

2025 Year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD.



JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD.

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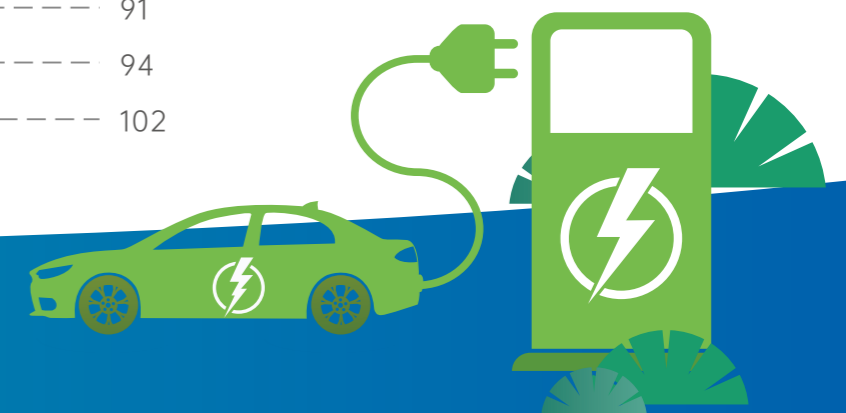
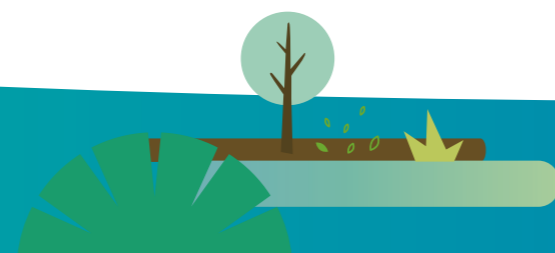
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About this Report

This report is the third environmental, social, and governance ("ESG") report released by JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD. (hereinafter referred to as "YUEAN," "the Company," or "we"). Prepared in accordance with the principles of objectivity, standardization, transparency, and comprehensiveness, this report provides a detailed disclosure of YUEAN's ESG philosophies, practices, and performance for the year 2025.

Reporting Scope

This report is based on JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD. As the main entity, including its subsidiaries, branches, and directly affiliated institutions. Unless otherwise indicated, the scope of this report is consistent with that of the Company's annual report.

Reporting Period

The time frame of this report is from January 1, 2025, to December 31, 2025 (the "Reporting Period"). To enhance comparability and completeness, certain sections may include appropriate retrospective information or forward-looking statements.

Time Range for Impacts of Risks and Opportunities in the Report

In the report, the time ranges for the impacts of risks and opportunities are defined as follows: short-term as within 1 year, medium-term as 1 to 5 years, and long-term as more than 5 years.

Preparation Reference

- Shanghai Stock Exchange. Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial).
- China Enterprise Reform and Development Society. Chinese Corporate Sustainable Development Report Guide (CASS-ESG 6.0).
- United Nations. Sustainable Development Goals (SDGs): A Corporate Action Guide.
- Global Reporting Initiative. Sustainability Reporting Standards (GRI Standards).

Data Description

All information and data cited in this report are derived from the Company's official documents, statistical reports, financial reports, as well as internal data and publicly available information from various functional departments and operating units that have been compiled, summarized, and reviewed by the Company. Should there be any discrepancies between financial data presented herein and the annual report, the annual report shall prevail. Unless otherwise specified, all currency amounts in this report are denominated in Renminbi (RMB).

Names and Abbreviations

For ease of expression and readability, "JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD." is also referred to as "YUEAN," "the Company," or "we" in this report. In addition, the terms "country" and "government" in this report refer to the People's Republic of China and its administrative agencies.

Company Abbreviation	Company Full Name
YUEAN , the Company, the headquarters, we	JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD.
Ningxia YUEAN	Ningxia YUEAN Advanced Materials Technology Co., Ltd.
Ganzhou YueLong	GanZhou YueLong Advanced Materials Co., Ltd.

Access to the Report

You can view or download this report from the Shanghai Stock Exchange (<https://www.sse.com.cn>), CNINFO (<http://www.cninfo.com.cn>), or the official website of JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD. (<http://www.yueanmetal.com>).

Feedback

If you have any comments or suggestions regarding this report, please feel free to contact us through the following channels.

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☎ Tel: 0797-8705008

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Message from the Chairman

Dear Shareholders, Partners, Colleagues, and Friends from All Sectors of Society,
Greetings to you all!

The year 2025 marks a critical year for the in-depth advancement of the nation's "carbon peak and carbon neutrality" goals, as well as a crucial year for the manufacturing industry to accelerate green transformation and pursue high-quality development. As a high-tech enterprise deeply engaged in the field of micro-nano metal powder new materials, YUEAN firmly believes that ESG is not merely a "plus point" for corporate growth but a "lifeline" for long-term development, representing the core pathway to achieving the symbiotic coexistence and shared prosperity of business and social value. Over the past year, adhering to the core philosophy of "Enabling Sustainable Development through Technological Innovation," we deeply integrated ESG principles into every facet of our corporate strategy, production operations, and R&D innovation. Through concrete actions, we fulfilled our solemn commitments to "green development, integrity-driven operations, employee care, and social contribution," achieving the successful implementation of all ESG tasks for the year.

Regarding Environmental Responsibility (E)

We stayed true to our original aspiration of "green manufacturing and circular development," consistently deepening our green transformation practices. Building upon our designation as a provincial "Green Factory" and our certifications for the ISO 50001 Energy Management System and ISO 14001 Environmental Management System, we further increased environmental investments and technological upgrades, optimized production process flows, and advanced energy conservation, emission reduction, and resource recycling. We continuously promoted the efficiency and effectiveness of our photovoltaic power generation project, effectively substituting traditional energy consumption and reducing carbon emission intensity. In the production process, we creatively adopted recycled materials and mineral ores as substitutes for conventional high-purity iron raw materials. This not only significantly reduced raw material procurement costs but also facilitated the resourceful utilization of industrial waste, enabling the efficient extraction and recovery of valuable precious metal by-products, thereby deeply embodying circular economy principles and driving the green upgrade of the carbonyl iron powder production process. Concurrently, we rigorously implemented environmental compliance management requirements, strengthening the full-process standardized treatment of wastewater, waste gases, and solid waste, continuously enhancing energy efficiency, and striving to build a "green factory benchmark" characterized by "harmless raw materials, cleaner production, resourceful waste utilization, and low-carbon energy." We are committed to protecting the ecological environment through tangible actions and contributing to the achievement of the "dual carbon" goals.

Regarding Social Responsibility (S)

Guided by the philosophy of "co-prosperity, co-growth, empowerment through development," we proactively assumed responsibilities and actively engaged in initiatives to convey corporate warmth. Internally, we consistently regard our employees as the Company's most valuable asset. We continuously improved the system for safeguarding employee rights and interests, strengthened occupational health and safety management, established diversified career development platforms, strengthened talent cultivation and recruitment, cared for the physical and mental well-being of our employees, and continuously enhanced their sense of belonging and happiness. Leveraging platforms such as the Provincial Enterprise Technology Center and the Jiangxi "Haizhi Plan" Workstation, we continued to gather industry elites, deepen industry-university-research collaboration, cultivate high-quality innovation teams, and inject vitality into the development of industry talent. Externally, we upheld the bottom line of integrity-driven operations, jointly building a responsible supply chain with upstream and downstream partners to promote the collaborative and sustainable development of the industrial chain. We actively engaged in social welfare initiatives, contributed to rural revitalization, participated in charitable assistance programs, cared for vulnerable groups, and, through concrete actions, reciprocated the trust and support from all sectors of society, fulfilling our responsibilities and commitments as a corporate citizen. Simultaneously, we continued to deeply invest in technological innovation, tackling core technical challenges and driving product upgrades and iterations. By utilizing high-performance micro-nano metal powder materials as substitutes for imported products, we addressed critical material bottlenecks in key domestic sectors, empowering the sustained and healthy development of downstream industries such as electronic components, automotive electronics, and new energy.

Regarding Corporate Governance (G)

Adhering to the principles of "standardized operation, transparency, and efficiency," we continuously improved our governance system and enhanced governance effectiveness. In 2025, we further strengthened the coordinating role of the ESG Strategy Committee, clarified the ESG responsibilities of various departments, and promoted the normalization, institutionalization, and standardization of ESG management. We consistently improved our corporate governance structure, established a sound performance and compensation system for directors and senior executives, enhanced investor relations services, and safeguarded the legitimate rights and interests of shareholders. We upheld business ethics, improved operational efficiency and management standards, and ensured scientific decision-making, standardized operations, and transparent information disclosure. We strictly adhered to the relevant guidelines of the Shanghai Stock Exchange, the China Enterprise Sustainable Development Report Guide, and the UN Sustainable Development Goals (SDGs), ensuring standardized conduct of ESG information disclosure, guaranteeing the truthfulness, accuracy, completeness, timeliness, and fairness of the report content, and proactively accepting oversight from all sectors of society.

With our initial commitment burning bright and responsibilities firmly on our shoulders, we know that only through persistent and dedicated effort can we achieve lasting success. YUEAN will deeply pursue the philosophy of sustainable development with greater resolve, more pragmatic actions, and a more open attitude, striving to become a benchmark enterprise for ESG practices in the micro-nano metal powder industry. We aim to create more enduring value for shareholders, build a broader platform for employees, contribute more substantially to society, and join hands with all stakeholders to stride towards a green, low-carbon, and high-quality future.

Thank you all!

JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD. Chairman of the Board:
Li Shangkui

Sustainable Development Highlights in 2025

Economic Performance

Total Assets 107,841.06 (10,000 RMB)	Net Profit 8,290.22 (10,000 RMB)
Operating Revenue 43,753.15 (10,000 RMB)	Net Profit Attributable to Parent Company 8,282.28 (10,000 RMB)

Governance Performance

Shareholders' Meetings Held 1 (Sessions)	Board of Directors Meetings Held 8 (Sessions)
Penalties for Information Disclosure Violations 0 (Incidents)	

Environmental Performance

Total Environmental Investment 428.90 (10,000 RMB)	Environmental Protection Tax Paid 1.56 (10,000 RMB)
Environmental Violations 0 (Incidents)	Environmental Training Sessions 12 (Sessions)
Total Energy Consumption 6,075.54 (Tonnes of Standard Coal)	Total Greenhouse Gas Emissions 25,191.88 (tCO ₂ e)
Greenhouse Gas Emission Intensity 0.58 (tCO ₂ e / 10,000 RMB Revenue)	Total Water Consumption 131,938 (Tonnes)
Water Consumption Intensity 3.02 (Tonnes / 10,000 RMB Revenue)	

Social Performance

R&D Investment 2,084.16 (10,000 RMB)	Cumulative Patents Granted 44 (Items)
Employee Training Coverage Rate 100 %	Labor Contract Signing Rate 100 %
Social Insurance Coverage Rate 100 %	Employee Medical Examination Coverage Rate 100 %
Investment in Work Safety 422.28 (10,000 RMB)	Total Safety Training Hours 11,050 (Hours)
Work Safety Accidents 0 (Incidents)	

About YUEAN

Company Profile

The Company is a high-tech enterprise focused on the field of micro-nano metal powder new materials. Founded in 2004, it was listed on the Shanghai Stock Exchange in 2021 (Stock Short Name: "YUEAN Advanced Material," Stock Code: 688786.SH). The Company has established high-end R&D platforms, including a National Postdoctoral Research Workstation, a Provincial Enterprise Technology Center, a Provincial Carbonyl Metal Powder Materials Engineering Research Center, and the Jiangxi Provincial "Haizhi" Talent Workstation. It holds 30 domestic invention patents, 12 utility model patents, and 2 overseas PCT invention patents. The Company is recognized as a national "Little Giant" enterprise specialized and sophisticated in niche sectors and a National Manufacturing Single Champion Demonstration Enterprise. It has successively participated in the development of 11 national and industry standards, including "Micron-sized Carbonyl Iron Powder," and has obtained multiple system certifications such as ISO 9001, IATF 16949, ISO 14001, ISO 14021, ISO 50001, and ISO 45001. The Company's independently patented micron-sized carbonyl iron powder product has been honored as a "Jiangxi Provincial Independent Innovation Product" and has won the Third Prize of the Jiangxi Provincial Science and Technology Progress Award. The Company's Carbonyl Business Unit was awarded the title of "National Worker Pioneer" in 2024.

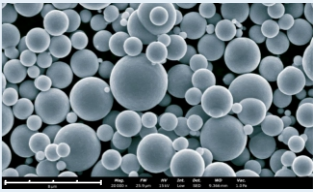
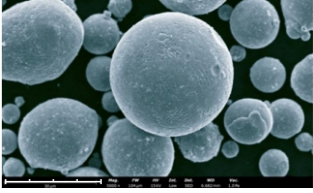
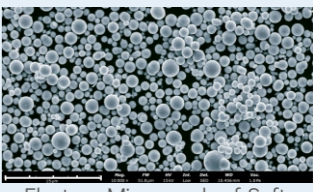

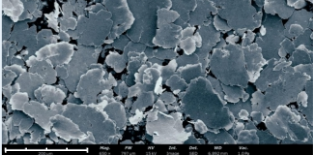
The Company brings together high-level R&D talents, including two recipients of the State Council Special Allowance, and maintains long-term industry-university-research partnerships with several universities, undertaking numerous national and provincial-level major scientific research projects. Leveraging its proprietary core technologies, the Company's products cover industrial functional materials and specialized application fields. They are widely used in high-end applications such as molded inductors, magnetorheological suspensions, microwave absorption, and electromagnetic shielding, successfully entering the supply chains of leading companies and serving the critical material needs of national defense and specialized sectors.

With over two decades of deep industry experience, the Company has broken through foreign technological monopolies, addressing critical material bottlenecks. Its products are exported to over thirty countries and regions, contributing YUEAN's strength to enhancing the international competitiveness and industry influence of domestic powder metallurgy materials.

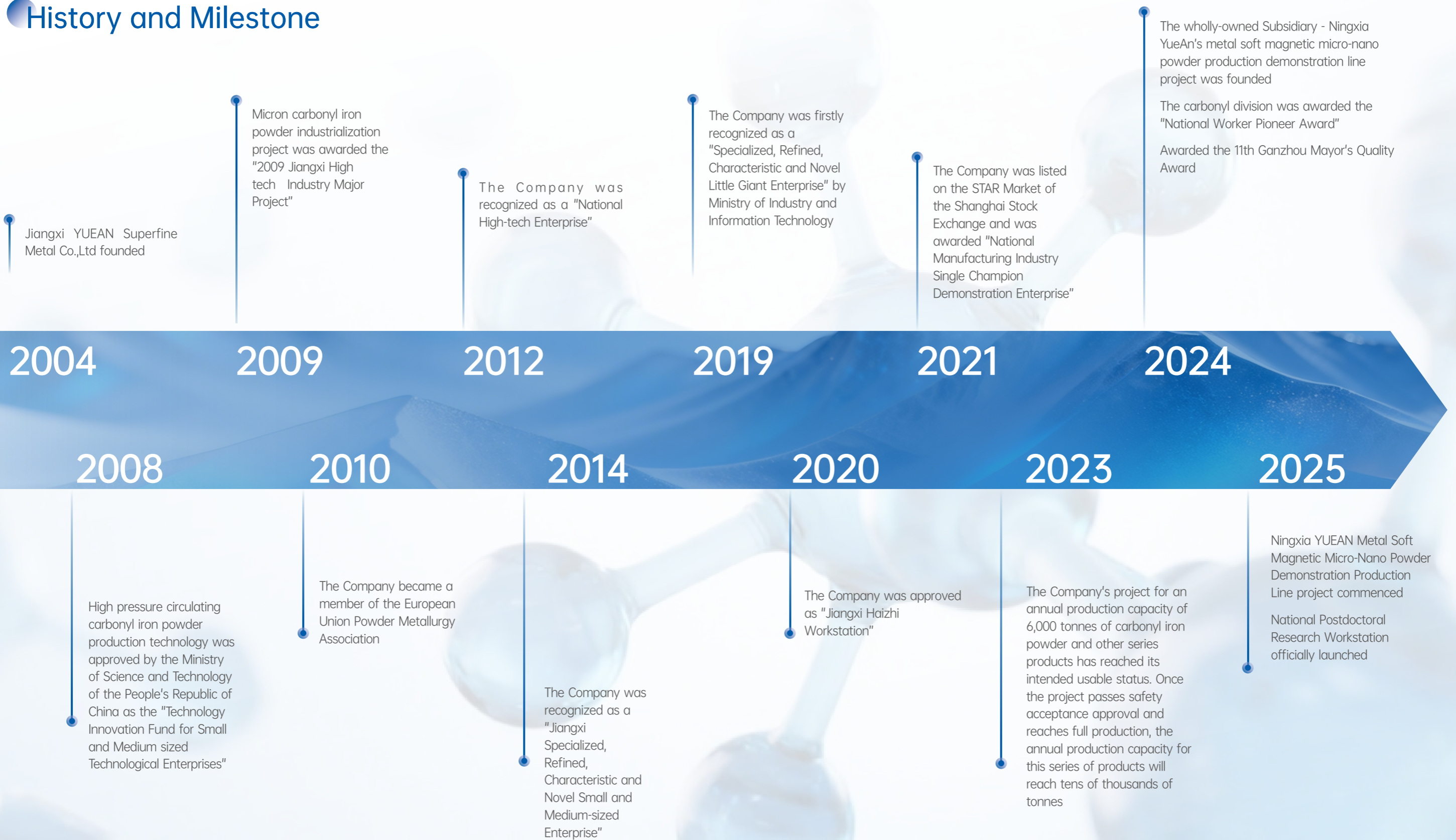


Company Business and Products

The Company's main products are micro-nano metal powders and deep-processed products, including Carbonyl Iron Powder, Atomized Alloy Powder, Soft Magnetic Powder, Metal Injection Molding (MIM) Feedstock, and Microwave Absorbing Material series. Among these, Carbonyl Iron Powder and Atomized Alloy Powder are the core base materials. They can be sold directly or further processed according to customer requirements into higher-value-added products such as Soft Magnetic Powder, Metal Injection Molding Feedstock, and Microwave Absorbing Materials, forming an integrated product system from base materials to high-value-added products.

