



- 🏆 10th Zhitong Finance Listed Company Awards “Most Valuable Industrial Manufacturing Company”



- 🏆 “Innovation Breakthrough” Advanced Collective under the 2025 Eight Key Initiatives – Pinghu Municipal People’s Government
- 🏆 2025 Enterprise Output Value – First Place – Pinghu Economic and Technological Development Zone Management Committee
- 🏆 2025 Top Taxpayer – First Place – Pinghu Municipal People’s Government
- 🏆 2025 Top Twenty Taxpaying Enterprises – First Place – Pinghu Municipal People’s Government

GOVERNANCE WITH INTEGRITY

ESG GOVERNANCE STRUCTURE

The Group recognizes that a robust governance structure is key to identifying, managing, and monitoring ESG (including climate change) related risks and opportunities. The Group actively establishes a three-tier governance structure led by the Board of Directors, integrating ESG and climate change considerations into core decision-making by defining the responsibilities and collaboration mechanisms of the Board and the Audit Committee. The Board of Directors and its subordinate Audit Committee (the “**Audit Committee**”) assume overall responsibility for the Group’s ESG-related matters, while the ESG Working Group (the “**Working Group**”) is specifically responsible for the execution of ESG affairs. When selecting members for the Board and Audit Committee, the Group emphasizes diversity considerations, taking into account a range of factors such as industry knowledge, professional background, experience, and gender balance, ensuring members possess appropriate skills, experience, knowledge, and perspective.

	Composition	Main Responsibilities
Board of Directors	Composed of 4 Executive Directors, 2 Non-executive Director (including 1 female), and 4 Independent Non-executive Directors.	• Overall leadership and responsibility for the Group’s ESG governance affairs, determining the ESG governance structure. • The Board must hold at least one meeting annually to review the Group’s ESG strategy, policies, and targets, formulate and plan the Group’s overall ESG development direction, and ensure ESG strategy aligns with the Group’s overall business strategy.

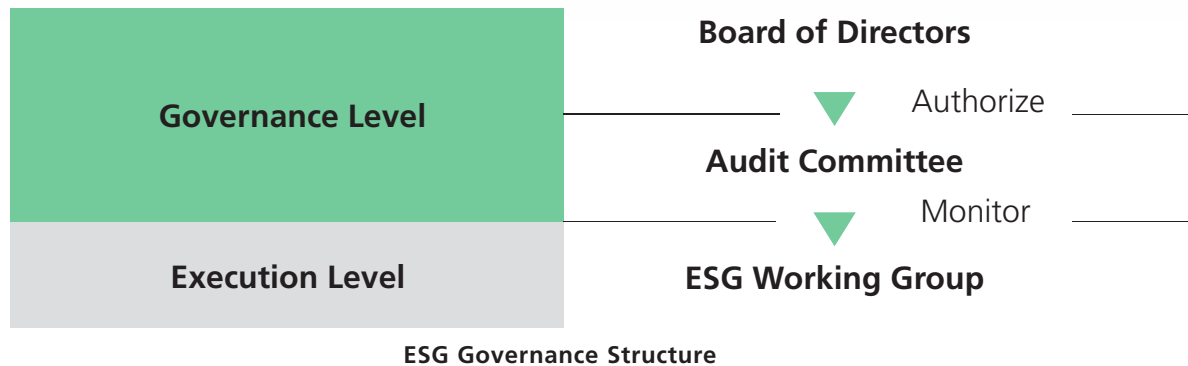
GOVERNANCE WITH INTEGRITY

	Composition	Main Responsibilities
Audit Committee	Composed of 3 Independent Non-executive Directors.	• Formulate and review management approaches, development strategies, governance principles, internal policies, performance targets, and priorities for ESG (including climate change) risks and opportunities. • Regularly assess and identify the Group's ESG (including climate change) risks and opportunities, review and evaluate the targets, standards, and achievements of implemented ESG (including climate change) measures. • Report progress on ESG (including climate change) risks and opportunities to the Board at least annually, providing specific action plans or improvement directions for the Board's reference. • Responsible for reviewing the ESG Report and submitting it to the Board for approval, ensuring its completeness and compliance.

GOVERNANCE WITH INTEGRITY

	Composition	Main Responsibilities
ESG Working Group	Heads of Functional Departments	• Composed of representatives from the Group's core departments, where members possess ESG-related qualifications and professional backgrounds. • Ensures the Group's daily operations comply with relevant laws and regulations, assists in identifying and assessing ESG (including climate change) risks and opportunities, and ensures the implementation and effectiveness of risk management and internal control systems. • Holds at least one meeting annually to review the Group's ESG work performance and develop appropriate solutions to enhance the Group's overall ESG performance. • Assists independent third parties in the annual ESG report preparation, including ESG data collection and analysis, monitoring and assessing the Group's overall ESG performance, tracking ESG target progress, conducting materiality assessments, and reviewing report content. • Collaborates with the Audit Committee to report ESG-related work to the Board at least once annually.

GOVERNANCE WITH INTEGRITY



For details on the Group's corporate governance practices, please refer to the **"Corporate Governance Report"** section in the Annual Report.

STAKEHOLDER ENGAGEMENT

The Group highly values the opinions and core concerns of stakeholders, actively establishing diverse communication channels and two-way communication mechanisms. Through close interaction, it proactively understands, responds to, and addresses relevant demands, incorporating stakeholder expectations into the continuous improvement of its operations and ESG performance. This process continuously refines the Group's ESG performance, creating greater value for the country and society. In the future, the Group will continue constructive dialogue to deepen stakeholder engagement, jointly planning a development blueprint towards long-term prosperity.

The Group's communication channels with key stakeholders and their corresponding key expectations are outlined below:

Stakeholders	Communication Channels	Expectations
Investors and shareholders	- Annual General Meeting and other shareholders' meetings - Financial reports - Announcements and circulars - The Group's website - Investors meeting	- Compliance with relevant laws and regulations - Timely release of the latest corporate information - Corporate sustainable development - Financial performance - Industry development trends

GOVERNANCE WITH INTEGRITY

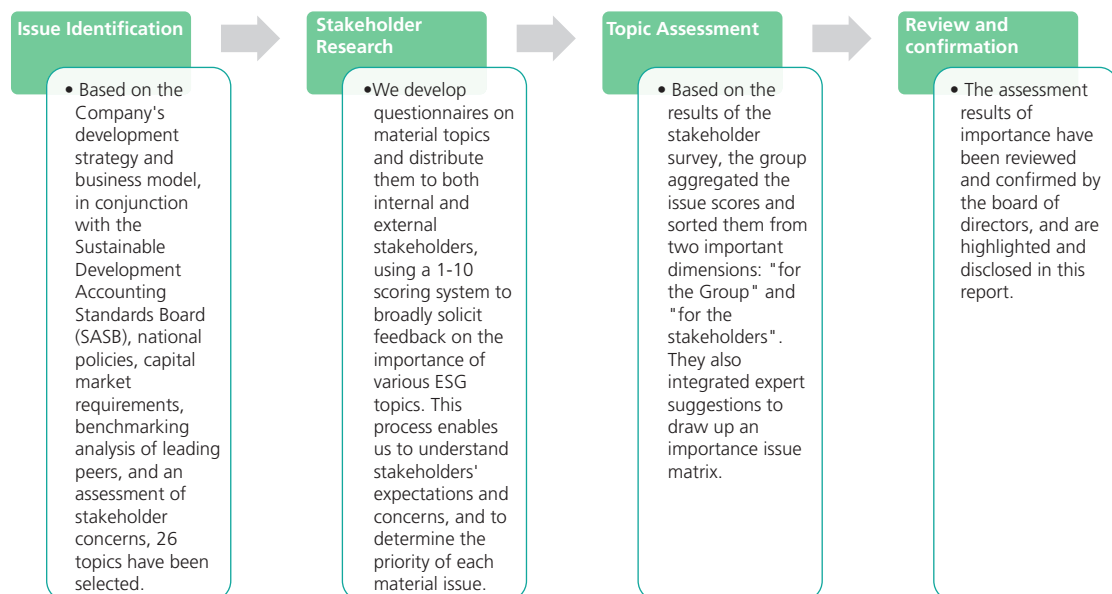
Stakeholders	Communication Channels	Expectations
Customers	• Business meetings • Customer service hotline • Email • Exhibitions	• Fulfilling product and service responsibilities • Customer information security • Business ethics • Latest product introduction • Customer feedback management
Suppliers and partners	• Supplier management meetings and events • Business meetings • Ongoing direct communication	• Fair competition • Win-win cooperation • Business ethics
Employees	• Employee opinion survey • Regular qualification assessments • Employee training programmes • Social media • Internal announcements • Direct communication	• Compensation and benefits • Career development • Work environment • Work performance • Occupational health and safety
Government and regulatory authorities	• Regulatory or voluntary disclosure • News reporting	• Promotion of employment • Tax compliance
Community, non-governmental organisations and media	• Community investment programs • The Group's website • ESG Report • News release	• Giving back to Society • Environmental protection • Corporate social responsibility • Compliance operations • Fair employment opportunities

GOVERNANCE WITH INTEGRITY

MATERIALITY ASSESSMENT

The Group engaged an independent professional institution to conduct questionnaire surveys with stakeholders, extensively collecting opinions and core concerns from internal and external stakeholders. Combined with industry trends, regulatory requirements, and peer practices, the Group identified ESG issues of material significance to itself. Based on issue materiality analysis, we prioritized the relevant issues, providing a reference for the Company to improve its ESG management and more effectively respond to the expectations and demands of stakeholders. In the future, the Group will continue to use the ESG materiality matrix to actively track the focus areas of various stakeholders, continuously improving the Group's ESG performance to ensure effective responses to all parties' expectations.

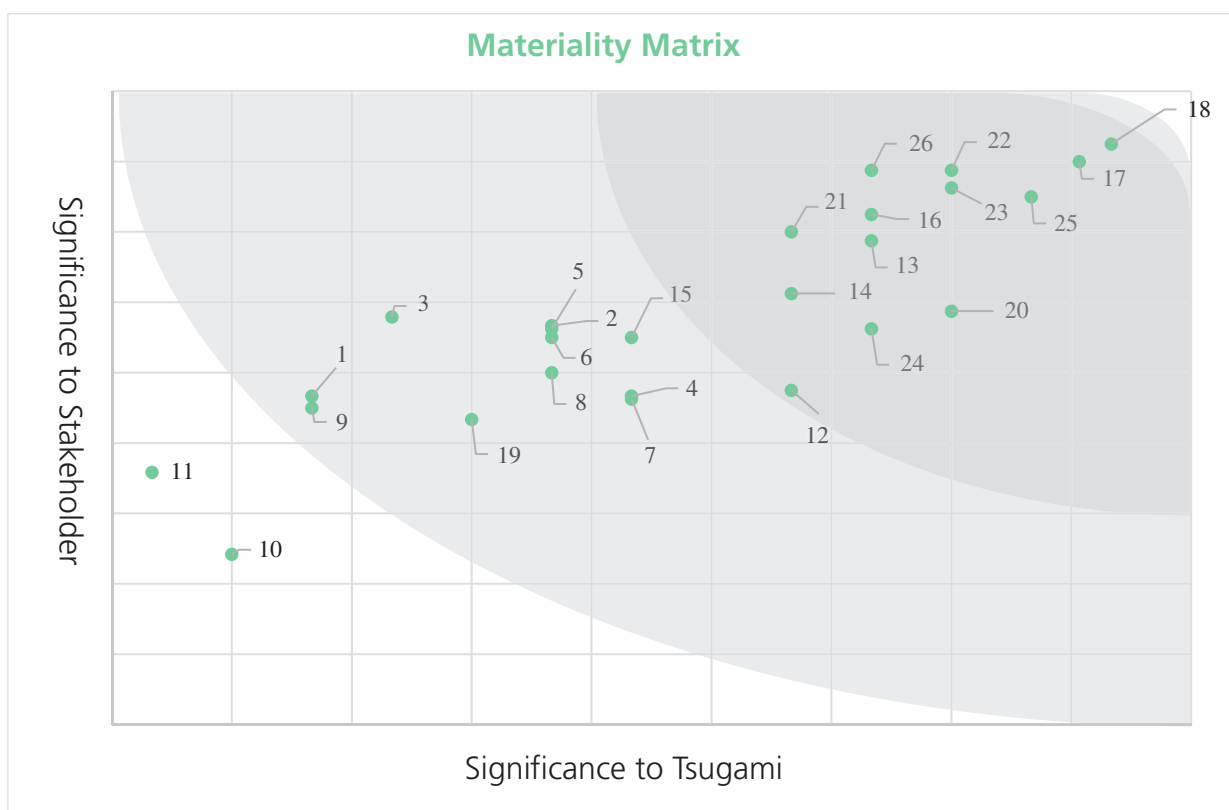
Materiality Analysis Procedure



GOVERNANCE WITH INTEGRITY

Materiality Matrix

Below is the Group's FY2026 materiality matrix:



GOVERNANCE WITH INTEGRITY

No.	Topic
1	Greenhouse Gas Emissions and Management
2	Energy Consumption
3	Resource Utilization
4	Water Consumption
5	Wastewater Discharge & Management
6	Air Emissions & Management
7	Waste Management
8	Packaging Material Consumption
9	Environmental Risk Management
10	Biodiversity
11	Responding to Climate Change
12	Prevention of Child & Forced Labour
13	Occupational Health & Safety
14	Employee Development & Training
15	Promoting Diversity
16	Employee Rights Protection
17	Product & Service Quality
18	Customer Satisfaction
19	Community Engagement & Contribution
20	Protecting Customer Privacy
21	Industry Collaboration
22	Protecting Intellectual Property Rights
23	Supply Chain Management
24	Strengthening Risk Management
25	Compliance Operations
26	Business Ethics

GOVERNANCE WITH INTEGRITY

ESG RISK GOVERNANCE

Through the collaborative efforts of the Board of Directors, Audit Committee, and ESG Working Group, the Group promotes the effective implementation of climate-related risk management policies; various operating departments practice cross-departmental collaboration to systematically prevent and mitigate potential risks across functional areas.