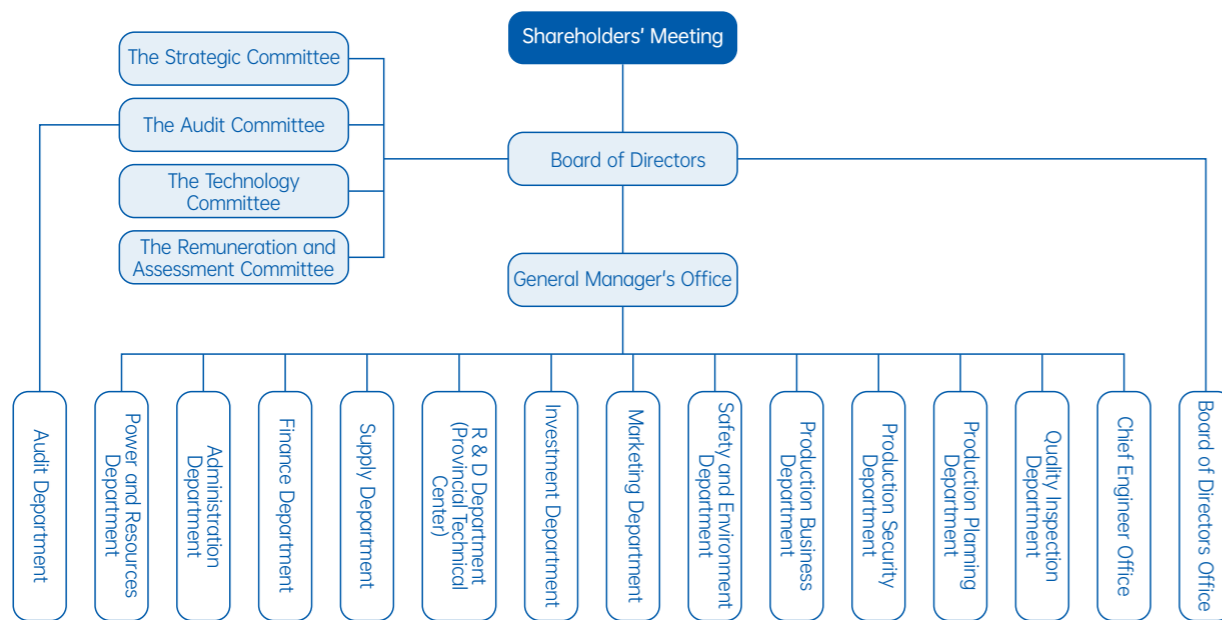
Primary Products	Application Scenario	Pictures
Carbonyl Iron Powder Series	These include Carbonyl Iron Base Powder, Reduced Carbonyl Iron Powder, Carbonyl Iron Alloy Powder, Reduced Carbonyl Iron Alloy Powder, Phosphated Carbonyl Iron Powder, and Carbonyl Iron Phosphide Powder, which are mainly used in precision electronic components, magneto-rheological damper suspension, power tools, and other fields.	 Electron Micrograph of Carbonyl Iron Powder (8 μm Scale Bar)
Atomized Alloy Powder Series	Includes gas-atomized alloy powder and water-atomized alloy powder series. Mainly applied in products such as MIM-manufactured 3C structural parts, communication base station structural parts, 3D printed parts, and molded inductors.	 Electron Micrograph of Atomized Alloy Powder (30 μm Scale Bar)
Soft Magnetic Powder Series	Includes carbonyl iron soft magnetic powder and atomized alloy soft magnetic powder. Mainly used in manufacturing magnetic cores and molded inductors, such as surface-mount inductors, and filters. These components find downstream applications in integrated circuits, communication components, LCD displays, automotive electronics, and 3C products.	 Electron Micrograph of Soft Magnetic Powder (15 μm Scale Bar)
Metal Injection Molding Feedstock Series	Includes iron-based alloy feedstock, stainless steel alloy feedstock, cobalt-based alloy feedstock, high-strength steel alloy feedstock, titanium alloy feedstock, etc. Mainly applied for mobile phone components, wearable smart devices, automotive parts, medical devices, power tools, and other fields.	 Physical Picture of Metal Injection Molding Feedstock
Microwave Absorbing Materials Series	Includes absorbing powders, patches, and coatings. Mainly applied in fields such as mobile communication (e.g., mobile phones), RFID, base stations, computers, personal protection, and national defense stealth technology.	 Electron Micrograph of Microwave Absorbing Materials (200μm Scale Bar)

History and Milestone



Organizational Structure

YUEAN's Organizational Structure






Company Culture

<p>Our Mission</p> <p>To be a first-class enterprise and create a world-renowned brand.</p>	<p>Our Vision</p> <p>Be the global leader and service provider of high-performance micro-nano metal powder new materials.</p>
<p>Our Purpose</p> <p>Integrity and dedication, quality and innovation, excellence and win-win.</p>	<p>Our Policy</p> <p>Innovation is the primary driving force, technology is the primary productive force, and talent is the primary resource.</p>
<p>Our Corporate Culture</p> <p>Honesty and trustworthiness, self-motivation, quality first, and pursuit of excellence.</p>	<p>Our Values</p> <p>Continuous learning and staying ahead of the times Pragmatic, decisive, and efficient Inherent responsibility, non-delegable Moral character, self-cultivation, politeness, and love for family</p>

Honers and Awards in 2025

Honorary Title	Awarding Institution	Honor Pictures
2025 China A-Share Listed Company Annual Growth Enterprise	CBN, EY (China), Cyrus Asset Management	
2025 Listed Company Board of Directors Best Practice Case	China Association for Public Companies	
2025 Listed Company Board Office Excellent Practice	China Association for Public Companies	
2025 Annual Listed Company ESG Value Transmission Award	Shenzhen Value Online Information Technology Co., Ltd.	
"Listed Company Board Secretary Performance Evaluation" 5A Rating	China Association for Public Companies	

Honorary Title	Awarding Institution	Honor Pictures
7th APMA2025 Powder Metallurgy Innovation Award (Ningxia YUEAN)	7th Asian Powder Metallurgy Conference (APMA2025)	
Third Prize for Mechanical Industry Science and Technology	China Machinery Industry Federation, Chinese Mechanical Engineering Society	
2025 Outstanding Member Unit	Jiangxi Emergency Management Society	
Best Supplier Award 2024	VISHAY	
2025 China Brand Value Evaluation	China Brand Promotion Association	

Industry Association

Organization Name	Positions held
Powder Metallurgy Branch of China Steel Construction Society	Member
China Powder Metallurgy Alliance	Member
Magnetic Materials Branch of China Electronics Materials Industry Association	Member
European Powder Metallurgy Association	Member
Alliance of China 3D Printing Technology Industry	Member
Ganzhou city Ganshang Federation	President
Ganzhou Emergency Management Association	Director
Jiangxi Emergency Management Society	Director



Sustainable Development

Key ESG Issues in this Chapter

- Stakeholder Communication

SDGs in this Chapter



Sustainable Development Governance

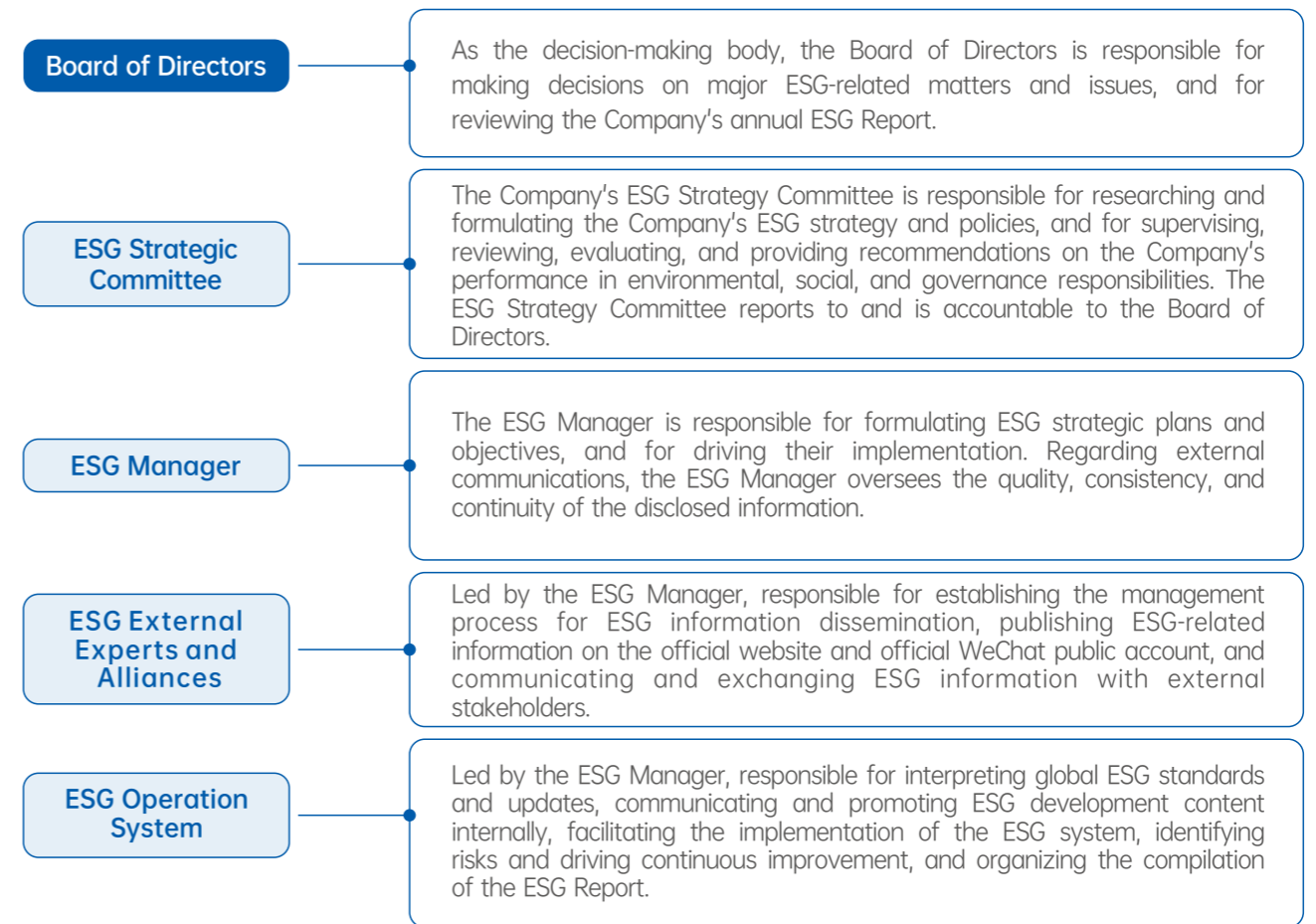
YUEAN consistently embraces the philosophy of sustainable development and continuously refines its ESG management system. It deeply integrates the three dimensions of environmental stewardship, social responsibility, and corporate governance into its corporate strategy, institutional framework, and business operations. By improving governance mechanisms, strengthening market coordination, and promoting the implementation of responsibilities, the Company systematically advances green development, social responsibility, and compliance management, contributing to global sustainable development Targets.

Sustainable Development Mission and Vision



Sustainable Development Governance System

Based on its actual conditions, the Company has established a comprehensive ESG strategy system, forming an organizational structure that enables decision-making, execution, and coordination, thereby providing solid organizational support for the implementation of its ESG strategy. At the same time, the Company continuously improves its ESG working mechanism and supervision procedures, regularly collects relevant information, and submits special reports to the Board of Directors, ensuring that ESG initiatives are carried out in a standardized and effective manner.



ESG Capacity Building

The Company places great emphasis on cultivating the professional ESG capabilities of all employees, integrating this into its key systems for talent development and business improvement. Through organizing specialized training and other methods, it strengthens employees' theoretical foundation in ESG and enhances their practical skills. This professional talent reserve establishes a solid core foundation for the standardized and high-quality advancement of the Company's ESG efforts.








Case Study


ESG Training

In July 2025, the Company organized employees to participate in the "Training Series for High-Quality Development of Listed Companies – Sustainable Development Report (ESG) Special Session (Phase 2, 2025)" via the Pujiang University website. This training helped employees strengthen their professional knowledge base for ESG report compilation, enhanced their relevant practical skills, and built talent and professional support for the standardized implementation of ESG work.

Stakeholder Communication

The Company places high importance on maintaining relationships with stakeholders and continuously improves its information communication mechanisms. It maintains close interactions with employees, customers, suppliers, etc., actively incorporates feedback and suggestions to optimize operational management, thereby enhancing its social responsibility image and strengthening its market competitiveness.

Stakeholder	Issues of Concern	Communication channels
 staff	Protection of the employees' legal rights benefits Occupational health and safety	Employee representative assembly Trade union Telephone and email Face-to-face communication Employee satisfaction survey
 Shareholders/Investors	Stakeholder communication Anti-commercial bribery and anti-corruption	Shareholder meeting SSE E-interactive Investor hotline Roadshows and reverse roadshows Media coverage Performance briefing session Information disclosure
 Suppliers	Supply chain security Anti-commercial bribery and anti-corruption	Business visits Telephone and email
 Customer/Distributor	Product and service safety and quality Data security and customer privacy protection Anti-unfair competition	Social media Customer satisfaction survey Telephone and email
 Industry associations/scientific research institutions	Innovation drive	Industry conferences Site visits
 Public Welfare Organization/Community Organization	Social contribution Rural revitalization	Charitable donations Exchanges and visits Media interview
 Media	Environmental compliance management Energy utilization Climate change response Pollutant emissions Waste disposal Product and service safety and quality	Media interview Company website Company Official WeChat Account

Stakeholder	Issues of Concern	Communication channels
Government/Supervisory Authorities 	Environmental compliance management Energy utilization Climate change response Pollutant emissions Waste disposal	Information disclosure Regulatory assessment Telephone and email

Management of Importance Issues

With reference to the evaluation methodologies of domestic and international disclosure standards such as the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)*, the Company introduces the analytical perspectives of impact materiality and financial materiality to identify and assess material issues.

Issue Evaluation Process

Issue Evaluation Process	Analytical Methods
Company Background Analysis	Analyze global trends, the future development of the Company's industry, the Company's business model, and its current production and operations to identify risks and opportunities.
Issue Selection	In accordance with the Exchange's guidelines and with international standards such as GRI, SDGs, etc., the Company will build a wide-ranging and targeted sustainable development issue pool based on the above and the key issues in the field of sustainable development in the same industry both at home and abroad.
Assessment of the Importance of the Topic	<p>Impact Significance Assessment Based on the actual production and management, the Company analyzes the potential or actual positive and negative impacts of each sustainable development issue on the external environment, society and the economy.</p> <p>Financial Significance Assessment Through the analysis of impact, dependency, internal stakeholder surveys, and other factors, the Company, in conjunction with expert judgment, as well as risk identification and assessment lists from various departments, identifies and evaluates the risks and opportunities under relevant topics. This process allows for the assessment of issues with financial significance.</p>
Recognition of the Importance of the Topic	Form the Company's Materiality Topic Matrix based on the analysis results.

Issue Evaluation Results

The company has conducted a dual-dimension assessment of sustainable development topics in terms of impact materiality and financial materiality, and presented the analysis results and the priority ranking of each topic in matrix form.

Matrix of significant issues of YUEAN



Importance	Issues
Double importance	Pollutant Emissions, Occupational Health and Safety, Supply Chain Security
Only financial importance	Climate Change Response, Innovation Drive, Product and Service Safety and Quality
Only impact importance	Environmental Compliance Management, Energy Utilization, Water Resource Utilization, Protection of the Employees' Legal Rights Benefits, Employee Training and Development, Social Contributions, Rural Revitalization
Related	Waste Disposal, Circular Economy, Data Security and Customer Privacy Protection, Stakeholder Communication, Anti-Commercial Bribery And Anti-Corruption, Anti-Unfair Competition, Due Diligence

Note 1: The Company's production and operation sites are not located in ecologically sensitive areas such as ecological protection red lines. All projects have gone through the statutory environmental impact assessment procedures in accordance with laws and regulations, and project implementation has not exerted significant impacts on the regional ecosystem and biodiversity. Therefore, ecosystem and biodiversity protection has not been included in the Company's material ESG topics.

Note 2: The Company is engaged in the R&D, production, and sales of micro-nano metal powder new materials and does not engage in scientific research, technology development, or other activities in ethically sensitive fields such as life sciences or artificial intelligence. Therefore, Technology Ethics is not included as a material ESG topic for the Company.

Note 3: The Company treats all cooperating suppliers equitably and effectively protects the legitimate rights and interests of small and medium-sized suppliers. During the reporting period, the Company strictly complied with payment terms, and no instances of delayed payments to small or medium-sized suppliers occurred. Therefore, Equal Treatment of Small and Medium-sized Enterprises is not included as a material ESG topic for the Company.

Note 4: Considering industry practice and the Company's actual operations, Due Diligence has been added as a new topic. Although the Company does not currently conduct ESG-specific due diligence, it continuously carries out supply chain due diligence (detailed in the Responsible Supply Chain section).

Note 5: Environmental compliance management, pollutant emissions, and waste disposal are jointly disclosed in the Environmental Compliance Management chapter.

Standardized Operation for Enhanced Governance

Key Achievements in 2025

- One shareholders' meeting was convened, at which 17 proposals were reviewed and approved
- Board of Directors convened eight times, with 45 proposals reviewed and approved

Key ESG Issues in this Chapter

- Anti-Commercial Bribery And Anti-Corruption, Anti-Unfair Competition

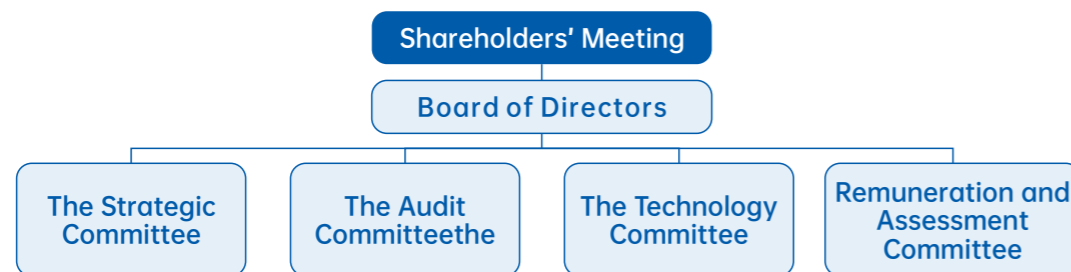
SDGs in this Chapter



Standardized Governance Operation

YUEAN, in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and other applicable laws and regulations, has formulated and continuously refined its *Articles of Association*, *Rules of Procedure for Shareholders' Meetings*, *Rules of Procedure for Board Meetings*, and other relevant policies. It has established a scientific and standardized governance structure, cultivated an efficient and collaborative operating mechanism, and consistently adhered to the principle of unifying standardized operations with effective checks and balances, thereby comprehensively enhancing the Company's overall governance effectiveness.

Governance Structure of YUEAN



Shareholders' Meeting

The Company has formulated and implemented the Rules of Procedure for Shareholders' Meetings, further standardizing the operational procedures of the Shareholders' Meeting. It effectively safeguards the rights of all shareholders, particularly minority shareholders, to exercise their rights to information, participation, and voting in accordance with the law. Mechanisms for recusal from voting on related-party transactions and for separate vote counting are strictly implemented, promoting scientific, institutionalized, and standardized decision-making at the Shareholders' Meeting. Shareholders may participate and vote in meetings either in person or via online platforms. The entire meeting process is witnessed by a professional third-party law firm engaged by the Company, which issues a formal legal opinion to ensure the legality, compliance, openness, and transparency of the meeting's convening, conduct, voting, and disclosure.

2025 Key Performance

1 Shareholders' Meeting convened, with 17 proposals reviewed and approved.

Board of Directors

The Company has established and implemented its *Rules of Procedure for Board Meetings* to keep the Board's deliberation and decision-making processes standardized, supervise directors in fulfilling their duties diligently and in accordance with the law, and ensure the Board's standardized and efficient operation.

2025 Key Performance

8 Board meetings convened, with 45 proposals reviewed and approved.

The Company's Board of Directors has established the following committees: the Strategy Committee, the Audit Committee, the Technology Committee, and the Remuneration and Appraisal Committee. It has also formulated the Working Rules for the Strategy Committee, Working Rules for the Technology Committee, Working Rules for the Remuneration and Appraisal Committee, and Working Rules for the Audit Committee. To ensure scientific, independent, and impartial decision-making, each committee includes independent director positions as stipulated, allowing their professional supervisory role to be fully leveraged. Each special committee performs its duties efficiently and collaboratively in accordance with the law, continuously enhancing the scientific rigor, foresight, and independence of the Board's decisions, thereby effectively safeguarding the legitimate rights and interests of all shareholders.

Committee Name	Independent Directors	Non-Independent Directors	Proportion of Independent Directors	Independent Director as Convener
Strategy Committee	1 persons	4 persons	1/5	No
Audit Committee	2 persons	1 persons	2/3	Yes
Technology Committee	1 persons	2 persons	1/3	No
Remuneration and Appraisal Committee	2 persons	1 persons	2/3	Yes

2025 Key Performance

Strategy Committee convened once
Audit Committee convened six times

Technology Committee convened once
Remuneration and Appraisal Committee convened five times

Board Independence

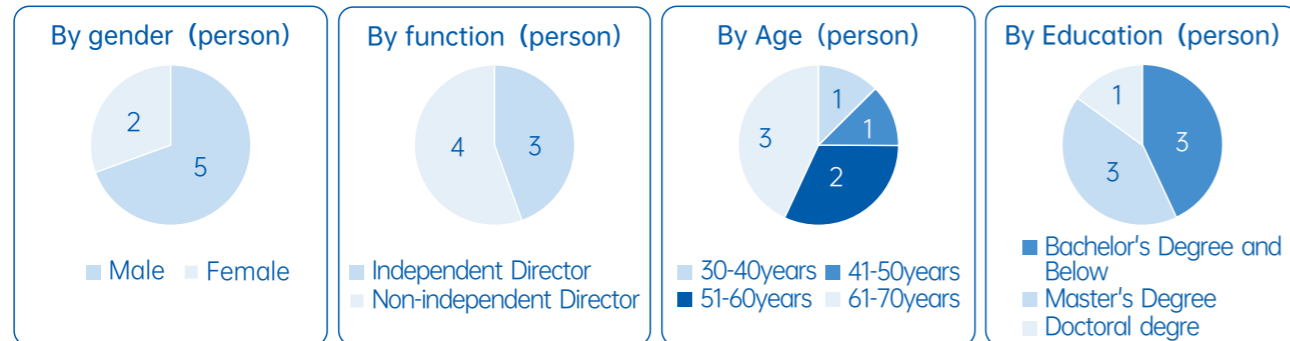
The Company has established policies such as the *Working System for Independent Directors* and the *Working Rules for Special Meetings of Independent Directors*, providing a solid foundation for independent directors to perform their duties in accordance with the law. Independent directors participate in Board decisions independently and prudently, fully leveraging their professional expertise to offer professional opinions and rational recommendations on major operational matters and long-term development plans. This effectively enhances the scientific rigor and effectiveness of Board decisions and continuously strengthens the Company's governance capabilities.

As of the end of the Reporting Period, the Company had three independent directors.

Board Diversity

The Company actively promotes diversity in the composition of its Board, continuously optimizing the balanced representation of directors in terms of professional background, age structure, and gender composition. It persistently refines the director selection and performance evaluation system, striving to build a highly qualified Board team characterized by complementary expertise, a reasonable structure, and diverse experience, thereby effectively elevating the Board's level of scientific decision-making and strategic leadership.

Board Diversity Composition



Management of Directors' and Senior Executives' Remuneration

The Company has formulated the *Remuneration and Performance Appraisal Management System for Directors and Senior Executives*, establishing a robust incentive and restraint mechanism. It has developed a clear, scientifically sound remuneration management system for directors and senior executives with well-defined responsibilities and authorities, ensuring that remuneration aligns with management performance and the Company's profitability, effectively stimulating operational vitality and safeguarding the legitimate rights and interests of the Company and all shareholders.

Director remuneration is reviewed by the Board's Remuneration and Assessment Committee and deliberated by the Board of Directors, and then determined by the Shareholders' Meeting; senior executive remuneration is reviewed by the Remuneration and Assessment Committee and then determined by the Board of Directors.

For directors and senior executives holding specific positions in the Company, their remuneration consists of base salary, performance bonus, etc., determined comprehensively based on job grade and performance appraisal results, without additional director allowances.

Independent director remuneration is reasonably determined with reference to the average level of independent director remuneration in the capital market, and the Company pays monthly allowances to independent directors.

During the Reporting Period, the Company paid a total of 337.66 10,000 RMB in remuneration to its directors and senior executives.

Establishing Robust Risk Control Measures

YUEAN consistently regards risk management as a cornerstone for stable operations and sustainable development. It continuously improves its risk control system, refines its corporate governance mechanisms, and strengthens the management of key processes. This enables the precise identification, scientific assessment, effective response, and closed-loop management of various risks, comprehensively enhancing its level of compliant operations and risk resilience, thereby providing a solid guarantee for the Company's high-quality development.

Compliant Operations

The Company consistently adheres to lawful and compliant operations and integrity-driven management, strictly complying with national laws, regulations, and regulatory requirements. By strengthening internal management, standardizing business processes, and reinforcing compliance education, it continuously raises the compliance awareness and standardized operational capabilities of all employees, effectively ensuring the legality and orderliness of the Company's operations and safeguarding the legitimate rights and interests of shareholders and relevant stakeholders.

Case Study

Compliance Training

In 2025, the Company organized special compliance and legal training for its directors, senior executives, and relevant personnel, focusing on systematic study of topics such as the *"Interpretation of the CSRC's Series of New Regulation Amendments"* and the *"Interpretation of Director and Senior Executive Performance under the New Regulations."* This initiative further strengthened the legal compliance awareness of internal personnel, continuously consolidated the foundation of compliant operations, and fostered a standardized, orderly, law-abiding, and responsible compliance culture.

Risk Management and Internal Control

The Company has formulated and refined its *Risk Management and Internal Control System*, further clarifying risk management responsibilities and internal control requirements, integrating risk prevention and control into all aspects of its operations and management. By enhancing mechanisms for risk identification, assessment, response, and monitoring, standardizing business processes, and strengthening control over key nodes, it continuously improves the systematic and effective nature of its risk management. This ensures the standardized and orderly conduct of the Company's business activities, effectively strengthens its risk resilience, and provides a solid guarantee for its stable operations and high-quality development.

Case Study

Internal Control Violation Case Study Training Session

In 2025, the Company organized an internal control violation case study training session. The training systematically covered topics such as an overview of violation scenarios, fraudulent activities in fund management, distortion of financial reports, and recommendations for corrective actions. It delved into the analysis of typical violation cases from other listed companies, summarized lessons learned to address shortcomings, and proposed targeted corrective measures based on the Company's actual situation, thereby enhancing risk prevention and control capabilities and ensuring the Company's standardized and stable operations.

Internal Audit

The Company, in accordance with the Audit Law of the People's Republic of China and other applicable laws and regulations, has established its Internal Audit Management System and built a standardized internal audit framework. The Audit Department coordinates internal audit activities, consistently adhering to routine audit oversight and precise risk identification to promptly detect and rectify management deficiencies and weak links, translating audit findings into improved governance effectiveness.

During the Reporting Period, the Company conducted its annual audit and special audits of its subsidiaries, Ganzhou YueLong and Ningxia YUEAN. An audit report is issued based on the audit findings.

Tax Management

The Company strictly complies with the *Law of the People's Republic of China on the Administration of Tax Collection*, the *Enterprise Income Tax Law of the People's Republic of China*, and other relevant laws and regulations. It upholds the principle of honest and lawful tax payment, consciously fulfills its tax obligations, standardizes its tax management practices, and proactively assumes social responsibilities, contributing to the maintenance of market order and the public interest through concrete actions.

During the reporting period, the Company fulfilled its tax payment obligations in full in accordance with the law, and paid a total of various taxes and fees of 4,911.43 ten thousand yuan.

Strengthening Investor Relations Management

YUEAN consistently adheres to standardized operations and transparent governance. It strictly fulfills its information disclosure obligations, establishes efficient communication channels with investors, proactively communicates the Company's value, and effectively safeguards the legitimate rights and interests of minority shareholders. This fosters market recognition and shareholder trust, builds consensus for development, and contributes to the Company's stable, long-term growth and shared value creation.

Information Disclosure

The Company has established its Information Disclosure Management System and Management System for Information Disclosure Postponement and Exemption, further refining its information disclosure management framework. It clarifies disclosure standards and operating procedures, strictly regulates key aspects such as information collection, review, and submission, ensuring that information disclosed is true, accurate, complete, timely, and fair. This effectively protects investors' right to information and upholds the Company's favorable image in the capital market.

During the Reporting Period, the Company did not receive any penalties for violations related to information disclosure.

2025 Key Performance

Number of periodic reports disclosed: **4** Number of interim reports and attachments disclosed: **133**

Public Sentiment Management

The Company has established its Public Sentiment Management System. Guided by the overarching principle of "scientific response, clear orientation, and emphasis on effectiveness," it closely monitors industry trends and public opinion, accurately identifies potential public sentiment risks, and strengthens its capabilities in monitoring, early warning, emergency response, and handling. This promotes the standardization, specialization, and normalization of public sentiment management, creating a positive public opinion environment to support the Company's stable and sustained operations.

Investor Relations Management

The Company has established its Investor Relations Management System. Adhering to the principles of "compliance, equality, proactiveness, honesty, and trustworthiness," it continuously improves its investor communication mechanisms, establishing diversified and regular communication channels. It actively listens to investor concerns, enhances the quality and efficiency of information exchange, effectively protects the legitimate rights and interests of investors, and fosters harmonious and stable investor relations.

Investor Communication Channels

Company Website, New Media Platforms, Email, Shareholders' Meetings, Investor Briefings, Roadshows, Performance Briefings, On-site Investor Surveys, Investor Hotline, SSE E-interaction

2025 Key Performance

Number of investor engagement activities: **35** Investor questions answered SSE E-interaction: **168**
 On-site investor visits: **20**, involving **69** attendees
 Total investor questions received SSE E-interaction: **168** Response rate SSE E-interaction: **100%**

Protection of Shareholders' Rights and Interests

The Company places high importance on protecting the legitimate rights and interests of shareholders. In profit distribution, it adheres to the principles of fairness, impartiality, and transparency, implementing a consistent and stable profit distribution policy and reasonably optimizing dividend payout methods to effectively enhance shareholder returns. It balances the Company's development with investor returns, ensuring that all shareholders equally enjoy the right to earnings, and maintains the long-term interests of shareholders through a standardized and transparent distribution mechanism.