Relying on its corporate governance structure, the Group conducts risk assessments annually using an Environmental, Occupational Health & Safety (EHS) risk map, based on its business characteristics, industry trend analysis, and external expert opinions. Following the standard process of “Establish risk map – Risk identification – Risk scoring – Assess and rank risk probability – Coordinate departments for ongoing follow-up”, the Group systematically identifies the potential impacts of various climate-related risks and corresponding transition opportunities. Based on the outcomes of environmental impact assessments, it implements total volume control for various pollutant discharges, implements emission reduction measures, establishes a normalized continuous improvement mechanism, and promotes steady optimization of environmental performance.

By integrating feedback from various stakeholders, the Group comprehensively evaluates the probability of occurrence and the degree of financial/operational impact of various risks and opportunities, prioritizes them, and formulates corresponding risk response measures and opportunity management strategies. The Group follows the step-by-step process of “Identification – Assessment – Response – Monitoring” for comprehensive closed-loop risk management, regularly re-evaluating risks and studying risk response strategies to promote the company’s sustainable development.

GOVERNANCE WITH INTEGRITY

BUSINESS ETHICS

The Group places high importance on building a culture of integrity and its institutional systems, viewing business ethics as a top priority for achieving corporate sustainability. The Group strictly adheres to relevant legal norms concerning anti-bribery, extortion, fraud, and money laundering, including but not limited to:

- *Criminal Law of the People's Republic of China*
- *Company Law of the People's Republic of China*
- *Bidding and Tendering Law of the People's Republic of China*
- *Anti-Unfair Competition Law of the People's Republic of China*
- *Interim Provisions on the Prohibition of Commercial Bribery*

The Group actively establishes a compliance management system to prevent bribery, extortion, fraud, and money laundering, builds an enterprise ecosystem based on integrity, transparency, and clear responsibility, and formulates and implements a series of internal regulations, including:

- *Tsugami Group Code of Conduct*
- *Code of Conduct for Employees*
- *Anti-Bribery Policy*
- *Anti-Corruption Policy*
- *Anti-Fraud and Reporting System*
- *Whistleblowing Policy*

During the Reporting Period, the Group had no violations of laws and regulations concerning the prevention of bribery, extortion, fraud, or money laundering, and no corruption litigation cases were filed against the Group or its employees (FY2025: None).

GOVERNANCE WITH INTEGRITY

Anti-Corruption and Anti-Fraud

The Group places high importance on anti-corruption and anti-fraud efforts, and is committed to preventing, monitoring, and reporting various misconducts. It actively establishes robust internal control and compliance supervision mechanisms to ensure the Group's operations comply with relevant laws, regulations, and integrity management principles. The Group has established diversified reporting channels covering both internal and external parties, including a dedicated reporting email address managed by designated personnel, ensuring the independence and transparency of the reporting mechanism. For misconduct such as financial violations, fraud, bribery, corruption, and safety hazards, the Group acknowledges receipt within five working days of receiving a report, conducts investigations based on the actual situation, and provides timely feedback on the results to the whistleblower within a reasonable scope.

The Group highly prioritizes the protection of whistleblowers' rights, strictly prohibiting any form of information leakage, retaliation, or unfair treatment, and ensuring the confidentiality of information during the reporting process. The Audit Committee regularly reviews the effectiveness of the whistleblowing policy and related mechanisms to ensure continuous improvement of anti-corruption and anti-fraud measures. At the same time, the Group requires business partners to jointly adhere to the principle of "zero tolerance" for bribery and corruption, working together to maintain a fair, transparent, and clean business environment.

To strengthen the compliance culture, the Group conducts regular annual training on anti-corruption and related laws and regulations, enhancing directors' and employees' awareness and sense of responsibility regarding compliant operations and ethical conduct. During the Reporting Period, the coverage and total training hours for anti-corruption training significantly increased compared to last year. A total of 10 directors and 591 employees received approximately 20 hours and 1,182 hours of relevant training, respectively (FY2025: 11 directors and 485 employees received approximately 22 hours and 970 hours of anti-corruption training, respectively).

Internal Control Management and Audit

The Group places high importance on internal governance and risk prevention and control. It has formulated and continuously implements the "Internal Audit Management Regulations" to promote the rationalization and efficiency of business management, ensure the independence, objectivity, and effectiveness of internal audit work, and provide comprehensive governance support for the Group's stable operation and sustainable development. The Board of Directors, as the highest decision-making body, authorizes the Audit Committee to oversee the supervision function, with the Internal Audit Office responsible for specific implementation.

GOVERNANCE WITH INTEGRITY

Regarding organizational structure, the Audit Committee oversees the overall supervision function, while the Internal Audit Office conducts daily audits based on authorization. It has supervisors and some auditors, with clear hierarchical responsibilities and authority division to ensure orderly audit operations. The Group's audit work is divided into regular audits and ad-hoc special audits, covering multiple levels including the Group's organizational structure, business processes, accounting systems, and related internal control systems. It can be extended to affiliated companies as needed, or external professional institutions may be commissioned to assist in special audits.

In terms of planning and execution, the Audit Committee is responsible for approving the annual basic audit plan, with the specific implementation plan approved by the head of the Internal Audit Office. The audit process combines document review and on-site inspections to comprehensively evaluate the effectiveness of internal controls. Audit results are compiled into special reports based on the nature and impact of the matter, submitted to the Board of Directors for approval before archiving; if major issues are involved, they are reported immediately to the Board.

Regarding rectification and follow-up, the Group's General Manager leads the rectification work. The audited unit must complete improvements and submit feedback within the deadline as required, while the Internal Audit Office continuously tracks and verifies progress. Through coordination with accounting auditors, the Group has built a closed-loop management system of "Plan formulation – On-site execution – Result reporting – Rectification implementation", continuously strengthening internal control effectiveness and risk prevention capabilities.

Anti-Unfair Competition

The Group strictly adheres to market competition and compliance operation standards, clearly prohibiting obtaining competitors' business intelligence through illegal means, maliciously defaming or spreading false information about competitors. It also strictly forbids entering into any monopoly agreements with competitors, abusing market dominance, or other unfair competition violations. The Group has established a sound market behavior monitoring mechanism, standardizing employees' commercial conduct, requiring all employees to consciously maintain fair market competition order, and pursuing business opportunities based on legal compliance and legitimate operation principles. Employees are strictly prohibited from holding concurrent positions, engaging in external employment, or participating in business activities within the Group's business scope or with enterprises in competition with the Group, preventing such actions from disrupting fair market competition. Concurrently, the Group continuously conducts potential risk investigations and dynamic assessments of unfair competition, regularly organizes training on anti-monopoly, anti-unfair competition laws, regulations, and compliance systems, strengthening all employees' awareness of anti-monopoly and fair competition compliance, ensuring all the Group's business activities remain legally compliant and stable.

GREEN OPERATIONS

The Group is deeply aware of the increasingly severe environmental and social challenges caused by global climate change. It consistently adheres to the core concept of sustainable development, strictly complies with environmental regulations and international sustainable development guidelines, actively implements various environmental protection measures and supporting management systems, minimizes the negative impact of business operations on the ecological environment, and ensures all business activities are legal and compliant. This includes but is not limited to the following laws and regulations:

- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*
- *Environmental Protection Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on Environmental Impact Appraisal*
- *Noise Pollution Prevention and Control Law of the People's Republic of China*
- *Regulations on Environmental Protection Management of Construction Projects*
- *Regulations on the Administration of Pollutant Discharge Permits*
- *Measures for the Administration of Pollutant Discharge Permits*

During the Reporting Period, the Group had no violations of relevant laws and regulations regarding air and greenhouse gas emissions, discharges into water and land, or generation of hazardous and non-hazardous waste. Furthermore, the Group has obtained ISO 14001:2015 Environmental Management System certification.

GREEN OPERATIONS

EMISSIONS

To ensure daily operations comply with environmental laws and regulations, the Group has established a comprehensive environmental management system and operating procedures, implementing strict control measures for key areas such as air and greenhouse gas emissions, sewage discharge, and waste treatment.

Emission Control

Greenhouse Gas Emissions

The Group's greenhouse gas emissions primarily cover three scopes: Scope 1 includes direct emissions from gasoline and diesel consumed for vehicle operation; Scope 2 includes indirect energy emissions from purchased electricity; Scope 3 primarily comes from employee business travel and waste treatment.

Due to significant business expansion, the Group's overall total greenhouse gas emissions increased compared to FY2025, but the intensity was decreased, and the growth rate of greenhouse gas emissions was lower than the production growth rate for the same period. To continuously improve greenhouse gas emission performance, in addition to the measures listed in the "**Air Emissions**" section, the Group actively promotes the following initiatives:

- Strictly controlling the usage duration and operation mode of electrical equipment in office spaces, reducing unnecessary power consumption;
- Optimizing product processing workflows, shortening the processing time per unit, reducing power consumption in the production process;
- Posting promotional posters in office areas advocating the concept of energy saving and emission reduction; and
- Regularly organizing tree-planting activities to convey environmental protection concepts to employees through practical actions, enhancing their sustainable development awareness.

In the future, the Group will continue to explore diverse low-carbon development paths, minimizing total greenhouse gas emissions and intensity while maintaining stable business growth, contributing more to global climate change response.

GREEN OPERATIONS



Tree Planting Activity

Air Emissions

The Group has established a dual-track supervision system combining regular testing and real-time monitoring to strictly control and monitor emissions of key pollutants such as particulate matter, non-methane total hydrocarbons (NMHC), esters, and benzene series. An independent professional third-party testing organization is commissioned annually to conduct comprehensive monitoring of each air emission outlet, and the testing data is compared against the national "Ambient Air Quality Standard" to strictly control emission concentrations and total volumes to meet legal standards. Simultaneously, the Group connects air emission data in real-time to the monitoring platform of the Ministry of Ecology and Environment, achieving 24/7 intelligent online monitoring. If monitoring data anomalies occur, an early warning response is triggered immediately, and rectification is carried out promptly to ensure stable compliance of air emissions.

GREEN OPERATIONS

The Group's air emissions primarily originate from gasoline and diesel used by vehicles. Due to significant business expansion, the Group's overall air emissions increased compared to FY2025, but the growth rate of air emissions was lower than the production growth rate for the same period. To continuously and effectively reduce air emissions from transportation activities, the Group actively formulates and implements diverse measures, including but not limited to:

- Encouraging employees to take public transportation or choose low-carbon environmental vehicles (such as new energy vehicles) instead of traditional fuel vehicles;
- Promoting remote communication methods like teleconferencing and video conferencing to replace long-distance physical meetings, minimizing business travel;
- Using commercially available fuel that meets national standards, regularly inspecting and maintaining vehicles and other mobile machinery to ensure emission performance compliance, preventing inefficient energy consumption due to aging equipment or malfunctions;
- Turning off engines and related machinery promptly to avoid unnecessary emissions from idling;
- Equipping production workshops with oil mist collectors to effectively collect and treat oil mist generated during operations, reducing air pollutant emissions;
- Gradually increasing the proportion of new energy vehicles or hybrid electric vehicles, replacing fuel forklifts with electric forklifts to reduce fuel consumption and exhaust emissions; and
- Introducing new energy commercial vehicles as reception vehicles for factory visits, encouraging employees to use shared bicycles within the factory premises.