Key Indicator	Unit	2025
Cash dividend per share	RMB/Share	0.20
Total cash payout (tax included)	10,000 RMB	2,876
The proportion attributable to the net profit of shareholders of listed companies	%	34.72

Note: The 2025 profit distribution proposal is subject to review and approval by the company's 2025 Annual General Meeting of Shareholders before it can be implemented.

Adherence to Business Ethics

YUEAN consistently adheres to business ethics, strictly complies with relevant national laws, regulations, and industry standards. It upholds fair competition and integrity-driven operations, consciously resists unfair competition and commercial bribery, strengthens its awareness of integrity and professionalism, and maintains market order through self-regulation and concrete actions, cultivating a corporate image of responsibility and integrity.

Anti-Commercial Bribery And Anti-Corruption

The Company has established the System for the Management of Anti-Bribery, Anti-Corruption, and Anti-Fraud, clearly designating the Audit Committee as the leading body responsible for guidance and supervision, and the Audit Department as the standing body responsible for coordinating and executing the implementation of related work. By strengthening the system framework and enhancing process control alongside supervisory accountability, the Company is committed to cultivating a work ethic characterized by integrity, diligence, adherence to rules, and dedication to duty, thereby solidifying its defenses for compliant operations.

During the reporting period, the Company had no incidences of commercial bribery or corruption.

Organizational Structure

- Board of Directors** ➤ Urges management to foster a culture of integrity and compliance, and to improve the internal control system.
- Audit Committee** ➤ Serves as the leading body, responsible for guiding and supervising related work.
- Management** ➤ Establishes and implements internal control mechanisms, and ensures risk prevention, control, and problem rectification.
- Heads of Subsidiaries/ Departments** ➤ Act as the primary responsible persons for their respective units, bearing management accountability.
- Audit Department** ➤ Acts as the standing executive body, specifically organizing and implementing Company-wide related work.

Anti-Commercial Bribery and Anti-Corruption Objectives

No major corruption incidents during the reporting period ○ Achieved

Key positions sign the *Commitment Letter for Preventing Commercial Corruption* ○ Achieved

Anti-Commercial Bribery and Anti-Corruption Supervision

The Company has improved its supervision and prevention mechanisms against commercial bribery and corruption. It monitors key positions, key matters, and key links where power, capital, and resources are concentrated, effectively preventing the risk of commercial corruption. During the reporting period, the Company organized relevant personnel in key positions to sign the Commitment Letter for Preventing Commercial Corruption, reinforcing their responsibility for clean and honest work, strengthening disciplinary constraints and behavioral norms, and ensuring the Company's compliant and stable operation.

Integrity Training

The Company regularly conducts specialized training on anti-commercial bribery, anti-corruption, and anti-fraud. It educates all employees on relevant laws, regulations, and behavioral norms related to integrity, compliance, and ethical conduct, reinforcing bottom-line awareness and a sense of responsibility, guiding employees to consciously resist various improper behaviors.

Case Study

Integrity Education and Training

In 2025, the Company organized training on the Employee Handbook, which included content on integrity, ethics, and conduct standards. The training focused on explaining employee conduct rules, clearly defining disciplinary red lines such as accepting bribes, soliciting bribes, embezzlement, theft, and misappropriation of funds. It also detailed the definitions and consequences of violations such as fraudulent transactions, fraudulent fund withdrawals, and accepting kickbacks, guiding employees to respect rules, uphold boundaries, and strengthen their sense of integrity and self-discipline.

2025 Key Performance

- The number of participants in the anti-commercial bribery and anti-corruption training was **582**
- Total hours of anti-bribery and anti-corruption training provided **291** hours
- Average hours of anti-bribery and anti-corruption training per person **0.5** hours/person
- Number of individuals signing integrity agreements or related commercial conduct documents **113**

Whistleblowing and Whistleblower Protection

The Company has established a robust whistleblowing mechanism, encouraging employees and the public to report any instances of commercial bribery, corruption, fraud, or other violations. Upon receiving a report, the Audit Department initiates an investigation process promptly, carrying out verification in accordance with laws and regulations.

The Company protects whistleblowers in accordance with its rules, keeping whistleblower information and reporting materials confidential. It provides rewards for verified reports. Anyone found to have leaked information or retaliated against a whistleblower will be dealt with severely according to regulations; cases involving violations of law will be transferred to judicial authorities. This ensures the protection of whistleblower rights and the effective functioning of the whistleblowing mechanism.

Whistleblowing channels

Tel: 0797-8705008

Email: audit@yueanmetal.com

Address: Audit Department, JIANGXI YUEAN ADVANCED MATERIALS CO.,LTD., Xinhua Industrial Park, Dayu County, Ganzhou City, Jiangxi Province

Anti-Unfair Competition

The Company strictly adheres to laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*. It upholds the principles of fair competition and honest management, resists all forms of unfair competition, and prohibits disrupting market order through improper means such as commercial defamation, infringement of trade secrets, or illegal prize promotions, thereby maintaining a healthy order of fair competition within the industry.

During the reporting period, the Company had no lawsuits or significant administrative penalties arising from unfair competition.

Responsible Marketing

The Company adheres to the concept of responsible marketing, abiding by laws, regulations, and industry standards. It avoids false advertising and effectively safeguards consumers' right to know. Simultaneously, it standardizes advertising placements, channel promotions, and customer communication practices, maintaining a fair market order and fostering a healthy and orderly business environment.

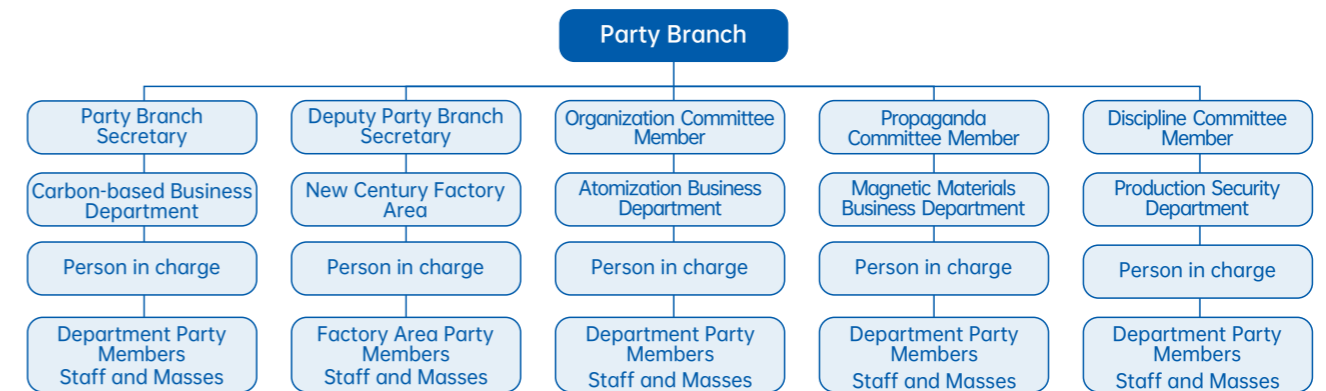
During the reporting period, the Company had no violations related to laws or voluntary codes concerning product and service information or labeling.

Adhering to Party-Building Leadership

YUEAN consistently adheres to the deep integration of Party-building leadership with production and operations, effectively translating the Party's political and organizational strengths into the Company's development momentum. The Company rigorously implements Party-building work, strengthens ideological-political development and Party member team building, actively conducts thematic practice activities, promotes a spirit of responsibility and pragmatic action, and fully leverages the Party organization's role as a bulwark and the exemplary vanguard role of Party members, providing a solid guarantee for high-quality development.

Strengthening Organizational Construction

The Company consistently upholds Party-building leadership, integrating Party leadership into all aspects of corporate governance, and fully leveraging the Party organization's guiding, overarching, and guaranteeing role. It has established a "1+N" Party organization structure, with the Party Branch as the core. Positions include Branch Secretary, Deputy Secretary, and Committee Members for Organization, Discipline, and Publicity, with clearly divided responsibilities for coordinating work across business units and factory areas. This structure fully utilizes the Party members' role as a bridge for connecting with and serving employees, helping to understand employee thoughts and work situations, and inspiring the exemplary and vanguard role of Party members.



YUEAN "1+N" Party Organization Structure

2025 Key Performance

Number of Party Branches **1**

Number of Party Branch Meetings Held **12** times

Number of Party Members **28**

Strengthening Ideological Construction

The Company's Party Branch closely follows the overall requirement of "learning theory, strengthening Party spirit, emphasizing practice, and making new contributions," aiming for the positioning of "Leadership with Integrity, Innovation for the Nation." It achieves full coverage of Party member learning through activities such as the "Three Meetings and One Lecture" (regular branch committee meetings, branch general meetings, Party group meetings, and Party lectures) and thematic Party days. It also deepens education on the Party Constitution, rules, and discipline, using warning education and integrity talks to fortify the defense against corruption, fully leveraging the Party Branch's role as a bulwark and the exemplary and vanguard role of Party members.

Case Study

Branch Party Member General Meeting

In 2025, the Company convened a Branch Party Member General Meeting to thoroughly study and implement the Party's latest theoretical spirit and the work arrangements of higher-level Party committees. The meeting reviewed past Party-building achievements, summarized experiences, and deployed key tasks for the year. Structured to be progressive and targeted, the meeting further consolidated ideological consensus and reinforced a sense of responsibility, laying a solid red foundation and gathering momentum for the Company's high-quality development.



Low-Carbon Leadership for Green Development

Achievements in 2025

- Total Environmental Investment: RMB 4,289,000
- Environmental Training Hours: 1,440 hours
- Total energy consumption 6,075.54 tonnes of standard coal
- Total GHG Emissions: 25,191.88 tCO₂e

Key ESG Issues in this Chapter

- Climate Change Response, Environmental Compliance Management, Energy Utilization, Water Resource Utilization, Waste Disposal, Pollutant Emissions, Circular Economy

SDGs in This Chapter

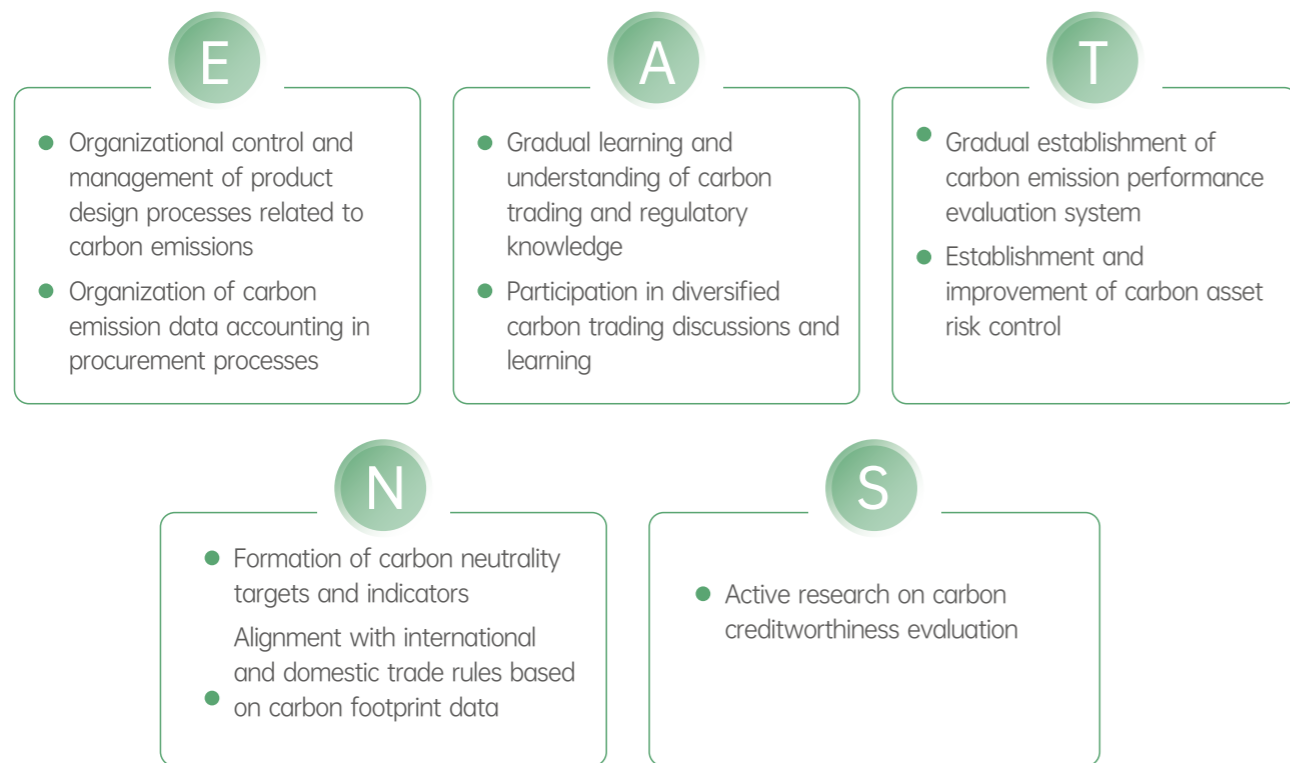
<p>6 CLEAN WATER AND SANITATION</p> 	<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>13 CLIMATE ACTION</p> 	<p>14 LIFE BELOW WATER</p> 	<p>15 LIFE ON LAND</p> 

Climate Change Response

YUEAN actively responds to the national "dual carbon" strategy. Leveraging its industrial strengths, it deeply integrates climate change response with its corporate development strategy. Through initiatives such as the application of high-efficiency equipment and the continuous iteration and upgrade of production processes and technologies, it steadily promotes green and low-carbon development, contributing corporate efforts to combating global climate change.

Governance

Aligning with the national "dual carbon" strategy and upholding the principle of sustainable development, the Company is committed to building a robust carbon management system. It deeply integrates climate governance into its overall development strategy, translating low-carbon commitments into concrete actions and injecting green momentum into its high-quality development.



Carbon Management System

The Company regularly organizes employees to participate in internal and external specialized training on carbon asset management, covering core topics such as carbon trading mechanisms, carbon footprint accounting, and climate risk management. By continuously strengthening professional knowledge and practical skills, it enhances the team's carbon management capabilities, providing strong talent support for the Company's scientifically driven climate governance and the development of a green, low-carbon system.

Case Study

Training on Introduction to Carbon Emission Accounting Methods

In 2025, as part of a training series on high-quality development for listed companies, the Company conducted specialized training on Sustainability Reports (ESG). This included the course Introduction to Carbon Emission Accounting Methods, which helped employees learn and master the basic methods and requirements of carbon emission accounting, enhancing their capabilities in ESG management and information disclosure, and supporting the Company's standardized carbon management and continuous sustainability efforts.

Strategy

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Physical risk	<p>Acute risk</p> <p>The Company's headquarters is located in Ganzhou, which is subject to seasonal severe convective weather, cold spells, and heavy rainfall during the rainy season. Such events may damage buildings and production facilities and threaten personnel safety.</p> <p>Some subsidiaries are located in Hainan, Guangzhou, and other areas that may be affected by typhoon seasons, potentially causing damage to the Company's infrastructure.</p>	Short-term	Operations	Increase in operating costs	<ol style="list-style-type: none"> Regularly assess the impact of climate change on business operations. Develop emergency response plans and conduct drills to ensure rapid response during extreme weather events. Cooperate with government agencies to obtain policy support and financial subsidies to enhance disaster resilience.
	<p>Chronic risk</p> <p>Certain regions are affected by high temperatures and rising sea levels, which increase energy consumption for cooling while exacerbating safety hazards and the risk of damage to operational facilities.</p>	Medium to long term	Operations	Increase in operating costs	<ol style="list-style-type: none"> Regularly assess the impact of climate change on business operations. Develop emergency response plans and conduct drills to ensure rapid response during extreme weather events. Cooperate with government agencies to obtain policy support and financial subsidies to enhance disaster resilience.

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Transformation Risk	Policy risk The State may introduce corresponding environmental regulations requiring companies to reduce carbon emissions or improve resource efficiency. The Company may face greater pressure to reduce carbon emissions and incur higher carbon compliance costs.	Short, Medium to Long-term	Operations	Increase in operating costs	Actively respond to the national "carbon peak and carbon neutrality goals" policy by implementing a carbon neutrality action plan, ensuring business operations comply with policy requirements and mitigating compliance risks arising from policy adjustments.
	Market risk Climate change may affect downstream industry demand, such as fluctuations in new energy, electronics, and other sectors, thereby impacting the Company's performance.	Medium to long term	down-stream	Decrease in operating income	Adjust market strategies to meet consumer demand for sustainable products.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Policy Opportunities	The government may introduce industrial policies to support low-carbon development in the micro-nano metal powder materials industry. The Company can proactively seek such policy support to reduce costs and enhance profitability.	Short to Medium term	Operations	Reduced operating costs	Actively respond to national policies and secure additional resources and technical support.
Technological Opportunities	The Company can increase investment in R&D for low-carbon technologies, developing more efficient and energy-saving production processes for micro-nano metal powder materials. This will improve resource efficiency, reduce carbon emissions, meet environmental requirements, and enhance core competitiveness. In addressing climate change, the Company will have increased opportunities to collaborate with universities and research institutions on industry-university-research projects, jointly tackling low-carbon technology challenges and accelerating technological innovation and the commercialization of results.	Medium to long term	Operations	Increase in operating income	1. Continuously optimize production processes, improve manufacturing techniques for products such as carbonyl iron powder and atomized alloy powder, enhance production efficiency and product quality, meet market demand for high-performance, green products, and expand market share. 2. Actively collaborate with universities to jointly explore more environmentally friendly and efficient production technologies and material application solutions, grasp industry technology trends, develop more competitive products, and create new market opportunities.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Market Opportunities	As global concern over climate change increases, demand for micro-nano metal powder materials is growing in emerging industries. The Company can leverage these emerging market opportunities to expand its market share.	Medium to long term	Operations Downstream	Increase in operating income	Leverage its advantages in green production to actively explore markets in emerging sectors such as new energy, energy conservation, and environmental protection. For example, provide high-performance metal powder materials to industries like new energy vehicles and photovoltaics, seizing opportunities arising from the development of emerging industries.

Impact, Risk and Opportunity Management

To proactively address the risks and opportunities arising from climate change, the Company continuously improves its processes for identifying, assessing, monitoring, and managing climate-related risks. It integrates climate risk management into daily operations and decision-making, enhancing overall response capacity and ensuring stable, sustainable development.

Management Process

- Identification** → The Company, together with third-party experts, identifies climate-related risks and opportunities based on national laws, regulations, policy requirements, sustainability trends, and its own operational realities.
- Assessment** → For identified risks and opportunities, the Company assesses and analyzes their potential principal financial impacts, as well as their time horizon and magnitude.
- Supervision** → The Company regularly conducts self-assessments of its climate-related risk and opportunity management, promptly identifying and improving risk deficiencies.
- Countermeasures** → Based on identification and assessment results, the Company develops corresponding mitigation measures, establishing a closed-loop management mechanism for climate change risks.

Indicators and Targets

Based on its operational characteristics and industry development requirements, the Company has established scientific targets related to climate change response. It actively promotes a green and low-carbon transition, strengthening climate governance and energy conservation and emission reduction efforts.

Climate Change Response Management Target

Reduce carbon emission intensity by 30% by 2030 compared to the 2023 baseline year.

Indicator	Unit	2025
Direct GHG Emissions (Scope 1)	tCO ₂ e	82.54
Indirect GHG Emissions (Scope 2)	tCO ₂ e	25,109.34
Total GHG Emissions	tCO ₂ e	25,191.88
GHG Emission Intensity	tCO ₂ e / RMB 10,000 revenue	0.58

Note 1: The statistical scope covers YUEAN.

Note 2: Scope 1 mainly covers greenhouse gas emissions from fossil fuels such as gasoline and diesel. The calculation method refers to the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises (Trial).

Note 3: Scope 2 mainly covers greenhouse gas emissions from purchased electricity and steam. The calculation method for purchased electricity refers to the Announcement on the Release of 2023 Carbon Dioxide Emission Factors for Electricity issued by the Ministry of Ecology and Environment and the National Bureau of Statistics. The emission factor for steam refers to the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises (Trial).

Note 4: The data in this table are self-calculated by the company based on the above methods and have not been verified by a third-party institution.

GHG Emissions Management

The Company's GHG emissions primarily arise from the consumption of electricity, coke, and other resources during daily production activities. During the Reporting Period, the Company adhered to the principle of synergistic development of economic and environmental benefits, comprehensively promoting internal cost reduction, efficiency improvement, and a green and low-carbon transition. By optimizing process flows, improving raw material and equipment utilization, and increasing product yield, the Company effectively reduced electricity consumption and indirectly lowered GHG emissions.

Energy Saving and Emission Reduction Measures

During the reporting period, externally purchased photovoltaic power generation amounted to 1.7796 million kWh, indirectly reducing carbon dioxide equivalent emissions by approximately 940 tons.

Added 100 solar streetlights within the plant area, saving 87,600 kWh of electricity compared to traditional streetlights and reducing CO₂e emissions by approximately 46 tonnes.

Phased out diesel boilers and replaced them with electric heating boilers, reducing diesel consumption by 7.13 tonnes; purchased 5 electric forklifts to gradually replace fuel-powered forklifts, and acquired an electric fire truck, reducing diesel consumption by 1.88 tonnes; equipped shuttle buses to transport employees to and from work in relevant areas, reducing gasoline consumption by approximately 1,285 liters. These measures collectively reduced CO₂e emissions by approximately 30 tonnes.

Planted extensive trees within the plant area to purify the air.

Green, Low-Carbon, and Circular Utilization

Green Processes and Technologies

The Company is driven by green technology, continuously deepening process innovation and technological iteration. Through the synergistic application of multiple green and low-carbon technologies, it persistently enhances its cleaner production levels and resource efficiency, solidifying its core competitiveness for sustainable development.

Case Study

Improved Carbonyl Iron Powder Production Technology

Ningxia YUEAN's improved carbonyl iron powder production process represents a pioneering technological breakthrough in the industry. This process uses low-grade ilmenite as a raw material instead of high-purity sponge iron. Through a carbonylation reaction, carbon monoxide selectively binds with the iron element, generating liquid iron pentacarbonyl, thereby achieving efficient separation of iron and titanium. The process simultaneously produces carbonyl iron powder and synthetic rutile, with the carbon monoxide reaction medium being recyclable. This process not only enables the green and efficient comprehensive utilization of ilmenite resources but also significantly reduces overall production costs through the substitution of low-purity raw materials and the value addition of by-products, demonstrating both environmental and economic benefits.

Circular Utilization

The Company procures industrial waste and recycled materials externally, relying on its proprietary core technologies to achieve high-value resource utilization. By adopting a core pathway of recycling and reusing recovered materials, it has built a stable and sustainable circular economy model that effectively reduces raw material costs while continuously broadening green and low-carbon growth space.


Case Study

Preparation of High-Purity Carbonyl Iron Powder through Recycling

The Company utilizes a unique technical process route involving carbonylation to process rare earth iron slag. It recycles this slag to prepare high-purity carbonyl iron powder, significantly reducing production costs while the rare earth tailings, enriched in iron, retain recoverable value. This technical route represents a pioneering, groundbreaking, and transformative innovation by the Company, establishing a dual-driven model of "cost reduction + value addition." Following future industrialization, it is expected to open new business growth points for the Company.

Green Products

The Company continuously builds a green product system, leveraging recycled material regeneration and green process innovation to create low-carbon, environmentally friendly products. Five of the Company's products, including 316L, high-strength steel, and 17-4PH, have passed rigorous testing by UL, an internationally recognized certification body, confirming that their recycled material content exceeds 80%.

Product	Green/Environmental Features
<p>Products made from recycled materials (Atomized Alloy Powder Series)</p>	<p>Using recycled scrap steel as raw material, some products have a recycled content exceeding 80% and have received certification from internationally recognized bodies. Compared to using virgin ores, this significantly reduces energy consumption, carbon emissions, and waste slag and gas emissions.</p>  <p>Recycling System Certification</p>
<p>Green products using new processes (Carbonyl Iron Powder and Synthetic Rutile)</p>	<p>Utilizing the industry-first improved carbonyl iron powder process, using ilmenite as raw material to achieve efficient separation and comprehensive utilization of titanium and iron resources. Carbon monoxide is recyclable, making the process greener and more efficient.</p>

Environmental Compliance Management

YUEAN strictly complies with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, and other relevant legal requirements. It actively implements the green development philosophy that "lucid waters and lush mountains are invaluable assets," establishing a comprehensive, multi-tiered, and normalized environmental compliance management system that integrates compliance requirements into every detail of its production and operations.

During the Reporting Period, the Company had no environmental violations.

Governance

Adhering to the environmental policy of "comply with laws and regulations, save energy and reduce consumption; prevent pollution with full participation; reduce resource consumption, continuously improve," the Company has formulated multiple environmental management procedures, including the Environmental Management Manual and the Environmental Management System. It has established an environmental management organizational structure with the General Manager as the ultimate responsible person, defining the supervision and guidance responsibilities of the Safety and Environment Department to ensure the efficient operation and continuous optimization of the system. Furthermore, it implements an environmental protection target responsibility system, incorporating environmental performance into assessments to drive effective implementation of environmental work, rigorously controlling pollutant emissions such as wastewater, exhaust gas, solid waste, and noise, and continuously improving environmental management standards.

The Company has established an environmental management system in accordance with ISO 14001:2015 and has obtained certification.

Responsibilities of the Safety and Environment Department

- Drafting and revising environmental management system documents.
- Assisting the Management Representative in establishing, implementing, and maintaining the environmental management system and conducting related environmental activities.
- Determining environmental objectives, targets, and programs.
- Implementing the environmental management system within the department.
- Identifying and evaluating environmental aspects and significant environmental aspects within the department.
- Complying with identified environmental laws, regulations, and other requirements.
- Formulating and supervising measures to conserve energy and resources.
- Selecting hazardous waste treatment vendors, overseeing the classification and off-site disposal of all plant waste, and liaising with qualified recycling companies for the recovery and disposal of all plant waste.



Environmental Management System Certification

The Company regularly organizes internal environmental protection training sessions to strengthen environmental awareness and responsibility among all employees, guiding them to actively participate in environmental protection actions. Simultaneously, it proactively nominates personnel to participate in external professional training organized by ecological environment departments, continuously enhancing environmental management and practical operational capabilities.

Case Study

Solid Waste Reporting Operation Training

In 2025, responding to environmental protection requirements, the Company participated in specialized system reporting training organized by the Environmental Protection Bureau, focusing on solid waste classification and system reporting operations. Through systematic training, the Company further improved the standardization and accuracy of its solid waste management and reporting, effectively preventing risks such as classification errors, omissions, misreporting, and improper disposal at the source, thereby strengthening the ecological and environmental safety defense line and supporting the Company's green, low-carbon, and sustainable development.

2025 Key Performance

- Number of environmental training sessions: **12**
- Number of environmental training participants: **720**
- Total hours of environmental training: **1,440** hours

Note: The statistical scope covers YUEAN.

Cleaner Production

The Company vigorously promotes cleaner production, strictly selects clean energy and environmentally friendly raw materials, and continuously optimizes production processes and management procedures to reduce environmental impact at the source. Recognized for its solid green management achievements, the Company has been successfully rated as a provincial-level "Green Factory," contributing to high-quality sustainable development and ecological civilization construction through concrete actions.

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Policy Compliance Risk	Increased regulatory scrutiny from relevant supervisory authorities. If the Company fails to implement standards properly, it faces penalties. For example, government requirements for environmentally friendly production mean that exceeding discharge limits for wastewater or exhaust gas could lead to production suspension.	Medium term	Operations	Increase in non-operating expenses	<ol style="list-style-type: none"> 1. Ensure all departments operate strictly in accordance with Company policies and national laws and regulations. 2. Enhance safety supervision by the Safety and Environment Department. 3. Strictly control production in the carbonyl iron workshop to ensure no wastewater is discharged externally. 4. The Safety and Environment Department conducts daily inspections, promptly reporting and eliminating any identified safety hazards.
	Failure to properly dispose of hazardous waste in accordance with laws, regulations, environmental impact assessments, and approval requirements.				
Cost risk	To meet pollutant emission requirements, the Company must continuously invest capital and technology in the upgrading, operation, and maintenance of pollution control facilities. This increases production costs and compresses profit margins.	Medium term	Operations	Increase in operating costs	<ol style="list-style-type: none"> 1. Establish a sound environmental management system, refine environmental management policies, emergency response plans for environmental management, and hazard identification and management systems, ensuring these policies are scientifically sound and operationally feasible. 2. Regularly organize environmental training and conduct drills for environmental management emergency response plans. 3. Ensure safe disposal of hazardous waste in strict accordance with laws and regulations.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Cost Optimization Opportunities	By implementing cleaner production, optimizing production processes, and adopting circular utilization technologies, the Company can reduce raw material consumption and pollutant generation, lowering raw material procurement costs and pollution control costs. Simultaneously, investments in efficient environmental protection facilities can reduce energy consumption, further optimizing operating costs. Furthermore, resource recycling can achieve high-value utilization of waste, generating additional revenue.	long-term	Upstream Operations	Reduced operating costs	<ol style="list-style-type: none"> 1. Deepen cleaner production management, optimize production processes, implement the 3R (Reduce, Reuse, Recycle) strategy, and improve resource efficiency. 2. Expand the scope of wastewater recycling, enhance the comprehensive utilization rate of solid waste, and achieve resourceful and high-value utilization of waste. 3. Introduce efficient, energy-saving, and environmentally friendly equipment, optimize the energy structure, and reduce energy consumption. 4. Establish a cost monitoring system, track changes in environment-related costs, continuously optimize cost control measures, and enhance profitability.

Impact, Risk and Opportunity Management

The Company is committed to establishing a sound risk and opportunity management mechanism, accurately identifying and assessing various potential risks, and comprehensively reviewing the environmental impacts of its operational activities to ensure stable operations and sustainable development.

Management Process	
Risk Identification	Use methods such as document review to establish a risk identification checklist and conduct hazard inspections in areas with potential risks.
Risk Assessment	Assess and prioritize risks based on their magnitude of impact, extent, and probability of occurrence.
Risk monitoring	Monitor pollutant emissions, publicly disclose environmental monitoring results in a timely manner, and accept regulatory review and public supervision.
Risk Management	Implement differentiated management for pollutants and waste based on type, hazard level, and risk level. Improve resource recovery rates and develop relevant emergency response plans to reduce the ecological and environmental impact of pollutants and waste.

Hazard Identification

The Company has formed a dedicated task force composed of responsible persons from relevant departments to conduct a comprehensive, blanket-style inspection for environmental hazards throughout the entire production and operation process. A problem log is established, clarifying responsibilities and deadlines for rectification, ensuring early detection, timely handling, and effective closure of hazards, continuously improving the Company's standardized environmental management level.

Case Study

Hazard Identification

In February 2025, during a workshop safety hazard inspection, the Company identified issues including the lack of a detailed fire equipment ledger at the micro fire station, aging safety signs in the cooling water area, and non-compliant climbing ladders for confined space operations. The Company immediately implemented corrective actions: improving the fire equipment ledger management, replacing aging safety signs, and providing compliant climbing ladders, thereby comprehensively eliminating safety hazards and strengthening the workshop's work safety defenses.

Emergency Response Plans and Drills

In strict compliance with relevant legal and regulatory requirements, the Company has developed the Emergency Response Plan for Environmental Emergencies to ensure standardized and orderly safety and environmental management. Furthermore, through regular professional training and practical emergency drills, it continuously improves the efficiency of its emergency response to environmental incidents and the emergency response capabilities of its employees, effectively preventing and mitigating various environmental safety risks and building a safety barrier for the Company's stable and sustained development.



On November 12, 2025, the Company organized an environmental emergency drill, effectively enhancing the emergency response capabilities and risk prevention and control level of relevant personnel.

2025 Key Performance

Number of environmental emergency drills conducted: **3**

Note: The statistical scope covers YUEAN.