Wastewater Discharge

The Group consistently adheres to the concept of sustainable development, actively promoting water resource recycling strategies and striving to achieve efficient water resource utilization. Currently, the wastewater discharged by the Group mainly comes from domestic sewage and factory production wastewater. Therefore, the Group's total water consumption is equivalent to its wastewater discharge volume. For details on the Group's water resource consumption during this Reporting Period, please refer to the **"Water Resources Consumption"** section.

The Group actively improves its water management mechanism, comprehensively promoting total control of recycled water through two dimensions: source monitoring and end-of-pipe treatment. At the source monitoring level, a comprehensive water quality monitoring system is established to track core indicators like recycled water concentration in real-time, ensuring stable water quality that meets production operation standards. At the end-of-pipe treatment stage, when recycled water reaches disposal conditions, the Group strictly complies with environmental regulations and discharge standards, uniformly incorporating waste recycled water and domestic sewage into the sewage treatment system, which is then sent through municipal pipelines to professional sewage treatment plants for advanced purification.

GREEN OPERATIONS

Waste Management

The Group consistently practices responsible social practices, strictly adhering to laws and regulations related to waste management to ensure proper management and compliant disposal of waste generated from its business activities. This includes but is not limited to:

- *National Hazardous Waste List (2025 Edition)*
- *Measures for the Authorization and Management of Hazardous Waste Operations*
- *Technical Guidelines for Developing Hazardous Waste Management Plans and Ledgers*
- *Technical Specifications for Setting Hazardous Waste Identification Signs*
- *Pollution Control Standard for Hazardous Waste Storage*
- *Measures for the Transfer Management of Hazardous Waste*

Hazardous Waste

The Group is fully aware that improper disposal of hazardous waste poses a significant risk to the environment and public health. It actively formulates and implements the *Hazardous Waste Management Regulations*, defining departmental responsibilities and establishing a full-process control mechanism covering identification, classification, centralized storage, compliant transfer, and entrusted disposal, comprehensively implementing risk prevention and environmental regulatory compliance.

The Group has introduced a fully closed-loop hazardous waste management system, tracking the entire process including hazardous waste warehousing, outbound transfer, and weight to ensure clear waste flow direction and traceable data. By implementing dewatering and volume reduction treatment for grinding machine oil sludge, introducing waste liquid reduction and regeneration treatment plans, and gradually replacing disposable batteries with rechargeable ones, the Group effectively reduces the generation of hazardous waste.

Hazardous waste must be centrally stored in designated warehouses managed by dedicated personnel, with regular leakage prevention inspections. All hazardous waste is entrusted to qualified professional institutions for disposal, ensuring compliance and order.

During this Reporting Period, the total amount of hazardous waste discharged increased due to business expansion, but the discharge intensity remained almost unchanged compared to FY2025. In the future, the Group will continue to strengthen risk prevention and compliance management of hazardous waste, regularly reviewing and updating management standards, continuously reducing the total amount of hazardous waste generated and disposal risks.

GREEN OPERATIONS

Non-Hazardous Waste

The Group is committed to source reduction and resource recovery of non-hazardous waste, formulating and implementing the *PTC Regulations on the Disposal of Recyclables* to define relevant processing rules for non-hazardous waste. During the Reporting Period, non-hazardous waste generated from the Group's business activities mainly includes general garbage, paper, plastic, food waste, and waste ash. All discarded paper has been recycled.

To minimize the environmental impact of non-hazardous waste generated during business operations, the Group continuously improves its non-hazardous waste management mechanism, actively promoting various source reduction and resource recovery measures, including but not limited to:

- Establishing and maintaining waste sorting systems and recycling bins to collect recyclable resources such as waste paper, metal, and kitchen waste;
- Posting posters on trash bins indicating waste or recyclable categories to facilitate correct disposal by employees;
- Training employees on waste sorting methods to enhance their awareness and execution capability; proactively offering guidance to raise their attention to food waste issues;
- Installing monitoring cameras in the canteen to monitor kitchen waste output; issuing verbal warnings for initial food waste violations and disciplinary action for repeat offenses;
- Promoting paperless operations: Offering customers paperless billing options, encouraging employees to use electronic communication methods for directories, forms, reports, data storage, and other aspects;
- Prioritizing the use of recycled paper for printing, recycling and reusing used paper, cardboard boxes, and envelopes (including non-confidential documents);
- Equipping each machine in the factory with a tablet computer, converting check sheets to a paperless mode, displaying work hours, processes, and other information on the tablet; and
- Assigning administrative personnel responsible for managing the transportation of waste and recyclables to ensure orderly collection.

During this Reporting Period, the total amount of hazardous waste discharged increased due to business expansion, but the discharge intensity decreased compared to FY2025. In the future, the Group will continue to improve effective sorting, recycling, and treatment mechanisms, actively enhance employee environmental awareness, effectively reduce the total amount of non-hazardous waste generated, and increase the resource reuse rate.

GREEN OPERATIONS

RESOURCE USE

The Group actively advocates the concept of efficient resource utilization, formulating and implementing the *Administration of Energy and Resources*, continuously monitoring the potential environmental impact of its business operations, promoting green office and low-carbon operation models, and striving to minimize the environmental impact of operational activities. The Group has established a dedicated environmental management team responsible for monitoring daily resource consumption, conducting regular compliance reviews and assessments to ensure resource use and daily operations comply with relevant environmental regulations and industry standards, maintaining stable and compliant operations. All Group employees also uphold environmental awareness, voluntarily saving electricity, fuel, water, and other resources.

Energy Consumption

The Group understands that power consumption not only affects operational costs but also directly impacts carbon emissions and environmental footprint. During the Reporting Period, the total energy consumption and intensity were decreased compared to FY2025. To effectively reduce electricity consumption, the Group has formulated and promotes systematic energy-saving measures, primarily including:

Energy Saving Training	Conducting irregular environmental and energy-saving training to promote low-carbon lifestyles and energy-saving practices among employees, continuously strengthening company-wide awareness of energy conservation, carbon reduction, and environmental protection.
Optimized Lighting	Prioritizing natural light sources to reduce artificial lighting consumption; gradually replacing lighting in all operating locations with LED energy-saving fixtures; prioritizing controllable lighting switches in corridors and public passages.
Automatic Equipment Energy-Saving Mechanism	Automatically stopping oil coolers, chip conveyors, oil pumps, and various motors three minutes after equipment processing completion and standby; setting all factory machinery and computers to power-saving mode, entering automatic sleep/off state for equipment and displays after 20 minutes of inactivity; equipment screens entering sleep mode after one minute without operation.
Equipment Iteration and Upgrading	Gradually phasing out factory machinery, computers, servers, and monitors, prioritizing higher energy efficiency models; upgrading energy efficiency for power equipment, transformers, motors, and other systems in the casting workshop, effectively reducing overall energy loss.
Production Processes	Optimizing production equipment processing techniques, shortening process duration by methods including adopting combined processing steps, optimizing idle tool paths, reducing processing on non-contact surfaces, thereby reducing equipment usage time and electricity consumption at the source.
Green Electricity Adoption	Electricity sales company installing 50KW solar panels in the Group's fifth factory area, further reducing carbon emissions from purchased electricity.

GREEN OPERATIONS

Water Consumption

The Group's water consumption primarily comes from municipal tap water supply, which is stable. The Group does not face any significant risks in accessing suitable water sources. The main uses include production processes, toilet flushing, washing operations, and canteen use.

During the Reporting Period, although business expansion led to an increase in total water consumption and intensity compared to FY2025, this was primarily due to leaks from underground water pipes. In the future, the Group will continue to implement the following measures:

Behavioral Management	Prevent dripping faucets	Tighten faucets promptly to avoid water waste from dripping.
Equipment Water Conservation	Dual-flush toilet system	Adopting dual-flush toilet systems, allowing different flush volumes based on need.
	Install water-efficient sanitary fixtures	Fully installing sanitary fixtures with water-saving functions to reduce restroom water usage at the source.
	Prioritize water-saving products	Prioritizing products with water-saving features in procurement decisions, implementing water efficiency management at the source.
Production Processes and Technology	Introduce water-saving production processes	Adopting water-saving production methods and tools, recycling cutting fluid, reducing water intensity in the production process.
	Digital printing instead of offset printing	Using multiple digital printing machines to avoid chemical polluted wastewater from the offset printing process, while also reducing water resource consumption.
Inspection and Maintenance	Regular inspections and timely repairs of drainage systems	Regularly inspecting drainage systems in restrooms and pantries, promptly identifying and repairing hoses and pipes showing leaks, cracks, or other damage.

GREEN OPERATIONS

Packaging Consumption

Based on the Group's business characteristics, the packaging materials currently used are mainly plastic and paper. During the Reporting Period, the total amount and intensity of packaging material consumption decreased compared to FY2025. To effectively reduce packaging material usage and improve resource utilization efficiency, the Group continuously promotes related management measures focusing on areas such as design optimization, reuse, and business collaboration.

The Group regularly communicates with customers to collaboratively optimize product packaging solutions, minimizing packaging material usage while ensuring transportation safety and product quality. At the same time, the Group innovatively introduces custom-made iron frames as packaging and transportation carriers during product packaging and shipping. These iron frames have a sturdy structure and are reusable, effectively replacing some traditional single-use packaging materials and reducing the demand for packaging consumables at the source.

Furthermore, the Group vigorously promotes a packaging material reuse plan, establishing supporting processes for recycling, inspection, and reuse to ensure packaging materials can be used multiple times while meeting safety and hygiene requirements, significantly extending the service life of packaging materials and improving resource utilization efficiency. Opened cardboard boxes are also reused as courier packaging materials, further delaying the disposal cycle of packaging materials.

GREEN OPERATIONS

RESPONDING TO CLIMATE CHANGE

To achieve comprehensive identification and precise management of climate-related risks and opportunities, the Group benchmarks international best practices, establishes a systematic management process, regularly assesses and identifies climate risks and potential development opportunities that may impact business operations, integrates climate issues into the enterprise's overall risk management framework, implements normalized monitoring, review, and dynamic control. At the same time, the Group actively captures emerging opportunities derived from the low-carbon transition, deeply integrating carbon neutrality development concepts into product R&D innovation and overall strategic layout, building a more resilient and sustainable development framework.

The Group strictly follows the Stock Exchange's new climate disclosure requirements and the climate-related disclosure requirements in Part D of the ESG Code, as well as the relevant framework guidelines issued by the International Sustainability Standards Board (ISSB). Combining its own operational characteristics, the Group standardizes and systematically discloses its climate governance actions and progress.

Governance

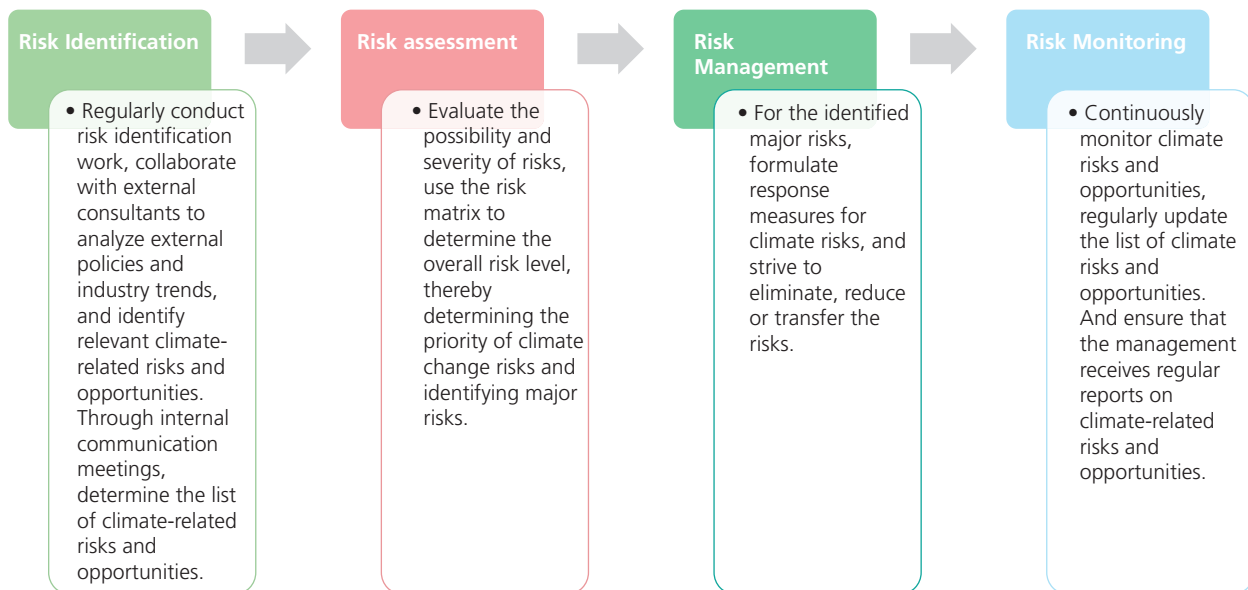
The Group consistently adheres to sustainable development concepts as its core strategic guide, actively establishes a systematic climate change governance structure, continuously improves internal management mechanisms, and sets clear, measurable carbon emission management targets. The Board of Directors, as the highest decision-making and supervisory body for climate-related matters, bears ultimate responsibility for the formulation, implementation, disclosure, and effectiveness of climate strategy. To ensure effective governance, the Board has authorized the Audit Committee to be responsible for the systematic supervision and management of climate-related issues, regularly hearing reports from the ESG Working Group, reviewing progress on climate targets, risk management status, and related capital allocation plans. For details on the governance structure, please refer to the **"ESG Governance Structure"** section above.

To continuously strengthen the governance and decision-making capabilities of the Board and Audit Committee regarding climate issues, during the Reporting Period, the Group provided climate-related materials and guidance documents from public platforms to Board members and ESG Working Group members, helping the governance level stay updated on leading guidance, deepen professional knowledge, and enhance their climate-related professional capabilities in strategic planning and risk management.

GREEN OPERATIONS

Risk Management

The Group has fully integrated climate-related risks and opportunities into its enterprise risk management system, establishing an ESG risk identification and response system covering the three dimensions of environment, society, and governance. It is committed to continuously strengthening climate resilience by establishing regular monitoring and evaluation mechanisms, promoting the deep integration of climate governance and business development. For details on other dimensions of ESG risk governance, please refer to the “**ESG Risk Governance**” section.



During this Reporting Period, the Group did not identify any significant climate-related risks, and the risk management process did not change due to the addition of climate risks. In the future, the Group will continue to strengthen its climate governance capabilities, ensuring strategic focus and operational resilience during the low-carbon transition, creating long-term sustainable value for stakeholders.

Strategy

The Group has established a normalized climate risk and opportunity assessment mechanism, regularly reviewing its potential impact on overall operations and various aspects of the value chain. During this Reporting Period, based on its own business characteristics, referencing international mainstream climate scenario predictions and external professional opinions, the Group systematically identified and analyzed the potential impacts of climate-related risks and opportunities on the Group’s operating model and financial performance in the short term (within 3 years), medium term (3-6 years), and long term (over 6 years). Combining industry attributes, it formulated sustainable development strategies to continuously strengthen its comprehensive resilience to resist and respond to climate change.

GREEN OPERATIONS

Physical Risks

Risk Category		Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Physical Risk	Acute	Extreme weather events such as typhoons, heavy rain, and floods may affect the safety of factory and office buildings and equipment, adversely affect employee travel safety, and normal business operations.	Increased operating costs. Reduced revenue.	Short-term	Medium	- Issue timely notices based on weather forecasts, adopt measures such as rotating days off or remote work arrangements to reduce commuting risks. - Purchase insurance for employees and business assets. - Formulate relevant emergency policies and preventive measures, closely follow government emergency notices, and cooperate with the overall deployment and emergency dispatch of relevant competent authorities.
	Chronic	Persistent high temperatures caused by global warming may increase the energy consumption of the company's cooling equipment and also increase the risk of heatstroke for outdoor workers.	Increased operating costs. Reduced revenue.	Long-term	Low	- Regularly check the effectiveness of drainage facilities and take waterproof measures for equipment in low-lying areas. - Conduct regular emergency evacuation and medical rescue training to enhance employees' self-rescue and mutual rescue capabilities. - Issue high-temperature weather reminders, provide heatstroke prevention supplies, and flexibly adjust field work arrangements. - Identify priorities of major risks, explore sustainable business models, reduce or avoid severe impacts on business operations.

GREEN OPERATIONS

Transition Risks

Risk Category		Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Transition Risk	Policy & Legal Risk	Updates to international and domestic climate change-related policies may lead the company to invest more costs to ensure compliance or face compliance disclosure risks.	Increased compliance costs	Short to Medium-term	Low	Continuously monitor updates to relevant environmental regulations and track developments in climate-related disclosure guidelines, gradually establish and improve data management systems, periodically assess the effectiveness of the Group's climate change actions, continuously enhance climate-related risk identification and response capabilities, steadily improve climate-related disclosure performance, and avoid reputational risks caused by slow response.

GREEN OPERATIONS

Risk Category		Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Transition Risk	Technology Risk	The low-carbon economic transition typically requires significant investment in R&D to develop new technologies and innovative solutions. The Group's efforts in technology development and investment may not achieve expected results, thus requiring continuous allocation of sufficient resources, focusing on precision machine tool manufacturing or other low-carbon propulsion systems.	Increased R&D costs. Increased operating costs	Medium to Long-term	Low	Use technological innovation as the core engine, focus on energy saving, consumption reduction, and mechanical process innovation, promote technological iteration and energy efficiency upgrades.

GREEN OPERATIONS

Risk Category		Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Transition Risk	Market Risk	Against the backdrop of an accelerated low-carbon economy, the structure of market demand changes rapidly, and the market risk faced by the Group has increased significantly. Customer requirements for green manufacturing are increasing daily, covering diverse aspects such as energy consumption reduction and environmental process upgrades. There is a potential risk that the Group's existing product portfolio and technical solutions may not fully meet customer needs. Climate change may lead to energy price volatility. Global energy transition means companies will face changes in the electricity mix. If the company cannot shift to a low-carbon energy mix, it may be affected by international energy price fluctuations, leading to increased operating costs.	Increased marketing expenses. Increased R&D expenses. Reduced revenue. Increased operating costs.	Short to Medium-term	Low	- Prioritize customer needs, continuously track market dynamics, proactively develop green machine tool products to meet consumer demands. - Strengthen market research to stay abreast of customers' green transition needs, adjust sales strategies timely, especially focusing on international markets, enhance product responsiveness to low-carbon energy-saving requirements. - Actively seek alternative energy sources, adopt diverse low-carbon energy mix combinations, reasonably reduce operating costs.

GREEN OPERATIONS

Risk Category		Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Transition Risk	Reputation Risk	Global investors' attention to climate change issues is gradually increasing. Delayed response or lack of information transparency may harm corporate reputation, weaken investor confidence, and affect corporate earnings, institutional rating results, and public credibility.	Reduced financing channels	Medium to Long-term	Low	- Establish effective risk assessment systems and models to periodically evaluate the impact of climate change-related matters on our reputation. - Improve information disclosure mechanisms, enhance information transparency, actively respond to investors, customers, and other stakeholders' concerns on climate issues. - Strengthen public opinion monitoring of climate risk-related matters, promptly respond to stakeholders' concerns on climate issues.

GREEN OPERATIONS

Climate-Related Opportunities

While actively managing climate-related risks, the Group also systematically identifies and seizes strategic opportunities in the climate transition process. The Group understands that the low-carbon economic transition is driving market demand, technological innovation, and policy support to accelerate towards green areas, bringing new growth paths and value creation space for enterprises.

Opportunity Type	Impact on Business Model & Value Chain	Potential Financial Impact	Impact Period	Impact Level	Response Measures
Resource Efficiency – Use of clean technology/energy	Using renewable energy and promoting energy-saving and emission reduction measures can provide enterprises with more low-cost options, helping them reduce operating costs and carbon emissions.	Decreased operating costs	Short to Medium-term	Medium	Prioritize the procurement of green energy and increase the proportion of clean energy use.
Products and Services – Providing green and low-carbon products and services	Provide customers with products and services that meet their green and low-carbon preferences, actively explore carbon neutrality in the value chain, and increase market share.	Increased operating income	Medium to Long-term	Medium	Allocate resources reasonably to create low-carbon products and services, strengthen R&D of green low-carbon products, meet evolving consumer demands, which may subsequently increase Group revenue.
Market – Sustainable financing	Policies related to sustainable financing are increasingly improving. The Group's achievements in the field of low-carbon energy conservation will bring more diversified financing channels.	Increased financing channels	Medium to Long-term	Medium	Identify and respond to government support policies and sustainable development policies.

GREEN OPERATIONS

Targets and Goals

The Group uses FY2026 as the base year to set environmental targets covering various emission categories and plans to achieve a reasonable reduction in emission levels by March 31, 2030, through the gradual optimization of various emission sources. To enhance information transparency and respond to stakeholder concerns, the Group has systematically reviewed key environmental management issues and core performance targets, built a systematic environmental action plan, and set clear quantitative indicators, limits, and percentage targets to track, measure, and drive environmental improvement progress and effectiveness in a data-driven manner. Relevant target progress, performance data, and year-on-year comparisons with previous performance periods are summarized in the table below to clearly demonstrate the Group's continuous investment and tangible results in the field of environmental protection.

Category	Environmental Target	Progress Achieved in FY2026
Air Emissions	Reduce air emission intensity by 5% by the end of FY2030 compared to FY2020.	Due to increased business activities, air emissions increased compared to the previous year. The company will actively fulfill its environmental responsibilities, continuously allocate effort and resources, and strive to reduce emission levels.
Greenhouse Gas ("GHG") Emissions	Reduce Scope 1 and Scope 2 GHG emission intensity by 5% by the end of FY2030 compared to FY2020.	With the increase in business activities, the Group's total GHG emissions increased compared to the previous year, but emission intensity decreased by 11%, and the set target has been achieved ahead of schedule. The Group will continue to review relevant management measures based on the current situation to ensure the stability of emission reduction effectiveness and make adjustments as business develops.
Waste	Reduce waste generation intensity by 5% by the end of FY2030 compared to FY2020.	The generation of hazardous waste and non-hazardous waste both increased compared to the previous year. However, the discharge intensity remained almost unchanged compared to FY2025., and non-hazardous waste intensity decreased by 8% compared to the previous year. The relevant targets were achieved ahead of schedule during this Reporting Period.
Energy Consumption	Reduce energy consumption intensity by 5% by the end of FY2030 compared to FY2020.	Due to increased business activities, total energy consumption increased compared to the previous year, but energy consumption intensity decreased by 10%. The relevant targets were achieved ahead of schedule during this Reporting Period.
Water Consumption	Reduce water consumption intensity by 5% by the end of FY2030 compared to FY2020.	Due to leaks from underground water pipes during this Reporting Period, total water consumption increased compared to the previous year, and water consumption intensity increased by 16%. The Group has repaired the relevant facilities and continues to strengthen water management to reduce the risk of similar occurrences in the future.

GREEN OPERATIONS

The Group actively builds a green, low-carbon, energy-saving, and environmentally friendly operation model, optimizes business practices, continuously monitors and reviews target progress, and actively takes corresponding measures to ensure environmental targets are achieved. In the future, the Group will actively respond to the national “3060” dual carbon goals (i.e., striving to achieve carbon peak by 2030 and carbon neutrality by 2060), continuously increase environmental protection investment, strengthen the environmental management system, constantly optimize business practices, and contribute greater efforts to achieve green development and protect the ecological environment.

CIRCULAR ECONOMY

The Group consistently emphasizes both manufacturing excellence and environmental sustainability. Guided by green manufacturing and sustainable development, it actively optimizes the resource utilization efficiency of metal castings through innovative strategies. Through various technological innovations such as process improvement and intelligent upgrading, the Group continuously improves resource utilization efficiency while adhering to product performance standards, building a solid technical foundation for practicing green manufacturing and realizing the Group’s sustainable development vision.



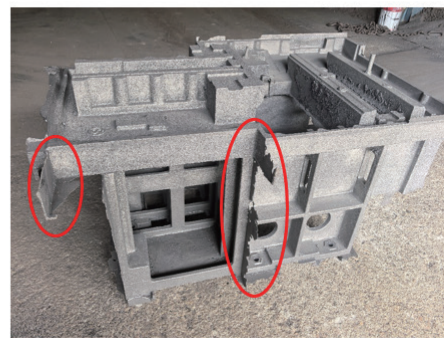
Case 1: Process Improvement of High-Precision Machine Tools Promotes Material Reduction, Consumption Reduction, and Operational Efficiency

The Group further optimizes the machining allowance of castings and machined parts, streamlines production processes, and reduces unnecessary material input and energy consumption. While improving production capacity and operational efficiency, these measures effectively reduce casting material consumption per unit product, achieving synergistic improvement in resource utilization efficiency and operational performance, and helping to mitigate the environmental impact of the production process.

Before



After



GREEN OPERATIONS



Case 2: Key Process Optimization and Intelligent Production Transformation

To improve material utilization and reduce resource waste during production, the Group continuously promotes process optimization for key processes such as blanking and bending. It introduces CNC blanking technology and precision bending moulds to reduce the generation of scrap at the source. These measures help improve material use efficiency and reduce production waste.