Environmental Monitoring

In strict compliance with the National Key Monitoring Enterprise Self-Monitoring and Information Disclosure Measures, the Company uses an online monitoring system for real-time data collection. Monitoring data is simultaneously uploaded to the Ganzhou Pollution Source Enterprise Portal, the Jiangxi Provincial Environmental Protection Platform, and the Automatic Monitoring and Basic Database System for Key Pollutant Discharge Units, and is publicly disclosed. Additionally, the Company engages qualified third-party institutions to conduct regular testing. All pollutant emission indicators comply with relevant national and local environmental standards.

Environmental Impact Assessment

The Company strictly complies with the Environmental Impact Assessment Law of the People's Republic of China and has established and implemented the Management System for the "Three Simultaneities" of Construction Projects. During the project feasibility study phase, it engages qualified professional institutions to conduct environmental impact assessments. The environmental impact assessment documents are submitted for approval to the competent ecological and environmental authority with approval jurisdiction. Projects are advanced in accordance with laws and regulations following approval, ensuring full-cycle compliance management.

Indicators and Targets

Based on its production and operation realities, the Company has established and clearly defined environmental management targets. It implements whole-process control over key environmental elements such as wastewater, exhaust gas, and waste, ensuring stable compliance of all pollutant discharges, promoting efficient resource utilization, and effectively preventing and controlling environmental risks.

Environmental Management Target	Status
Wastewater Management Target Compliant discharge of production wastewater	
Exhaust Gas Management Target Compliant discharge of production exhaust gas	
Waste Management Target 100% legal disposal of hazardous waste	
Other Environmental Management Targets Zero potential fires Zero chemical spills Compliant noise discharge	

Indicator	Unit	2025
Total Environmental Investment	10,000 RMB	428.90
Environmental Protection Tax Paid	10,000 RMB	1.56
Number of major administrative penalties from ecological and environmental authorities due to environmental incidents	Incidents	0
Amount of major administrative penalties from ecological and environmental authorities due to environmental incidents	10,000 RMB	0

Note: The statistical scope covers YUEAN.

Wastewater Management

The primary pollutants in the Company's wastewater are COD and ammonia nitrogen. In strict accordance with the Environmental Management System, the Company manages wastewater treatment and discharge. The wastewater discharge outlet is connected to the grid of the industrial park's wastewater treatment plant. A professional online monitoring station has been established, equipped with advanced monitoring equipment connected to the environmental protection platform, enabling real-time data upload for transparency and traceability. Additionally, the Company engages qualified third parties to regularly maintain monitoring equipment, collect samples, and conduct data comparisons, ensuring the accuracy and reliability of monitoring data, with relevant results simultaneously uploaded online.

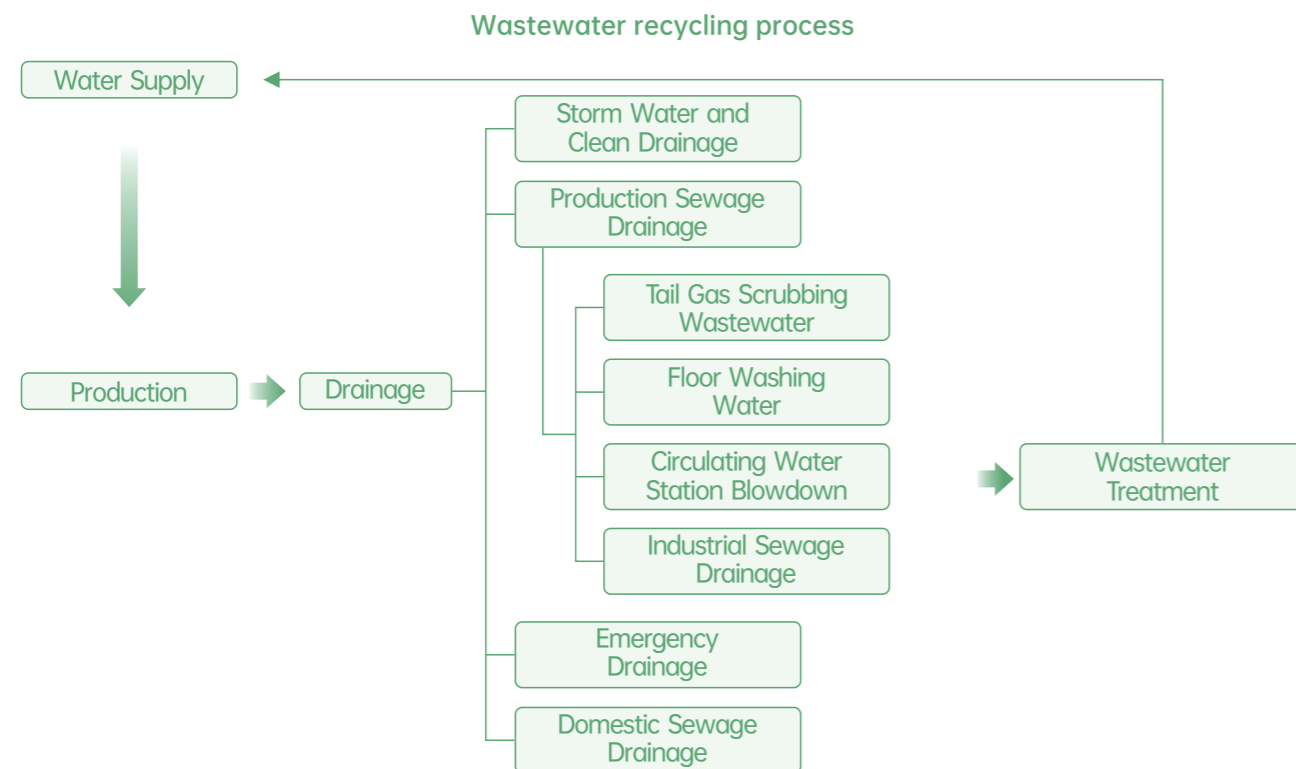
Wastewater Treatment Management

The Company has built one industrial wastewater treatment facility with a treatment capacity of 800 tonnes/day, supported by a newly constructed 1,932 m³ wastewater treatment tank, which operates in conjunction with an existing 2,000 m³ wastewater treatment tank. Production wastewater first undergoes complexation extraction in the equalization tank of the wastewater treatment station to remove volatile phenols, followed by chemical flocculation sedimentation. After treatment, the majority is recycled back into production processes, while a small portion of compliant wastewater is discharged into the industrial park's wastewater treatment plant in accordance with the Discharge Standard of Pollutants for Ferroalloy Industry (GB 28666-2012). Office and domestic wastewater, after treatment in sedimentation tanks to meet standards, is discharged into the municipal sewage network, ensuring environmental compliance.

During the Reporting Period, the wastewater treatment facilities operated continuously and stably. Wastewater testing was conducted as required, with test reports issued. All pollutant discharges met standard requirements, achieving stable compliance.

Wastewater Recycling

Strictly adhering to the principles of "rainwater and wastewater separation, clean water and wastewater separation," the Company continuously strengthens the inspection and maintenance of wastewater treatment facilities. It has established a comprehensive separation system, consisting of four modules: production wastewater drainage system, domestic wastewater drainage system, rainwater and clean water system, and emergency drainage system. This system comprehensively covers key aspects of water supply, drainage, and wastewater treatment, enabling effective recovery and recycling of production water within the plant.



Indicator	Unit	2025
Wastewater Discharge Volume	tonnes	244,469
Wastewater discharge intensity	Tonnes / RMB 10,000 revenue	5.59
Chemical oxygen demand (COD)	tonnes	9.983
Ammonia nitrogen (NH ₃ -N)	tonnes	0.8056
PH		6-9

Note: The statistical scope covers YUEAN.

Exhaust Gas Management

The Company's industrial exhaust gas primarily originates from melting exhaust gas, vacuum pump exhaust gas, atomization dust, and screening dust generated during production.

The Company strictly manages exhaust gas in accordance with the Environmental Management System. Exhaust gas emissions comply with the Integrated Emission Standard of Air Pollutants (GB 16297-1996), and are monitored to ensure control throughout the emission process. During the Reporting Period, the Company conducted exhaust gas testing as required and issued corresponding test reports, continuously strengthening exhaust gas treatment and compliance control.

Exhaust Gas Treatment Management

For exhaust gas treatment, the Company has implemented several targeted control measures. A dust collection system is installed above the melting furnace, achieving 90% efficient fume collection through slightly negative pressure operation. Dust is transported via pipelines to bag filter TA001 for further treatment. This equipment has an airflow rate of 4,000 m³/hour and a dust removal efficiency of 99%.

During the Reporting Period, all exhaust gas treatment facilities operated normally, and all exhaust gas pollutants were stably discharged in compliance with standards.

Waste gas treatment methods

- Organised exhaust emissions**
Treated compliant exhaust gas is discharged through a 20-meter-high, 0.3-meter-diameter stack (H1).
- Unorganized exhaust gas emissions**
Uncollected exhaust gas is emitted fugitively. Due to the high specific gravity of metal dust, approximately 60% of fugitive dust naturally settles within the workshop. The annual emission of remaining fugitive exhaust gas is 0.08 tonnes (0.011 kg/hour).

Waste Management

The Company classifies waste into non-hazardous solid waste and hazardous waste based on its properties. Non-hazardous solid waste mainly includes iron oxide slag generated during production and dewatered sludge from the wastewater pretreatment station. Hazardous waste mainly consists of waste organic solvents.

The Company has established scientifically rigorous procedures, including the Waste Management Control Procedure and the Chemicals Management Procedure. It strictly adheres to the principles of reduction, resource utilization, and harmlessness, prioritizing the comprehensive utilization of solid waste. All types of solid and hazardous waste are stored separately and managed in a standardized manner, achieving whole-process environmental compliance control.

Waste Treatment Methods

Non-hazardous waste disposal

Utilizes the 3R (Reduce, Reuse, Recycle) strategy. Reusable waste is recovered and recycled. Packaging materials from production workshops and coke slag from production equipment are sold, with no separate storage area required. Residue from production equipment is reprocessed through reduction and then recycled.

Hazardous waste disposal

The Hazardous Waste Transfer Manifest and Hazardous Waste Management Plan have been established. Transfer processes are standardized, and management strictly complies with national laws and regulations.

Indicator	Unit	2025
Total Waste Generated	tonnes	3,624.64
Of which: Hazardous wastes	tonnes	44.17
Of which: Non-hazardous waste	tonnes	3,580.47
Waste disposal volume	tonnes	3,624.64
Of which: Hazardous wastes	tonnes	44.17
Of which: Non-hazardous waste	tonnes	3,580.47
Waste generation intensity	Tonnes / RMB 10,000 revenue	0.08
Of which: Hazardous wastes	Tonnes / RMB 10,000 revenue	0.001
Of which: Non-hazardous waste	Tonnes / RMB 10,000 revenue	0.08
Waste compliance disposal rate	%	100
Of which: Hazardous wastes	%	100
Of which: Non-hazardous waste	%	100

Note: The statistical scope covers YUEAN.

Noise Management

In strict accordance with the Environmental Management System, the Company actively carries out comprehensive noise management. Targeting major noise sources such as mechanical noise and aerodynamic noise, it effectively reduces the impact of noise on the surrounding environment by optimizing equipment layout, adjusting process parameters, selecting low-noise equipment, and installing noise reduction facilities such as soundproof rooms and soundproof walls. During the Reporting Period, the Company engaged a third-party testing institution to conduct noise testing and obtained test reports. All test results met the latest emission standards.

Green Office

The Company actively promotes the concept of a green office, having established the Office Energy Conservation and Emission Reduction Management System. It refines management requirements regarding electricity and water conservation, paper recycling, green commuting, and waste sorting. It strengthens energy conservation awareness and accountability among all employees, continuously optimizes office energy management, and fosters a low-carbon, environmentally friendly, civilized, and efficient office environment.

Green Office Initiatives

Electricity Conservation

Maximize use of natural light for office lighting, reduce unnecessary light fixtures. Implement zoned controls to reduce lighting electricity usage.

Control air conditioner usage hours; close doors and windows when using air conditioning. Turn off air conditioning 30 minutes before leaving work to avoid wasteful operation.

Water Conservation

Strengthen routine maintenance of water-using equipment to eliminate leaks, drips, and seepage.

Cultivate water-saving habits, promptly turn off faucets.

Office Supplies Conservation

Prioritize procurement of energy-efficient, environmentally friendly office supplies.

Promote paperless office; print and copy documents double-sided whenever possible.

Establish collection bins for used office supplies to facilitate resource reuse.

Energy Conservation

Phase out diesel boilers and replace with electric heating boilers.

Provide shuttle buses to transport employees to and from work in relevant areas, reducing gasoline usage.

Encourage employees to switch to new energy vehicles and motorcycles to reduce carbon emissions.

Resource recycling

YUEAN strictly complies with the Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China, and other relevant laws and regulations, adhering to green, low-carbon, and efficient resource utilization. The Company strengthens whole-process management of energy and water, promotes energy conservation, consumption reduction, and water recycling, and actively develops a circular economy. Through compliance management and technological innovation, it achieves cost reduction, efficiency improvement, and green, sustainable development.

Energy Utilization Management

The Company has formulated policies including the Energy Management System, the Energy Statistics Management System, and the Regulations on the Management of Energy Measurement Data Collection and Analysis, establishing an efficient, clean, and sustainable energy utilization system. An Energy Conservation Management Leading Group has been established, with the General Manager serving as the group leader and responsible persons from each department and workshop as members. The Production Support Department serves as the lead functional department responsible for policy implementation, data collection, and other tasks, ensuring the orderly conduct of energy management work and improving the Company's energy efficiency and green development level. During the Reporting Period, the Company obtained ISO 50001 Energy Management System certification.

Energy Management Targets

Reduce energy consumption intensity by 30% by 2030-compared to the 2023 baseline year.



Energy Management System Certification

Energy saving initiatives

The Company's production and operations primarily consume electricity and coke. The Company has adopted multiple measures to promote energy conservation and carbon reduction, focusing on electricity management, circular utilization, and technological transformation, significantly improving energy efficiency and achieving synergistic economic, environmental, and social benefits.

Case Study

Optimized Electricity Dispatch for Energy Saving and Efficiency Improvement

Through a special assessment of electricity load, the Company formulated the Peak-Valley Electricity Usage Management Measure. It optimized production scheduling, shifting high-consumption processes such as compressors and melting furnaces from peak grid hours to off-peak hours. Real-time monitoring and assessment of workshop electricity usage were strengthened. The project achieved a 2.29 million kWh increase in valley electricity usage, a 3.39 million kWh reduction in peak electricity usage, a total electricity consumption reduction of 1.50 million kWh, and a 14.1% decrease in electricity consumption per unit of product.

YUEAN 悦安 江西悦安新材料股份有限公司		
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项目	售时段表	单价 (元/度)
谷	00:00-06:00	0.3311028
平	06:00-09:00 12:00-17:00 20:00-24:00	0.6549326
峰	09:00-12:00 19:00-20:00	0.9787625
尖	17:00-19:00	1.1736605

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Case Study

"Waste Heat Recovery from Liquid Ammonia Vaporizer" Recycling Project

To address the issue of low vaporization efficiency and high energy consumption of liquid ammonia cylinders due to low winter temperatures, the Company implemented an innovative waste heat recovery retrofit. By laying dedicated pipelines, low-temperature waste heat from the cooling water circulation system of other workshops was introduced into the liquid ammonia storage and vaporization area to gently heat the cylinders, effectively improving vaporization efficiency.

Following implementation, the liquid ammonia vaporization rate increased by 10%-15%, effectively ensuring stable winter production. This completely replaced the original steam heating method, saving approximately 393 tonnes of steam annually.

Case Study

Comprehensive LED Energy-Saving Retrofit of Plant Lighting System

To accelerate the construction of a green plant, the Company undertook a comprehensive upgrade of lighting in office areas, production workshops, warehouses, plant roads, and public areas. High-energy-consuming traditional lamps, such as high-pressure mercury lamps and metal halide lamps, were replaced in batches with high-efficiency LED energy-saving lamps, which offer long life, high luminous efficacy, and no flicker.

This retrofit replaced a total of over 300 LED lamps. After the retrofit, the total power load of the lighting system decreased by 30%. Based on an average of 12 hours of lighting per day and 300 operating days per year, this is estimated to save approximately 17,124 kWh of electricity annually.



Clean Energy Use

The Company actively promotes energy substitution and green energy construction, continuously improving the construction and operational management of rooftop photovoltaic facilities. In 2025, the Company's photovoltaic power generation usage and proportion steadily increased compared to 2024, further optimizing the energy structure, reducing dependence on purchased electricity, and effectively increasing the proportion of green energy consumption.