Simultaneously, the Group is gradually promoting the intelligent transformation of production facilities, introducing automated equipment such as robotic arms to replace some traditional manual assembly processes. Through standardized and automated operation methods, it reduces human operational errors, ensures process stability and product quality consistency, and promotes more effective use of production resources while improving production efficiency.



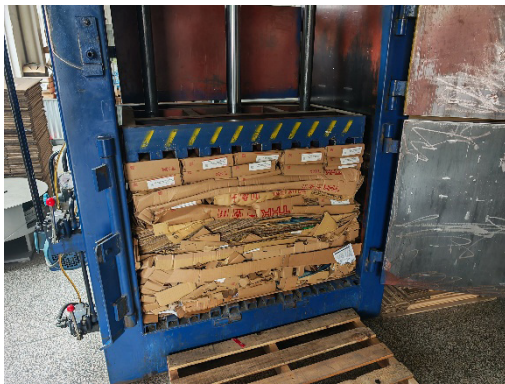
GREEN OPERATIONS



Case 3: Resource Recycling – Closed-loop Management of Packaging Materials

In logistics and supply chain processes, the Group actively promotes the recycling management of packaging materials and establishes packaging return collaboration mechanisms with suppliers. For packaging materials such as wooden frames and large cardboard boxes used during the transportation of machining centers, the Group requires suppliers to simultaneously recycle packaging assets that still have reuse value upon delivery.

By establishing a closed-loop management model for packaging material recycling and reuse, the Group effectively extends the life cycle of packaging materials, reduces the demand for single-use packaging, thereby lowering resource consumption and waste generation during operations, and promoting resource recycling.



VALUE CO-CREATION

SUPPLY CHAIN MANAGEMENT

The Group places high importance on building a sustainable supply chain, consistently integrating environmental responsibility, social responsibility, and business ethics practices into all aspects of its business activities. From supplier access to daily management, it strictly adheres to the principles of compliant operation and sustainable development, working with suppliers to build a more resilient and responsible value chain ecosystem.

Supplier Management System

To standardize the management of all material and supply procurement activities within the Group, improve the rationalization of company operations, enhance information sharing, reduce supply costs, increase supply security, and ensure supply reliability, the Group formulates and implements the *Supplier Management Policy*. Relying on the industry ecosystem and internet platforms to expand channels and extensively explore potential partners, the Group standardizes supplier access, evaluation, and dynamic management through the following main approaches:

- Standardized Access and Evaluation: New suppliers must undergo qualification assessment and price review, fill out a Supplier Qualification Questionnaire, and undergo a joint review by the Procurement, Quality Assurance, and Technical Management departments. Suppliers are comprehensively and deeply evaluated from four key dimensions: price competitiveness, technical process capability, quality level, and supply chain security.
- Supplier Tiered Management: Implements a supplier classification system, dividing suppliers into “Good, Average, Poor” tiers, and applies corresponding differentiated management measures such as rewarding high-quality suppliers, coaching potential suppliers, eliminating unqualified suppliers, or placing them on a blacklist.
- Supplier Dynamic Maintenance: The Group establishes a dynamic maintenance mechanism where the Procurement Department regularly reviews basic supplier file information; conducts qualification freezing and process disposal every six months for suppliers with no long-term cooperation, continuously optimizing the supplier structure to ensure a scientific, standardized, and efficient overall management system.

VALUE CO-CREATION

- **Diversified Sourcing and Supply Security:** Promotes diversified supply arrangements for similar materials, implementing a “multi-source for one material” strategy. Maintains two or more stable supply channels for core materials, typically keeping 2-3 cooperative suppliers. This allows for quick switching of supply resources in emergencies or force majeure, effectively preventing supply interruption risks and ensuring stable supply of production materials.
- **Inventory Risk Prevention and Control:** Scientifically plans domestic procurement lead times to reduce the impact of climate change on inventory turnover, effectively preventing risks of inventory backlog and asset depreciation. For petroleum-specific materials, implements a management model of advance planning, moderate volume ordering, and strategic stocking to secure the material supply baseline.
- **Green Procurement and Sustainable Supply Chain:** Deeply integrates the concept of green procurement into procurement management systems and business processes, prioritizing products and services with environmental certification and low-carbon energy-saving features. Guides and drives upstream and downstream partners to practice green development concepts, promoting sustainable operations throughout the supply chain and achieving synergy between corporate economic benefits and environmental social responsibility.

During the Reporting Period, the Group had a total of 374 suppliers (FY2025: 537 suppliers), and the relevant management system was implemented for 32 new suppliers.

Indicator Name		Unit	As of March 31, 2026	As of March 31, 2025
Total Number of Suppliers		Number	374	537
Number of Suppliers by Region	China	Number	371	524
	Japan	Number	3	9
	Other	Number	–	4

VALUE CO-CREATION

Responsible Procurement

The Group understands that the indirect environmental impact generated by value chain operations and investment activities is crucial to the company's overall ESG performance.

- **Supplier Access Audit:** The Group implements strict qualification matching and compliance screening standards. On one hand, it requires new suppliers to possess necessary environmental permits for their industry, ensuring their operational compliance aligns well with the Group's sustainable development strategy. For production suppliers that have already obtained government environmental permits (e.g., wire production enterprises), the Group, adhering to pragmatic and efficient principles, does not set duplicate environmental assessment indicators. On the other hand, it comprehensively audits suppliers' commercial reputation and compliance history, strictly selecting partners with good business records, no major violations, and no business ethics flaws, resolutely preventing any improper benefit transfers, and strictly controlling supplier comprehensive quality and compliance risks at the source of the supply chain.
- **Green Procurement Policy:** Prioritizes products that use environmentally friendly materials, adopt simple packaging, and have recyclable characteristics, significantly reducing the proportion of single-use material procurement and effectively promoting the enhancement of environmental awareness throughout the supply chain.
- **Risk Control and Process Optimization:** Continuously optimizes procurement processes through regular assessments and dynamic monitoring, ensuring the compliance of the entire procurement process and the effectiveness of the management system, achieving deep integration of business value and social responsibility.
- **Supplier On-site Assessment:** Organizes professional teams every six months to conduct on-site assessments at supplier production factories. Through supplier site introductions, observing changes in production line personnel numbers, and other methods, it gains in-depth understanding of their energy usage changes and actual production operations, accurately assessing their business development status to ensure suppliers consistently meet the Group's high standards.

During this Reporting Period, the Group's supply chain maintained good stability, and no existing suppliers were replaced due to environmental compliance issues.

PRODUCT RESPONSIBILITY

The Group places high importance on product responsibility, strictly adhering to relevant laws, regulations, and industry standards, including but not limited to:

- *Advertising Law of the People's Republic of China*
- *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*
- *Regulation on the Implementation of Law of the People's Republic of China on the Protection of Consumer Rights and Interests*
- *Product Quality Law of the People's Republic of China*
- *Trademark Law of the People's Republic of China*
- *Patent Law of the People's Republic of China*
- *Copyright Law of the People's Republic of China*

To implement the concept of product responsibility, continuously improve service quality, and effectively protect consumer rights, the Group actively establishes a comprehensive product responsibility management system. It formulates and implements systems including the *Product Monitoring and Measurement Control Procedures*, *Operation Regulations for Service Invention*, *Customer Satisfaction Survey Regulations*, *Customer Satisfaction Measurement Procedures*, and *After-Sales Service Management System*. This forms a full-process management structure covering R&D, production, sales, and after-sales service, comprehensively addressing key areas such as product quality, intellectual property, sample management, customer satisfaction, privacy protection, and advertising brochures. This ensures product compliance and reliability throughout the lifecycle, effectively protects the legitimate rights and interests of customers and consumers, and lays a solid foundation for the company's sustainable development.

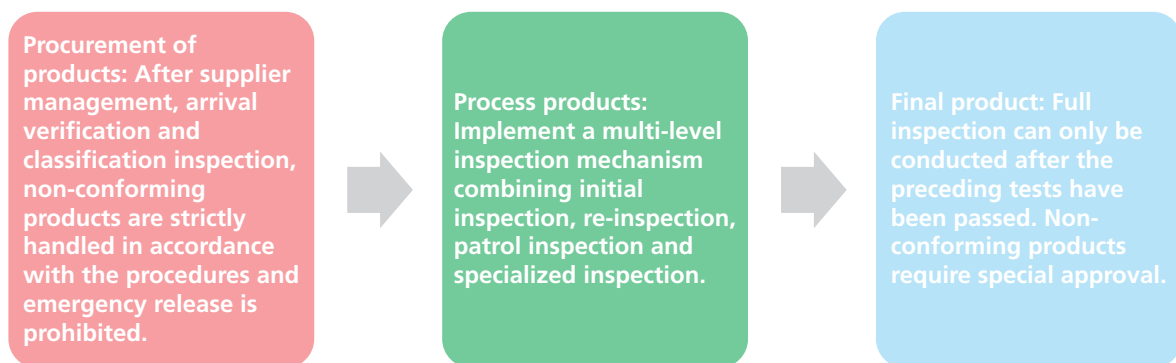
During the Reporting Period, there were no violations of applicable laws and regulations concerning the aspects including health and safety of products and services, advertising markings, labeling management, customer privacy protection, and related remedial measures.

VALUE CO-CREATION

Product and Service Quality

To ensure product quality and customer satisfaction, the Group strictly adheres to the ISO 9001 quality management system standard. It establishes a quality management system centered on the *Product Monitoring and Measurement Control Procedure*, *Rectification Measures and Preventive Measures Control Procedures*, and *Non-Conformity Control Procedure*, defining quality responsibilities across departments and forming a closed-loop management system. Through rigorous process control and continuous improvement mechanisms, the Group ensures stable and reliable product quality, fully meets customer needs, and fulfills its high-quality service commitment. The manufacturing and service of the Group's precision machine tools have passed ISO 9001:2015 quality management system certification.

- **Inspection Process:** The Group uses a systematic inspection process to ensure that purchased, in-process, and final products meet quality requirements. Inspection records are authentic and complete, and are periodically summarized and analyzed by the Quality Assurance Department to ensure quality is controllable throughout.



- **Production Patrol Inspection:** The Group has established a monthly periodic spot-check patrol system. Inspection content includes operating procedures, execution of check sheets, work methods, and 6S management.
- **Quality and Environmental Improvement:** The Group clearly divides responsibilities between the Quality Assurance Department (quality improvement) and the Engineering Department (environmental improvement). Improvement work is categorized into three levels: routine, significant, and others, with departments cooperating.
- **Nonconforming Product Control:** The Group constructs a systematic control mechanism through the "Nonconformity Control Procedure," led by the Quality Assurance Department, ensuring timely and effective handling of nonconformities.

Nonconforming Product Type	Severity	Handling Method
Incoming Nonconformance	General	Incoming nonconforming products are prioritized for return or exchange. If concession acceptance is necessary under special circumstances, it must undergo strict evaluation and approval to ensure product quality and subsequent production are not affected.
Semi-Finished/ Finished Products during Production	Depends on specific situation	Depending on the specific situation of nonconformance, the Group chooses methods such as rework, repair, or scrapping. Products that have been reworked or repaired must be re-inspected and confirmed to meet quality standards before proceeding to the next production stage or being delivered to customers.
Issues Found After Sales	Serious	Issues found after sales are treated as serious nonconformances. The Group promptly traces the source of the problem, organizes professional technicians for analysis and resolution, and simultaneously conducts comprehensive checks on similar products to prevent recurrence.

During the Reporting Period, the Group had no product recalls of sold or shipped products due to safety and health reasons (FY2025: None).

Product Description and Promotion

The Group understands that the authenticity and compliance of product descriptions and promotional content are crucial for protecting consumer rights and corporate reputation.

To ensure the authenticity and compliance of product descriptions and promotions, the Group formulates and implements systems for managing product samples and promotional materials, including the *Product Manual Procedure*, *Manual and Sample Production Procedure*, *Promotional Material Application Contact Notes*, *New Sample Release Instructions*, *Sample Requisition Application Form*, *Correction Opinion Collection Before Sample Printing*, and *Sample Printing Management Details Sheet*. These set out new sample release specifications, detail application processes and contact guidelines, strictly control sample printing, continuously collect correction opinions, standardize borrowing registration, forming a closed-loop management mechanism. This ensures that all externally released product information is true, accurate, and complete, eliminates false advertising and misleading statements, and effectively protects customers' right to know and choose.

VALUE CO-CREATION

Protecting Customer Privacy

The Group views customer data protection and privacy management as core support for safeguarding consumer rights and building corporate reputation. It constructs a stringent protection system from multiple dimensions such as legal compliance, system construction, authority control, and technical safeguards, ensuring comprehensive protection of customer data throughout the collection, storage, use, and transmission processes.

- Legal Compliance: The Group strictly complies with relevant laws and regulations including the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Cybersecurity Law of the People's Republic of China*.
- System Construction: Formulates and implements internal data management policies and privacy protection specifications such as the *Client Master File Management Policy*. Using information for non-business purposes without customer permission is prohibited, and violators will face termination of employment and possible legal action.
- Authority Control: Implements the principle of least privilege access. Customer information is accessible only to management level and above. Access for other employees requiring it for work must be subject to strict approval. Data access rights for resigned or transferred employees are revoked immediately.
- Technical Safeguards: Employs technical measures such as firewalls, data encryption, access log auditing, vulnerability scanning, and penetration testing.

During this Reporting Period, the Group did not identify any violations of laws or regulations related to customer personal data privacy.

Customer Satisfaction

The Group consistently views customer satisfaction as the core basis for driving business optimization and product iteration. It is committed to building a full-process continuous improvement mechanism based on customer feedback. Through institutionalized and systematic feedback closed-loop management, it integrates customer needs into all aspects of value chain management, achieving win-win development for the company and its customers.



Customer Satisfaction Survey: Formulates and implements the Customer Satisfaction Survey Regulations. The Customer Service Department leads the questionnaire survey semi-annually, sending the Customer Satisfaction Survey Form to key national customers. After collection and compilation, it prepares the Customer Satisfaction Analysis Report, analyzing customer evaluations and needs. Survey results serve as an important basis for business decisions, providing data support for product and service optimization.

VALUE CO-CREATION



Complaint Handling Mechanism: Formulates and implements the Standards for Handling Complaints, establishing a standardized complaint handling system. Operates a 400 service hotline to receive customer opinions and demands around the clock. Complaint cases are jointly analyzed by multiple departments, rectification plans are formulated by the technical team, and the Quality Assurance Department provides full-process supervision and control. Progress is tracked using a Customer Complaint Handling Form, ensuring closed-loop management and full traceability of complaint cases.



After-Sales Service Management: Formulates and implements the After-Sales Service Management System, standardizing the entire process of repair requests, service, and archiving. Sets out hierarchical pricing and credit control for spare parts. Defines three service standards: free-of-charge, fee-based, and machine delivery. Establishes a rapid response mechanism and implements closed-loop management (follow-up calls, opinion surveys), ensuring after-sales issues are resolved promptly and effectively.



Cross-Departmental Collaboration Mechanism: The Customer Service Department discusses customer complaints with the Quality Assurance Department daily and holds monthly review meetings with the Production Department to ensure timely issue resolution.



Customer Return Visit Mechanism: Actively conducts customer return visits, promptly records and provides feedback on customer demands, promotes efficient problem resolution, and continuously optimizes service quality.



Customer Feedback Linked to Employee Assessment: Positive customer feedback and complaints are linked to employee recognition and warnings, motivating all staff to value customer experience.



Customer Service Training Management: Each branch holds at least one customer service skills training session per month, each lasting at least three hours.

During this Reporting Period, the Group achieved a customer satisfaction rate of 95% and no written complaints concerning products and services (FY2025: None).

VALUE CO-CREATION

RESEARCH & DEVELOPMENT AND INNOVATION

R&D and Innovation Management

The Group continues to use R&D and technological innovation as key drivers for product upgrades and operational efficiency improvements, focusing on the role of innovation in enhancing product performance, improving resource utilization efficiency, and supporting sustainable development. The Group's R&D efforts focus on optimizing high-precision machine tool structures, improving process efficiency, and enhancing equipment stability. Relevant technological achievements help improve product quality and support customers in reducing energy consumption and material waste during use.

During the Reporting Period, the Group employed over 150 employees engaged in R&D, engineering design, and technology development, accounting for approximately 8% of the total workforce. Through institutionalized service invention management and patent layout, the Group encourages employees to continuously carry out technological innovation and gradually transforms R&D results into market-competitive products and solutions.

Intellectual Property Management

The Group understands that intellectual property is a crucial component of corporate core competitiveness and a key cornerstone for driving an innovation-led development strategy. The Group strictly complies with relevant laws and regulations, including but not limited to:

- *Trademark Law of the People's Republic of China*
- *Patent Law of the People's Republic of China*
- *Copyright Law of the People's Republic of China*
- *Implementing Regulations of the Patent Law of the People's Republic of China*
- *Implementing Regulations of the Trademark Law of the People's Republic of China*
- *Implementing Regulations of the Copyright Law of the People's Republic of China*

To establish a robust intellectual property management system and ensure systematic protection of service invention results, the Group formulates and implements the *Operation Regulations for Service Invention* and the *Patent Application Form*. It establishes a dedicated Invention Review Committee responsible for patent application review, award assessment, and procedure revision, standardizing the reporting, review, and subsequent management processes for service inventions, actively encouraging employees to carry out technological innovation. Concurrently, the Group formulates and implements the *Company Trademark Operating Procedure*, managing trademarks as intangible assets, defining operating standards for key matters such as new trademark applications and authorization licensing, ensuring standardized and orderly trademark management.

During the Reporting Period, the Group employed over 150 employees engaged in R&D, engineering design, and technology development, accounting for approximately 8% of the total workforce.

As a responsible enterprise, the Group actively fulfills its social responsibility commitments, integrating sustainable development concepts into daily operations and decision-making processes, continuously enhancing its positive impact on employees, communities, and the environment.

EMPLOYMENT

The Group consistently adheres to a people-oriented principle and a philosophy of human resource management based on legal compliance. It views talent as the core strategic cornerstone for driving sustainable development, striving to create a diverse, equal, and inclusive working environment for employees, establishing scientific talent cultivation and long-term incentive mechanisms, and effectively protecting employees' legitimate rights and occupational health and safety.

The Group strictly complies with employment and compensation related laws and regulations, including but not limited to:

- *Labour Law of the People's Republic of China*
- *Labour Contract Law of the People's Republic of China*
- *Implementation Regulations of the Labour Contract Law of the People's Republic of China*
- *Employment Promotion Law of the People's Republic of China*
- *Employment Service and Employment Management Regulations*
- *Social Insurance Law of the People's Republic of China*
- *Regulations on the Management of Housing Provident Fund*
- *Special Provisions on Labour Protection for Female Employees*

During the Reporting Period, the Group had no violations related to employment and compensation laws and regulations, including those related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

PEOPLE FIRST

Human Resource Management Mechanism

The Group consistently implements the concept of strengthening the enterprise through talent, actively improving a comprehensive talent management system covering recruitment and evaluation, training and development, and mobility management. It strives to build a fair, just, and equal opportunity platform for all job seekers. The Group consistently uses scientific and standardized selection mechanisms, multi-dimensional growth paths, and standardized mobility management to continuously optimize talent resource allocation, providing strong talent support for the Group's development.

The Group places high importance on the cultivation and career development of young talent, making campus recruitment the main channel for talent acquisition, supplemented by social recruitment to flexibly meet the manpower needs for grassroots and general positions. In the open recruitment process, the Group adheres to the core employment philosophy of "open recruitment, equal competition" and the principle of equal employment. It comprehensively considers multiple factors such as educational background or professional training, relevant work experience, personal motivation and personality, job vacancy status, and business development needs, conducting comprehensive reviews and strict selections. This ensures that recruited talent highly matches the Group's long-term development strategy and operational layout, continuously injecting high-quality talent momentum for the Group's high-quality sustainable development.

To promote the stable development of the management team and continuously deepen organizational culture construction, the Group actively builds a competitive compensation system, systematic training mechanisms, and clear career development paths. It creates a diverse, equal, and inclusive work environment to attract, retain, and motivate core talent, continuously empowering the Group's long-term strategy implementation and innovation vitality. The Group actively improves its talent assessment and management system, formulating and implementing the *Qualification Assessment and Evaluation Management Regulations*. It conducts performance assessments for all employees annually and implements a linkage mechanism between assessment results and salary adjustments, strengthening performance management, promoting collaborative development between the company and employees, and ensuring employee behavior aligns with the Group's strategic goals. Simultaneously, the Group implements a personnel transfer management system, rationally allocating positions based on employee skills and strengths, fully exploring individual potential, and optimizing human resource allocation.



Case: School-Enterprise Cooperation

To meet the Group's business development needs and society's demand for talent cultivation, and to deepen the collaborative education mechanism between schools and enterprises, the Group's HR recruitment specialists signed a school-enterprise cooperation agreement with Pinghu Technician College in Zhejiang Province during the year. This actively attracts outstanding young talents, provides relevant professional positions for university students, and strengthens the Group's talent reserve.



Equality and Diversity Principles

The Group firmly believes that a diverse, equal, and inclusive workplace is the cornerstone for driving innovation and growth. To ensure every employee receives fair opportunities and just treatment, and feels respected, supported, and inspired at work, the Group opposes discrimination based on age, race, color, gender, nationality, physical condition, family background, ethnic tradition, or any other factor in all aspects including recruitment, compensation, training, promotion, and daily management. It resolutely opposes any form of child labour or forced labour.

The Group highly values the contributions of female employees, disabled employees, and ethnic minority employees, respecting the diversity and perspectives arising from different backgrounds. As of the end of this Reporting Period, the Group employed 2 disabled employees and continues to actively recruit in this area; there were 87 ethnic minority employees, accounting for approximately 4% of the total workforce.

PEOPLE FIRST

Compensation and Incentive

The Group adheres to the four principles of “Competitiveness, Incentive, Fairness, and Economy” to build a compensation management system based on job value assessment, comprehensively considering individual ability and performance. The compensation structure includes base salary, performance bonus, special allowances, and various special bonuses, providing employees with competitive compensation in the market. The Group actively establishes an annual dynamic salary adjustment mechanism, conducting salary reviews at least once a year, assessing adjustments based on overall company performance and individual performance, supported by a promotion review system to ensure salary increases align with career development.

To comprehensively protect employees’ legitimate rights and improve the standardization of compensation management, the Group formulates and implements regulations such as the *Salary Regulations*, *Employee Domestic and Overseas Travel Expense Management Regulations*, and *Overseas Allowance Regulations*. These clearly define standards for various allowances including transportation, housing, travel, and accommodation, ensuring allowance payments are well-founded, fair, and transparent.

Furthermore, as the Group successfully achieved its annual operating targets in 2025, it distributed special incentive bonuses to all current employees and interns, sharing the operating results, fully acknowledging team contributions, and boosting overall morale and cohesion. In the future, the Group will continue to optimize a compensation and reward system that is competitive in the market and fair internally, achieving mutual growth and sustainable development for the company and its employees.

Employee Rights Protection

The Group places high importance on protecting employee rights, adhering to labour laws and regulations, and continuously building a fair, respectful, and inclusive workplace environment.

- Labour Contract Protection: Signs and fulfills labour contracts with employees according to law, effectively protecting workers’ legitimate rights.
- Multi-Level Social Security: Pays “five social insurances and one housing fund” covering endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund according to law. Additionally, provides group accidental injury insurance and purchases supplementary medical insurance for eligible personnel.
- Performance Feedback and Appeal Mechanism: Establishes a comprehensive performance appraisal feedback and employee appeal channel, standardizing the performance evaluation process and opinion response mechanism, ensuring employees enjoy legitimate rights to objective evaluation, expression of opinions, and reasonable appeals.