As of the end of the Reporting Period, the Company had a total of 9 new energy vehicles, replacing traditional fuel vehicles with clean energy vehicles to support the Company's green and low-carbon development.

Energy Type	Unit	2025
Total purchased electricity	kWh	49,102,130
Of which: Externally Purchased Photovoltaic Power	kWh	1,779,581
Steam	tonnes	8,867.24
Gasoline	liter	17,157.16
Diesel oil	liter	12,453.79
Natural gas	m ³	5,725
Total direct energy consumption	Tonnes of standard coal	40.89
Total indirect energy consumption	Tonnes of standard coal	6,034.65
Clean Energy Consumption	Tonnes of standard coal	226.32
Total energy consumption	Tonnes of standard coal	6,075.54
Energy consumption intensity	Ton standard coal/ RMB 10,000 revenue	0.14

Note: The statistical scope covers YUEAN.

Water Resources Utilization Management

The Company's production water is primarily used for cooling water circulation, with a small amount supplemented by municipal water supply.

To implement national water conservation laws, regulations, and policies, and respond to the sustainable development strategy, the Company follows the principles of "unified management, quota control, circular utilization, and continuous improvement." It standardizes production water planning, usage, measurement, assessment, and recycling, improving water resource efficiency and reducing costs and environmental burden.

The Company has established a water conservation management mechanism led by the Production Planning Department and coordinated by the Production Support Department. This mechanism is responsible for defining water conservation targets, approving water-saving technology modification projects, and conducting whole-process supervision of implementation. Water consumption quotas are incorporated into the monthly KPI assessment of each workshop, directly linked to performance bonuses, with a focus on assessing quota achievement rate, and month-over-month and year-over-year reductions, driving efficient water resource utilization through rigorous assessment.

Water Resource Management Target

Reduce water consumption intensity by 40% by 2030 compared to the 2023 baseline year.

Water conservation measures

The Company implements circulating cooling water and continuously improves water resource efficiency and wastewater reuse rates through measures such as installing water-saving facilities, adopting circulating water systems, and enhancing wastewater purification treatment. Additionally, the Company plans to construct a 600 m³ initial rainwater collection tank to promote rainwater resource utilization, further enhancing the level of water resource recycling, demonstrating its commitment to green development through concrete actions, and showcasing corporate environmental responsibility.

Case Study

Reclaimed Water Reuse

To reduce water consumption and production costs, the Company has entered into a deep collaboration with the local wastewater treatment plant. A feasibility study is being conducted on using reclaimed water for production cooling water, exploring new models for efficient water resource utilization.

Once implemented, this project will effectively replace fresh cooling water, significantly reduce fresh water intake and wastewater discharge, lower water costs, demonstrate the Company's commitment to green and low-carbon responsibility, and provide a practical reference for water resource recycling in the industry.

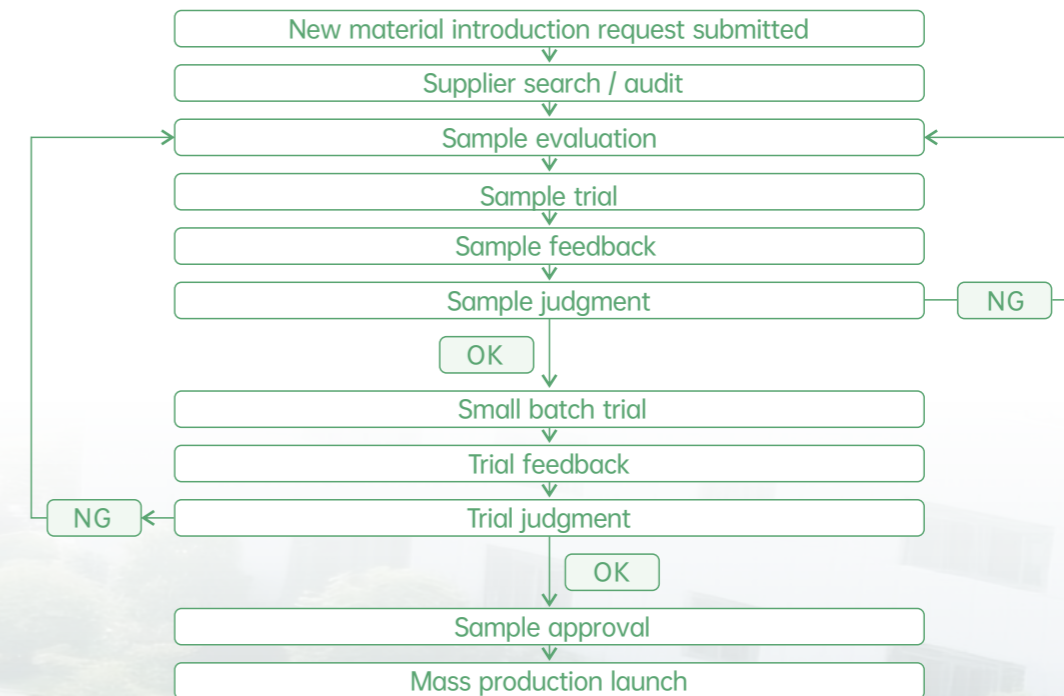
Indicator	Unit	2025
Total fresh water intake	tonnes	376,407
Of which: municipal water purchase	tonnes	376,407
Total water consumption	tonnes	131,938
Water resource use intensity	Tonnes / RMB 10,000 revenue	3.02

Note: The statistical scope covers YUEAN.

Material Utilization Management

The Company has established management procedures including the Material Approval Control Procedure, the Management System for Oils, Reusable Drums, Pallets, and Packaging Drums, and the Warehouse Management System, constructing a whole-process material control system from material source to warehouse management to ensure standardized and efficient material utilization.

Material Approval Control Procedure



Innovation-Driven Value Enhancement

Achievements in 2025

- R&D Investment 2,084.16(in ten thousand RMB)
- Cumulative Authorized Patents 44 (count)
- Total number of trademarks: 10 items

Key ESG Issues in this Chapter

- Innovation Drive; Product and Service Safety and Quality; Supply Chain Safety; Data Security and Customer Privacy Protection; Due Diligence

SDGs in this Chapter

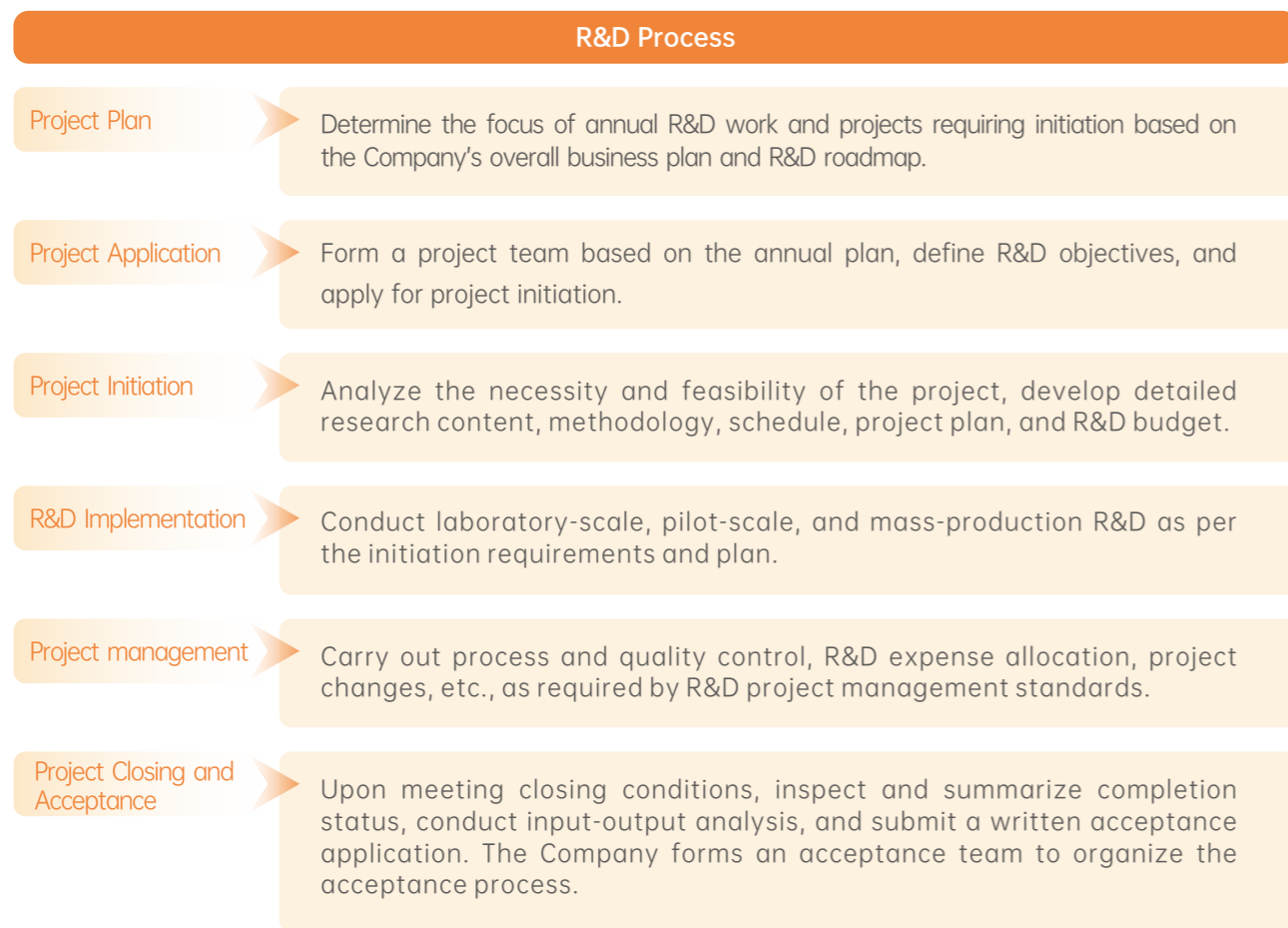


Innovation-Driven Development

YUEAN places technological innovation at its core development engine, deeply cultivating the field of micro-nano metal powder materials and building an innovation system that integrates independent R&D with industry-university-research collaboration. Leveraging national-level scientific research platforms, the Company has broken through core technologies such as the carbonylation process, achieving carbon monoxide recycling and efficient conversion of low-purity raw materials. This has established a green and efficient industrial pathway, securing independent control and industry-leading advantages in carbonylation technology.

Governance

To standardize the entire R&D process management and enhance innovation efficiency, the Company has formulated and implemented a series of policy documents, including the *R&D Project Management System*, *New Product Development Management System*, and *New Product Design and Development Process Management System*, establishing a standardized, closed-loop R&D management system. Concurrently, the Company has established a Technology Center, which centrally coordinates core functions including technology R&D, product development, process improvement, innovation management, and external collaboration, enabling integrated operations of R&D planning, process supervision, and achievement transformation, thereby supporting the Company's continuous innovation and high-quality development.



R&D Capability Certification

Through deep technical expertise and innovation accumulation in its niche, the Company has received prestigious certifications such as High-Tech Enterprise and "Little Giant" Specialized and Sophisticated Enterprise, and was recognized as a 2025 Jiangxi Province Manufacturing Single Champion Enterprise.

The Company has built a multi-level, full-chain innovation R&D platform, including a National Postdoctoral Research Workstation, Jiangxi Provincial Enterprise Technology Center, Jiangxi Provincial Carbonyl Metal Powder Materials Engineering Research Center, and Jiangxi "Haizhi Plan" YUEAN Workstation. It has also been approved for the Jiangxi Provincial Postdoctoral Innovation Practice Base and the Dayu County New Energy and New Materials Pilot Base. This forms a "national + provincial + local" integrated innovation R&D and achievement transformation system.



High-Tech Enterprise Certificate



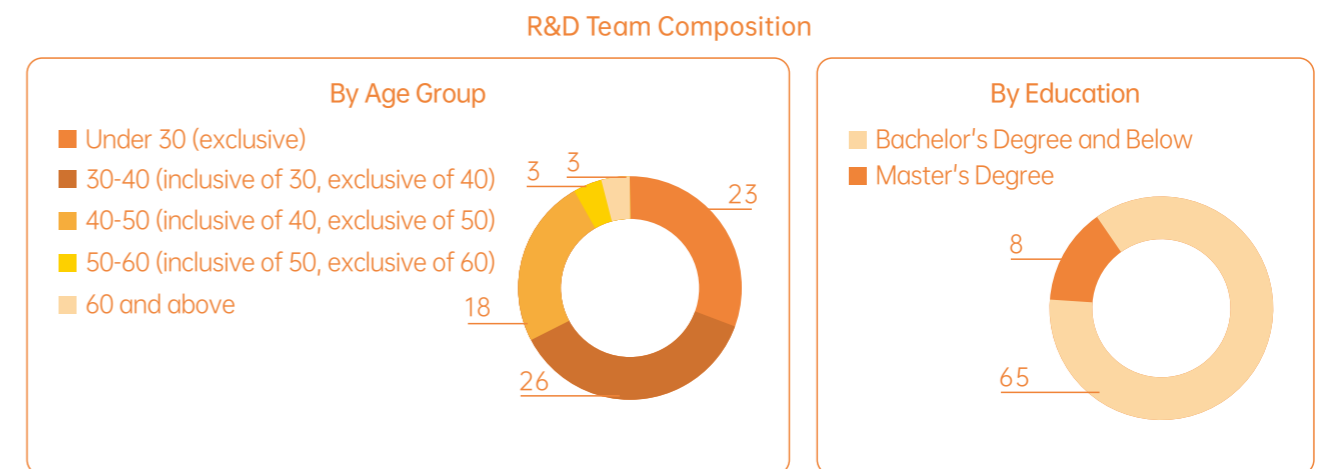
Postdoctoral Innovation Practice Base

2025 Key Performance

- National High-Tech Enterprise: **1**
- National Postdoctoral Research Workstation: **1**

R&D Team Development

The Company places great emphasis on R&D team development, having formulated the Technical Talent Introduction and Management Measures to build a core R&D team with a sound professional structure and outstanding innovation capabilities. A robust mechanism for talent attraction, cultivation, retention, and utilization has been established. Through high-end talent recruitment and internal pipeline development, the Company continuously strengthens its R&D workforce, while providing comprehensive R&D support, incentive mechanisms, and growth platforms to fully stimulate the innovation vitality and motivation of R&D personnel.



2025 Key Performance

Total R&D team size: **73** persons, representing **11.48%** of total employees.

R&D Innovation Incentives

The Company encourages the transformation of scientific and technological achievements, having formulated the Management Measures for Transformation of Scientific and Technological Achievements. An annual Contribution Award for Transformation of Scientific and Technological Achievements is established to recognize and reward individuals and units that have successfully transformed achievements or made significant contributions. In internal title evaluations, the Company incorporates achievement transformation as a criterion, giving preference to those who have accomplished or contributed to such transformations.

For outstanding project rewards, the Company evaluates and awards an Excellent Project Award annually. In 2025, a total of RMB 240,000 in project bonuses was distributed, precisely incentivizing teams and individuals who made significant contributions to R&D efforts.