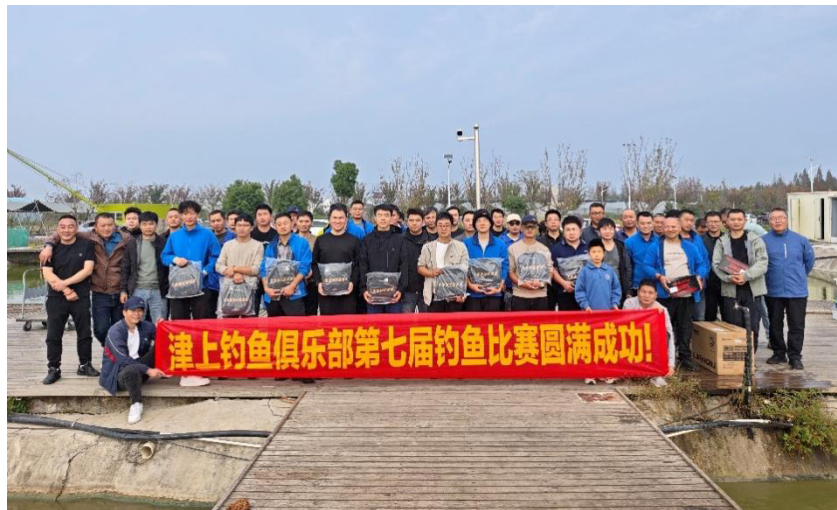
- **Diverse Leave System:** Strictly implements national leave regulations, providing diverse leave types such as paid annual leave, sick leave, marriage leave, children's marriage leave, maternity leave, paternity leave, parental leave, only child care leave, and bereavement leave.
- **Special Protection for Female Employees:** Provides corresponding benefits and protections strictly according to relevant laws and regulations for female employees during pregnancy, childbirth, and nursing periods.
- **Employee Assistance and Mental Health Support:** Has established an employee assistance and mental health guidance group, conducting irregular psychological counseling and paying attention to employee mental health. Works with the trade union to provide care and financial assistance to for sick and hospitalized employees. Formulates specific support measures for employees facing difficulties or illness, comprehensively conveying corporate humanistic care.
- **Holiday Greetings and Welfare Distribution:** Trade union representatives distribute holiday gifts to employees, including Dragon Boat Festival rice dumpling gift boxes, Mid-Autumn Festival mooncake gift boxes, and Chinese New Year goods, conveying corporate holiday care.
- **Employee Travel Activities:** Regularly organizes employee travel, enriching employees' after-work life and enhancing team cohesion and sense of belonging.
- **Employee Meal Support:** The Group provides free canteens for all employees, updating the menu weekly to ensure no repetition within a week. It has also established a "Satisfaction Group" composed of members from various departments to irregularly collect employee opinions on food taste. The Group continuously pays attention to ethnic minority employees and is always ready to optimize meal supply based on actual needs, respecting employees' diverse dietary habits.
- **Continuous Optimization of Area Comfort Experience:** During this Reporting Period, two canteens underwent environmental renovation, and instant hot water dispensers and self-service freshly ground coffee machines were installed in public areas, providing employees with more convenient and healthy daily supplies.

PEOPLE FIRST

Communication and Activities

The Group consistently adheres to the development philosophy of using effective communication to solidify harmonious labour relations and build team cohesion. It actively establishes multi-level, institutionalized communication platforms such as employee forums, cross-departmental collaboration meetings, and online feedback channels, facilitating two-way communication between labour and management, creating an open, inclusive, and positively interactive organizational culture, and continuously improving internal collaborative operational efficiency.

The Group actively establishes a comprehensive, multi-dimensional employee support system. Through departmental regular feedback mechanisms, it dynamically tracks employee work and physical/mental conditions, providing precise care services. It establishes a hierarchical and categorized communication mechanism, conducting regular interviews with newly joined young employees and long-serving employees, proactively listening to employee demands and development suggestions, enhancing employee sense of identity and belonging. Furthermore, adhering to the service philosophy of “Building Management Confidence While Ensuring Employee Satisfaction”, the Group has established a trade union committee with nearly 2,000 members, with three specialized sub-committees: Audit Committee, Labour Mediation Committee, and Female Employees Committee. Oriented towards comprehensively listening to employee needs and providing precise care services through regular activity organization and welfare protection, it effectively enhances employees’ sense of belonging and cohesion. The trade union actively organizes and holds various cultural and sports activities, distributes holiday benefits, conducts professional skill enhancement training, enriches employees’ cultural and after-work life, and cultivates and consolidates a harmonious and inclusive corporate culture.



Trade Union Activity – Fishing Competition

LABOUR STANDARDS

The Group strictly follows relevant conventions of the International Labour Organization (ILO) and the laws and regulations of the countries and regions where it operates. It actively establishes and continuously improves systematic institutional safeguards and enforcement mechanisms to ensure effective identification and prevention of related risks. This includes but is not limited to the following laws and regulations:

- *Labour Law of the People's Republic of China*
- *Provisions on Prohibition of Child Labour of the People's Republic of China*
- *Law of the People's Republic of China on Protection of Minors*

During the Reporting Period, the Group had no violations of laws and regulations related to labour standards, including those related to preventing child and forced labour.

Prevention of Child Labour and Forced Labour

The Group strives to create an open and inclusive working atmosphere and corporate culture, effectively protecting the legitimate rights of every employee, and resolutely prohibits child labour and forced labour.

The Group uses the *Work Regulation* and *Salary Regulations* to define departmental responsibilities and systematically regulate key aspects such as recruitment, leave systems, and working time management, with specific provisions on working hours and overtime arrangements. The Group strictly prohibits child and forced labour, ensuring all arrangements comply with labour standards and effectively protect employee rights. Once related violations are discovered, they will be seriously dealt with according to internal regulations and the specific situation.

The Group strictly controls the recruitment process, requiring all applicants to provide true and accurate personal information. Recruiters must verify relevant onboarding documents such as medical examination certificates, education certificates, ID cards, and household registration proofs before proceeding with onboarding. If false information or other violations are discovered, the Group will immediately terminate or dissolve the labour relationship according to internal rules, conduct timely internal rectification, and strengthen employee training on legal awareness to prevent recurrence of similar violations.

PEOPLE FIRST

TRAINING AND DEVELOPMENT

The Group views talent as the core driving force for achieving sustainable growth. It is committed to achieving mutual growth of employees and the company, building a multi-dimensional, full-coverage training system for employees, and providing diverse training opportunities.

Employee Training

To meet the business needs and career aspirations of employees at different levels and positions, the Group provides diverse, customized training courses. Training content covers the following five core dimensions:

- ✓ New Employee Orientation Training: Conducts orientation preparation courses for new employees, helping them quickly integrate into the workplace environment.
- ✓ Safety Education and Training: Strengthens employee safety awareness through safety education and training.
- ✓ Professional Knowledge and Skills Courses: Provides professional knowledge and skills courses to enhance employees' practical operational capabilities.
- ✓ Corporate Management Training: Offers corporate management knowledge and skills courses to broaden managers' strategic vision.
- ✓ Laws and Regulations Study: Carries out activities for studying laws and regulations to enhance company-wide compliance awareness.

During the Reporting Period, the Group provided approximately 95,029.00 hours of professional training for all employees, with an average training hours per employee of approximately 39.12 hours (FY2025: provided a total of approximately 93,987.00 hours for all employees, average training hours approximately 40.00 hours).

Employee Development

The Group values talent cultivation and succession planning, closely linking employee personal development with the company's sustainable growth. To build a scientific talent echelon system, it formulates and implements the *Reserve Management Cadre Training System*, selecting and cultivating young high-potential talents, establishing a talent pool for management positions at all levels, continuously supplying new forces to management teams at each level.

The Group conducts annual routine selection of reserve cadres. The selection process comprehensively considers employees' career aspirations, departmental comprehensive evaluations, and HR special interview performance, ensuring objective and fair selection. Selected personnel are included in a two-year structured development program. The training framework combines part-time study, mentoring, reading and knowledge-sharing sessions, thematic seminars, job rotations, and diversified exchanges. The program aims to guide participants in developing sound professional values, enhance comprehensive managerial competencies, solidify professional knowledge foundation, and strengthen practical operational capabilities. Those who complete all training courses and pass the assessment will receive a training certificate from the Group and be included in the management talent reserve pool. When relevant positions become vacant, they will be appointed based on their performance during the program and position requirements.



PEOPLE FIRST

HEALTH AND SAFETY

The Group is committed to creating a safe and comfortable office environment for employees. We always prioritize employee health and safety as our primary responsibility, making every effort to protect employee health and safety. The Group strictly complies with relevant laws and regulations, including but not limited to:

- *Work Safety Law of the People's Republic of China*
- *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*
- *Fire Protection Law of the People's Republic of China*
- *Regulations on Occupational Health Management in the Workplace*
- *Management Standards for Labour Protection Articles used by Employers*

During the Reporting Period, the Group had no violations of laws and regulations related to occupational health and safety, including those related to providing a safe environment and protecting employees from occupational hazards.

Health and Safety Management

The Group always prioritizes employee health and safety as the primary task of corporate development. To ensure the implementation of safety measures and comprehensive protection of employee occupational health and safety, the Group has established a sound management system, with key policies and procedures including:

- Basic Systems: *Code of Conduct for Employees* and *Employment Regulations* (including chapters on "Work Rules" and "Safety and Health").
- Specialized Management Systems: *Occupational Health Management System* and *Special Equipment and Personnel Safety Management System*.
- Operating Procedures: *Grinding Machine Safety Operating Procedures*.

To ensure the effective operation of the safety production management system and effectively protect employee occupational health and life safety, the Group implements a systematic safety management mechanism, mainly including:

- Occupational Health and Safety Management System: The Group has established a Work Safety Committee to coordinate work safety efforts, implementing the policy of “Safety First, Prevention Focused, and Comprehensive Management”. It has been certified as a Level 3 Safety Production Standardization Enterprise (Machinery). No major safety incidents occurred during the Reporting Period. It has also established a “Prevention – Early Warning – Emergency” fire safety management system, conducting regular drills and ensuring adequate emergency resources.
- Comprehensive Occupational Health Management: The Group implements full-process occupational health management, including annual health check-ups for all employees, re-examinations when necessary, and provides personalized plans (such as job rotation) for employees with special health conditions.
- Safety Inspection Mechanism: The Group strictly follows national regulations, establishing a systematic management mechanism including company-wide safety training, regular safety inspections (daily patrols, weekly checks, monthly supervision), and emergency response plans. For workplaces with potential safety hazards, third-party institutions are regularly commissioned to conduct safety inspections to ensure compliance with national standards, effectively protecting employee occupational health and life safety.
- Canteen Hygiene Management: The canteen undergoes environmental optimization annually, regular thorough cleaning and disinfection, and pest control during hot seasons to ensure a clean and hygienic dining environment. Simultaneously, it conducts on-site inspections of catering companies, focusing on hygiene, ingredient freshness, and expiry dates.

During the past three years, including this Reporting Period, the Group has had no work-related fatalities and incurred no related compensation expenses. During this Reporting Period, the incidence rate of occupational diseases was 0, the number of work-related injuries was 41 people, and the number of lost workdays due to injuries was 761 days (FY2025: 741.5 days).

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Health and Safety Training

The Group adheres to a training model combining theory and practice, actively establishing a systematic, multi-level occupational health and safety training system to enhance company-wide safety awareness and emergency response capabilities. This ensures employees at all levels master safety expertise and emergency handling skills, building a solid defense line for the Group’s safe production and operation. This includes: mandatory training for new employees upon joining, onboarding training for new personnel in each department, employee rules training, and monthly thematic training organized by the Safety Committee.

To ensure training effectiveness, the Group has established a closed-loop training optimization mechanism, dynamically optimizing training plans through theoretical exams, practical assessments, and implementation effectiveness evaluations.

New Employee Onboarding Safety Training • Conduct onboarding safety training for new employees, disseminate safety knowledge, reduce the incidence of work-related injuries, and ensure that they can only start working after completing the training.	On-the-job Employee Safety Enhancement Program • The production department holds monthly safety meetings. Through training on safety knowledge and operating procedures, the safety awareness and protection capabilities of the employees are enhanced.	Live Combat Drill • Regular fire drills are conducted for all employees every year to enhance their emergency response capabilities.
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Three Special Programs

PEOPLE FIRST

During this Reporting Period, the Group organized safety knowledge training and emergency drill safety training, with total average training hours per employee of 2 hours.



Fire Safety Drill



New Employee Safety Education and Training

PEOPLE FIRST

COMMUNITY INVESTMENT

The Group consistently places the fulfillment of corporate social responsibility in an important strategic position, viewing it as a core component of achieving sustainable operations and value creation. By formulating and implementing the *Social Welfare Activities Regulations*, the Group promotes the implementation of various social responsibilities in an orderly manner. The Group actively supports community development, encourages employee volunteer participation, cultivates social responsibility awareness, and achieves a win-win situation for employee personal growth and social progress. The Group continuously invests in green energy-saving projects, widely participates in environmental protection practices, enhances environmental participation, and actively demonstrates corporate social responsibility. During the Reporting Period, the Group invested a total of 16 hours in public welfare activities and a total of RMB3,600 in funds in the areas of environment, health, and labour needs, empowering community development with practical actions.



Case 1: Common Prosperity Charity Bazaar Activity

On 30 April 2025, collaborated with Sanyou Community to hold a Common Prosperity Charity Bazaar at Lianxin Park. The event featured over 20 convenience services including free medical consultations, legal advisory services, and display of intangible cultural heritage products, precisely meeting employees' needs and delivering accessible and caring support.



Lianxin Park Charity Bazaar Activity



Case 2: Blood Donation Activity

On 19 October 2025, the Company responded to the call of the Pinghu Economic and Technological Development Zone Trade Union to participate in the blood donation activity at Pinghu Blood Station. It proactively organized and encouraged employees to participate, helping secure the local blood supply and actively giving back to society.



Blood Donation

KEY PERFORMANCE INDICATORS

Category	Unit	FY2026	FY2025
Environmental Section			
Types of Air Emissions¹			
Nitrogen Oxides (NOx)	kg	266.91	254.51
Sulfur Oxides (SOx)	kg	1.49	1.60
Particulate Matter (PM)	kg	24.19	23.38
Greenhouse Gas (GHG) Emission Indicators²			
Direct GHG Emissions (Scope 1)	Tonnes CO ₂ e	394.90	273.60
Indirect GHG Emissions (Scope 2)	Tonnes CO ₂ e	19,697.09	18,984.41
Other Indirect GHG Emissions (Scope 3)	Tonnes CO ₂ e	155.85	107.09
Category 5: Waste generated during operations	Tonnes CO ₂ e	134.88	N/A
Category 6: Business travel	Tonnes CO ₂ e	20.97	N/A
Total GHG Emissions (Scopes 1, 2 & 3)	Tonnes CO ₂ e	20,247.84	19,365.10
GHG Emission Intensity	Tonnes per unit of production	1.32	1.48
Hazardous Waste			
Electronic Waste	Tonnes	0.10	0.13
Waste Mineral Oil ³	Tonnes	32.14	104.67
Waste Emulsion ³	Tonnes	234.49	127.54
Waste Grinding Mud	Tonnes	37.97	37.81
Waste Paint Buckets	Tonnes	11.79	13.25
Waste Filter Materials	Tonnes	5.93	7.45

¹ The calculation method of exhaust gas emissions is based on How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

² GHG emissions data are presented in terms of carbon dioxide equivalent, and referenced to, including but not limited to, the GHG Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, the global warming potential values from the Fifth Assessment Report and the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change, the Notice on the Management of Enterprise GHG Emissions Reporting of Power Generation Industry for 2023-2025 issued by the Ministry of Ecology and Environment of the PRC, and the ICAO carbon emissions calculator. As at 31 March 2026, the Group's total production units were approximately 15,342 units (FY 2025: approximately 13,079 units). This data is also used for calculating other density metrics.

³ In FY2026, the Environmental Protection Agency adjusted the classification criteria for waste oil. Due to the higher water content in waste oil at that time, it gradually reclassified the waste oil as emulsion. This change in classification criteria altered the statistical categories, leading to a significant increase in the statistical data on emulsion production and a decrease in waste mineral oil.

KEY PERFORMANCE INDICATORS

Category	Unit	FY2026	FY2025
Waste Filter Media	Tonnes	2.02	2.22
Waste Resin	Tonnes	0.28	0.61
Waste Paint Residue	Tonnes	–	0.73
Other	Tonnes	0.23	–
Total Hazardous Waste Generated	Tonnes	324.95	294.41
Hazardous Waste Generation Intensity	Tonnes per unit of production	0.02	0.02
Non-Hazardous Waste			
General Waste	Tonnes	72.00	69.00
Paper	Tonnes	13.96	17.74
Plastic	Tonnes	67.00	62.00
Waste Ash	Tonnes	3,668.31	3,391.80
Total Non-Hazardous Waste Generated	Tonnes	3,821.27	3,540.54
Non-Hazardous Waste Generation Intensity	Tonnes per unit of production	0.25	0.27
Energy Types			
Direct Energy Consumption	MWh	988.00	1,058.15
– Gasoline	MWh	376.36	407.77
– Diesel	MWh	611.64	650.38
Indirect Energy Consumption	MWh	35,812.89	33,798.12
– Purchased Electricity	MWh	35,812.89	33,798.12
Total Energy Consumption	MWh	36,800.89	34,856.27
Energy Consumption Intensity	MWh per unit of production	2.40	2.67
Water Resources			
Total Water Consumption	m ³	94,382.00	69,317.00
Water Consumption Intensity	m ³ per unit of production	6.15	5.30
Packaging Types			
Plastic	Tonnes	23.48	34.40
Paper	Tonnes	25.13	19.50
Total Packaging Consumption	Tonnes	48.60	53.90
Packaging Material Intensity	Tonnes per unit of production	0.003	0.004

KEY PERFORMANCE INDICATORS

Category	Unit	FY2026	FY2025
Social Section			
Total Employees (persons)		2,429	2,397
Total Employees by Gender (persons)	Male	1,713	1,459
	Female	716	672
Total Employees by Employment Type (persons)	Full-time	2,429	2,131
	Part-time	0	0
Total Employees by Age (persons)	20-30 years old	977	816
	31-40 years old	987	942
	41-50 years old	423	343
	51-60 years old	40	26
	Over 60 years old	2	4
Total Employees by Region (persons)	China (incl. HK, Macau, Taiwan)	2,415	2,120
	Outside China	14	11
Total Employee Turnover Rate ⁴ (%)		13.30%	10.97%
Employee Turnover Rate by Gender ⁵ (%)	Male	14.71%	12.24%
	Female	9.92%	7.98%
Employee Turnover Rate by Age ⁵ (%)	20-30 years old	18.42%	17.02%
	31-40 years old	11.25%	6.99%
	41-50 years old	6.15%	4.21%
	51-60 years old	15.00%	32.26%
	Over 60 years old	50.00%	0
Employee Turnover Rate by Region ⁵ (%)	China (incl. HK, Macau, Taiwan)	13.37%	10.97%
	Outside China	0	0

⁴ Total employee turnover rate = total number of employees who left during the fiscal year ÷ total number of employees at the end of the fiscal year × 100%.

⁵ Turnover rate for this employee category = (Total number of employees in this category who left during the fiscal year) ÷ (Number of employees in this category at the end of the fiscal year) × 100%.

KEY PERFORMANCE INDICATORS

Indicator Name		As of March 31, 2026		As of March 31, 2025	
		Percentage of employees trained ⁶	Average training hours ⁷	Percentage of employees trained ⁶	Average training hours ⁷
By gender	Male	70.52%	39	70.21%	40
	Female	29.48%	40	29.79%	40
By employee category	Director	0.41%	34	0.46%	35
	Manager	17.99%	40	18.65%	40
	General employee	81.60%	39	80.89%	39

⁶ Percentage of trained employees in this category = (Number of trained employees in this category during the fiscal year ÷ Total number of trained employees at the end of the fiscal year) × 100%; Training hours for employees in this category = (Total training hours for employees in this category during the fiscal year ÷ Number of employees in this category at the end of the fiscal year).

⁷ Average training hours per employee = (Total training hours for employees during the fiscal year ÷ Total number of employees at the end of the fiscal year).

THE STOCK EXCHANGE ESG REPORTING CODE INDEX

KPI	Description	Section/Note
Governance Structure		
General Disclosure	A statement from the board containing the following elements: (a) a disclosure of the board's oversight of ESG issues; (b) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (c) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Announcement
Reporting Principles		
General Disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Balance: The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Basis and Principles of Preparation
Reporting Boundary		
General Disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

THE STOCK EXCHANGE ESG REPORTING CODE INDEX

KPI	Description	Disclosed or not	Section/Note
A. Environmental Aspect			
A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Disclosed	GREEN OPERATIONS
A1.1	The types of emissions and respective emissions data.	Disclosed	Emission Control; KEY PERFORMANCE INDICATORS
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Hazardous Waste; KEY PERFORMANCE INDICATORS
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Non-Hazardous Waste; KEY PERFORMANCE INDICATORS
A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	Targets and Goals
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Waste Management, Targets and Goals

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KPI	Description	Disclosed or not	Section/Note
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources maybe used in production, in storage, transportation, in buildings, electronic equipment, etc.	Disclosed	Resource Use
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	KEY PERFORMANCE INDICATORS
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	KEY PERFORMANCE INDICATORS
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Targets and Goals
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Water Consumption; Targets and Goals
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	KEY PERFORMANCE INDICATORS
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	GREEN OPERATIONS
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	GREEN OPERATIONS

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KPI	Description	Disclosed or not	Section/Note
B. Social Aspect			
B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	KEY PERFORMANCE INDICATORS
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	KEY PERFORMANCE INDICATORS
B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Health and Safety
B2.2	Lost days due to work injury.	Disclosed	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Health and Safety

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KPI	Description	Disclosed or not	Section/Note
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Disclosed	Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	KEY PERFORMANCE INDICATORS
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	KEY PERFORMANCE INDICATORS
B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Labour Standards
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Disclosed	Supply Chain Management

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KPI	Description	Disclosed or not	Section/Note
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Product Responsibility
B6.2	Number of products and service-related complaints received and how they are dealt with.	Disclosed	Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Product Responsibility

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KPI	Description	Disclosed or not	Section/Note
B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Anti-Corruption and Anti-Fraud
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Anti-Corruption and Anti-Fraud
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Disclosed	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Community Investment

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KPI	Description	Disclosed or not	Section/Note
Climate-related Disclosures			
Governance	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Disclosed	Responding to Climate Change
Governance	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Disclosed	Responding to Climate Change
Strategy – Climate-related risks and opportunities	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	Disclosed	Responding to Climate Change
Strategy – Business model and value chain	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	Disclosed	Responding to Climate Change
Strategy – Strategy and decision-making	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods.	Disclosed	Responding to Climate Change

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KPI	Description	Disclosed or not	Section/Note
Strategy – Financial position, financial performance, and cash flows – Current financial impacts	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period. The climate-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Disclosed	Responding to Climate Change
Strategy – Financial position, financial performance, and cash flows – Expected financial impacts	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration. How the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Disclosed	Responding to Climate Change
Strategy – Climate resilience	The issuer's assessment of its climate resilience as at the reporting date. How and when the climate-related scenario analysis was carried out.	Disclosed	Responding to Climate Change
Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.	Disclosed	Responding to Climate Change

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KPI	Description	Disclosed or not	Section/Note
Risk Management	The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Disclosed	Responding to Climate Change
Risk Management	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Disclosed	Responding to Climate Change
Metrics & Targets – Greenhouse gas emissions	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: Scope 1 greenhouse gas emissions; Scope 2 greenhouse gas emissions; and Scope 3 greenhouse gas emissions.	Disclosed	KEY PERFORMANCE INDICATORS
Metrics & Targets – Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Applicable Relief	Currently, the Group has not formally incorporated climate-related considerations into its senior management remuneration policy.

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KPI	Description	Disclosed or not	Section/Note
Metrics & Targets – Climate-related transition risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks and physical risks.	Applicable Relief	During the Reporting Period, the Group continued to identify and assess climate-related risks and opportunities, closely monitoring their impact on capital expenditures, financing, and investment activities. As it is currently difficult to independently quantify and reasonably calculate the relevant financial impacts based on existing data and methodology, and the internal carbon pricing mechanism is still at a preliminary research stage and has not yet formally applied to strategy and investment decisions, the Group has not disclosed this information in order to ensure the accuracy, validity, and reliability of information disclosures and to avoid potential misinterpretation by stakeholders. In the future, the Group will accelerate the establishment of a system for identifying and measuring the financial impacts of climate change, and gradually improving accounting mechanisms. Combined with policy progress and its own low-carbon transition needs, the Group will steadily advance the development and pilot application of internal carbon pricing methodologies, while closely monitoring domestic and international climate policies and industry trends, and actively exploring the feasibility and applicability of internal carbon pricing. Through their efforts, the Group aims to continuously enhance the completeness, quality, and transparency of its climate-related disclosures and contribute to global climate action.
Metrics & Targets – Climate-related opportunities	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Applicable Relief	
Metrics & Targets – Capital deployment	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Applicable Relief	
Metrics & Targets – Industry metrics	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	Applicable Relief	
Metrics & Targets – Carbon price	An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Applicable Relief	
Metrics & Targets – Climate-related targets	The qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Applicable Relief	

READERS FEEDBACK FORM

Thank you for reading PTC's 2026 ESG Report. To enhance PTC's ESG management capabilities and performance, we sincerely invite you to share your valuable comments and suggestions on this Report.

How would you rate PTC's 2026 ESG Report?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Terrible

Please rate the effectiveness of this Report in reflecting the economics, social and environmental impact the Group has brought about through its ESG practices.

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Terrible

How would you rate the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity ☐ Extremely Satisfied ☐ Very Satisfied ☐ Satisfied ☐ Less Satisfied ☐ Not Satisfied

Accuracy ☐ Extremely Satisfied ☐ Very Satisfied ☐ Satisfied ☐ Less Satisfied ☐ Not Satisfied

Completeness ☐ Extremely Satisfied ☐ Very Satisfied ☐ Satisfied ☐ Less Satisfied ☐ Not Satisfied

Do you find this Report in easy-to-read contents and formatting?

☐ Yes ☐ Neutral ☐ No

READERS FEEDBACK FORM

Which part of the Report are you most interested in?

What other information or content would you like to obtain in this Report:

Any comments or suggestions you may have on the Group's ESG work and this Report:

You can fill out the feedback form and send this form to any of the following:

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