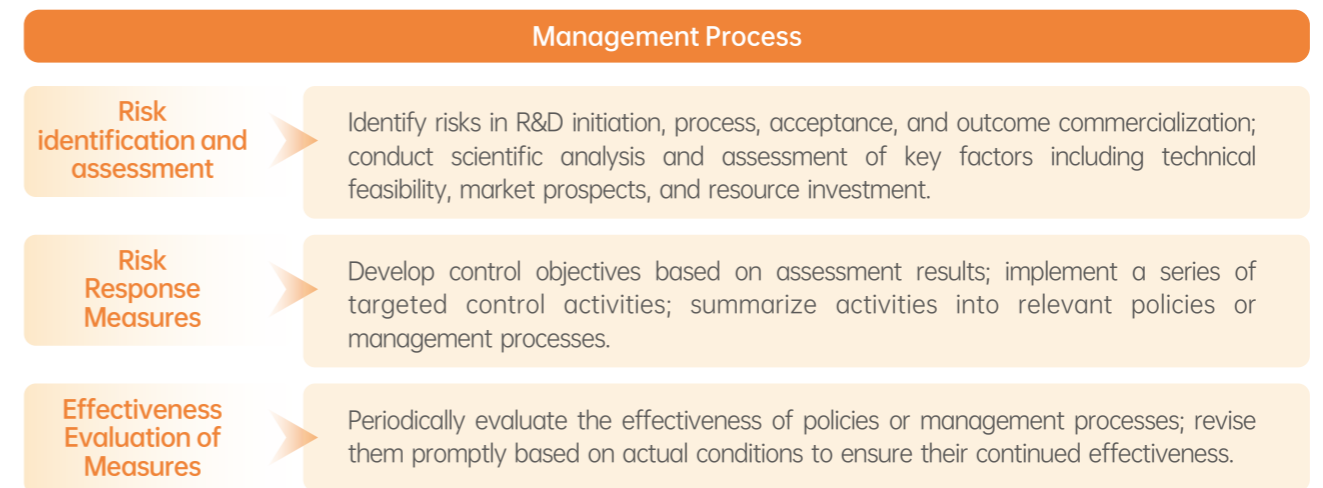
Strategy

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Technological Innovation Risk	R&D projects lacking scientific justification or adequate feasibility assessment may lead to insufficient innovation or resource waste; failure to effectively identify and protect IP may restrict use of new technologies or products.	Medium term	Operations	Increase in operating costs	1. Formulate R&D plans based on corporate strategy, market, and technology landscape; establish sound project initiation and approval systems (e.g., R&D Project Management System) ensuring feasibility through initiation and assessment processes; develop research plans and reports with management approval. 2. Conduct IP reviews, secure ownership promptly, and maintain IP archives.
Personnel risk	Inadequate R&D staffing, lack of management and incentive systems for core researchers, or poor R&D process management may lead to excessive costs, fraud, or trade secret leakage.	long-term	Operations	Increase in operating costs	Strengthen management of R&D processes and incentives for R&D personnel; establish systems to protect research outcomes, including patents, non-patent technologies, trade secrets, and related drawings, programs, and materials; ensure proper staffing and job responsibility systems to keep R&D processes efficient and controllable.
Commercialization Risk	Inadequate application of research outcomes or weak protection measures may harm the Company's interests; insufficient technical expertise, capability, or independence of acceptance personnel may lead to inaccurate acceptance results; underinvestment in testing and validation may cause technology failure.	long-term	Operations	Increase in operating costs	1. Enhance commercialization of research outcomes by establishing an integrated mechanism combining research, production, and market to promote transformation. 2. Establish and improve outcome acceptance systems, organizing independent reviews and acceptance by qualified personnel.
Process risk	Control gaps during R&D may waste resources and affect project progress and outcomes; lack of project expense ledgers or incomplete records of R&D expenditures may lead to cost overruns.	long-term	Operations	Increase in operating costs	Establish a process management system for R&D projects, using rigorous information recording requirements, analyzing experimental results, discussing process issues, proposing solutions, and faithfully recording information. Maintain R&D archives with clear documentation scope and responsible departments.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Policy Opportunities	Rapid development of the new materials industry, with increasing government support for high-tech industries.	Medium to long term	Operations	Reduced operating costs	Leverage qualifications such as National High-Tech Enterprise and Manufacturing Single Champion to actively apply for policy support including R&D subsidies and technology upgrade interest subsidies, converting policy support into development momentum.

Impact, Risk and Opportunity Management

To effectively mitigate potential risks, the Company has established a robust R&D process risk control system. Through systematic risk identification, precise risk assessment, and targeted countermeasures, comprehensive protection is provided for the smooth and efficient implementation of R&D projects.



Indicators and Targets

Aligned with the Company's strategic development plan and industry technology trends, and fully integrating market demand, customer pain points, and industry policy direction, the Company sets scientific R&D targets and plans, supporting technology iteration and market competitiveness through precise R&D orientation.

R&D Target	2025 Completion
New product commercialization rate (new product sales as % of total sales) $\geq 15\%$. Patent applications >4, patents granted >4. Secured innovation funding >RMB 500,000.	<input checked="" type="checkbox"/> Achieved

Indicator	Unit	2025
R&D investment	10,000RMB	2,084.16
R&D investment as % of main business revenue	%	4.76
Number of new product development projects	Count	27

Collaborative R&D

The Company actively builds an open and collaborative R&D innovation ecosystem, engaging deeply in industry-university-research cooperative R&D. Long-term, stable partnerships have been established with universities, research institutes, and high-quality upstream/downstream industry chain partners, focusing on joint efforts in cutting-edge industry technologies and core product upgrades, continuously strengthening the Company's technological linkage and innovation synergy within the industry chain.

2025 Collaborative R&D Projects

<p>High-Performance Micro-Nano Powder Atomization Preparation Technology and Engineering Application (Typical Demonstration Application)</p>	<p>The Company's Technical Center and the Ganjiang Innovation Academy of the Chinese Academy of Sciences jointly undertook the "Performance-Based Contracting" project of Ganzhou City in 2024, titled "High-Performance Micro-Nano Powder Atomization Preparation Technology and Engineering Application (Typical Demonstration Application)."</p> <p>This project successfully passed the mid-term assessment conducted by the Ganzhou Municipal Science and Technology Bureau in September 2025.</p>
<p>Water-Gas Combined Amorphous Atomized Powder Project</p>	<p>Joint R&D with University of Science and Technology Beijing and Nanchang University on amorphous/nanocrystalline soft magnetic composite materials and their high-temperature resistance performance. Achieved performance improvements through optimized process design and cross-experimentation.</p>
<p>Fe-Based Ultrafine Powder Water and Gas Atomization Process and Equipment Project</p>	<p>Joint R&D with University of Science and Technology Beijing and Nanchang University. Achieved significant yield improvements for some target ultrafine powders, with fine powder yield increased by 30% for certain products compared to pre-optimization levels.</p>

Scientific and technological innovation achievements

During the reporting period, the Company continued to deepen core technology development, achieving multiple key scientific and technological innovation outcomes that enhanced both technology and product value.

During the reporting period, the Company focused on technological innovation and industrial upgrading in the new materials sector, driving the development of new productive forces across three dimensions: core process breakthroughs, high-end technology R&D, and green preparation upgrades. By modifying coarse-grained powder materials through a special process, the Company produced powder products with advantages including good flowability, excellent processing properties, and strong downstream process compatibility. This technology also consumes coarse powder inventory, achieving cost reduction, efficiency gains, and economic benefits. The Company broke through the preparation technology for high-performance alloy steel materials for power tools, successfully expanding the application boundaries of metal injection molding technology in the high-performance power tool sector. The innovative carbonylation process for treating mineral sands to produce carbonyl iron powder successfully overcame key industrial production bottlenecks for this technology, further solidifying the Company's technological moat. Through a series of independent innovation achievements, the Company has activated new drivers for industrial development.

Case Study

Ningxia YUEAN Metal Soft Magnetic Micro-Nano Powder Production Demonstration Line Project Officially Receives Trial Production Approval

During the reporting period, the Ningxia YUEAN Metal Soft Magnetic Micro-Nano Powder Production Demonstration Line Project was successfully completed and officially received trial production approval on December 31, 2025, entering a new phase of production operations.

Leveraging the Company's accumulated core technologies, this project uses ilmenite as raw material to efficiently co-produce carbonyl iron powder and synthetic rutile, pioneering a new development path that combines high efficiency and green attributes. Upon full operation, the project will add an annual production capacity of 3,000 tonnes of carbonyl iron powder and 7,500 tonnes of synthetic rutile, providing stable and reliable key material support for high-end electronics, precision manufacturing, and other industries.



Supporting Industry Upgrading

During the reporting period, leveraging its technological strengths and industry responsibilities, the Company supported the upgrading of the micro-nano metal powder industry through multi-dimensional initiatives. The Company actively participated in various industry exhibitions, sharing its innovation achievements and production experience to enhance the overall technological level of the industry.



17th Shanghai International Powder Metallurgy Exhibition 2025



Shenzhen International Additive Manufacturing, Powder Metallurgy & Advanced Ceramics Exhibition 2025

Based on its core technology accumulation in carbonylation preparation and powder modification, the Company has taken the lead in drafting national and industry standards. Drawing on its production practices and technology frontiers, the Company defines key indicators such as product quality, production processes, and environmental controls, filling gaps in technical specifications and guiding the industry toward standardization and normalization. During the reporting period, the Company took the lead in drafting a group standard for carbonyl iron powder used in electronic components.

Intellectual Property Protection

The Company has formulated management policies including the Intellectual Property Management Manual, R&D Achievement Management System, and R&D Achievement Protection System, establishing a clear, well-defined, and comprehensive intellectual property management system. The General Manager serves as the primary responsible person, fully responsible for setting IP policies and objectives. The IP Office, as the core management department, coordinates all IP management affairs, with dedicated staff responsible for key areas including patents, trademarks, and copyrights.

Intellectual Property Protection Measures

- Managed and maintained by designated trademark personnel.
- During R&D, if patentable conditions are met, patent applications shall be filed promptly to obtain legal protection.
- Discovered infringements shall be promptly reported to the IP Office, which shall assist in evidence collection and investigation.
- While protecting its own patents, the Company shall also avoid infringing the patent rights of others.

2025 Key Performance

Cumulative authorized patents: **44**, including **32** invention patents and **12** utility model patents

Annual patent applications: **3** Annual valid patents granted: **7**

Total number of trademarks: **10** items

Ensuring Reliable Quality

YUEAN consistently places product quality at its core development principle. Strictly complying with laws and regulations such as the Product Quality Law of the People's Republic of China, the Company continuously improves and strengthens its full-process quality management system, implementing comprehensive and refined control over all production stages to ensure stable product quality.

During the reporting period, the Company's quality management system operated efficiently, with quality control measures effectively implemented, and no major quality safety incidents occurred.

Governance

Following the quality management policy of "Quality First, All-Employee Participation, Process-Focused, Customer Satisfaction," the Company has formulated the Quality Manual, established a sound quality management system, appointed a management representative, and defined quality control standards, job responsibilities, and operating procedures for each stage. This ensures quality management requirements are embedded into R&D, procurement, production, and testing, laying a solid foundation for product quality.

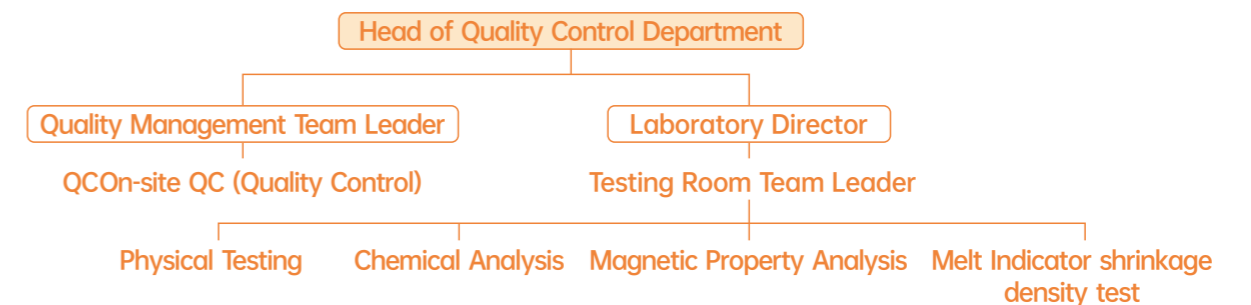
The Quality Inspection Department, as the quality management function, is responsible for coordinating related work, implementing quality control details comprehensively, and conducting quality assessments to ensure steady product quality improvement, continuously providing customers with high-quality products and service experiences.

The Company continuously strengthens its product quality management system, having obtained multiple system certifications including ISO 9001 and IATF 16949. Leveraging its excellent quality control practices, during the reporting period, the Company's self-developed high-purity carbonyl iron powder successfully passed national food safety standards review and received the Food Additive Production License from the State Administration for Market Regulation, officially entering the food additive sector.

Key Responsibilities of the Quality Inspection Department

- Prepare and manage quality system documents, implement policies and objectives, conduct performance assessments, implement and maintain the quality system.
- Establish quality management mechanisms, organize activities, manage plans and objectives, monitor management processes, implement improvements.
- Control inspection and release, inspect raw materials, auxiliary materials, products, and processes; control product release.
- Handle quality incidents and anomalies, implement corrective actions; control risks and opportunities, conduct identification and evaluation.

Quality Management Structure



YUEAN IATF 16949 Certificate



YUEAN ISO 9001 Certificate

To deepen Company-wide quality awareness, the Company regularly conducts multi-dimensional quality-specific training. Training covers employees across departments and production positions, focusing on the quality management policy, Quality Manual specifications, position-specific quality control standards, and practical operating points, effectively enhancing the quality control capabilities and practical skills of all employees.

Case Study

Training on Preparation of Standard Titration Solutions of Chemical Reagents

On July 27, 2025, the Company organized training for Quality Inspection Department employees on the preparation of standard titration solutions of chemical reagents, in accordance with GB/T 601-2016 Preparation of Standard Titration Solutions of Chemical Reagents. The training clarified documentation requirements for weighing, volume adjustment, calibration, ambient temperature, and instrument information across the entire process, effectively improving personnel's quality inspection capabilities and reinforcing quality assurance through standardized procedures.

2025 Key Performance

Number of quality training sessions: **10** Number of quality training participants: **200** person-times

Total quality training hours: **200** hours

Strategy

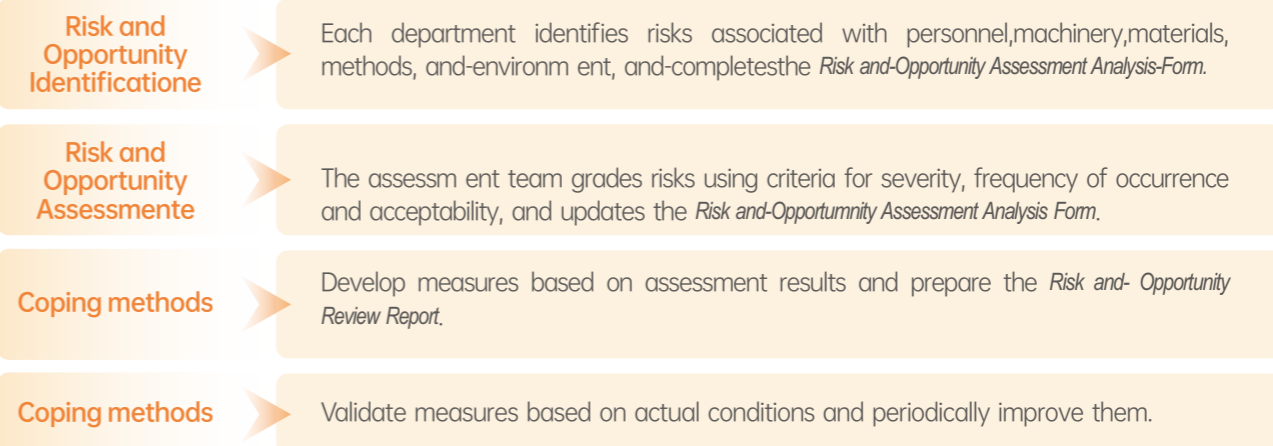
Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Process Control Risk	Carbonyl iron powder and atomized alloy powder require strict control of particle size, purity, sphericity, oxygen content, and particle size distribution; minor deviations may cause downstream product failure.	Short and medium term	Operations, Downstream	Decrease in operating income	1. Upgrade testing equipment and systems. 2. Improve quality control systems.
Downstream demand iteration risk	Demand for performance, strength and precision in downstream products such as precision electronic components continues to rise. Products that fail to meet the updated quality standards face the risk of being eliminated.	Short and medium term	Operations, Downstream	Decrease in operating income	1. Increase R&D in high-frequency low-loss soft magnetic powder, ultra-high-strength structural powder, and ultra-fine high-precision powder; keep pace with downstream technology roadmaps and indicator upgrades. 2. Track industry standards and competitor dynamics; proactively plan next-generation materials to avoid passive obsolescence.
Planning Risk	Missing requirements during system planning; failure to update during system changes; incomplete risk identification; ineffective implementation of planned measures.	short period	Operations	Increase in operating costs	1. During system planning, identify all product requirements, including explicit customer requirements and implicit legal/regulatory/industry-specific requirements. 2. Establish a risk identification team to assess each process. 3. All planned measures must be thoroughly discussed and confirmed before finalization to ensure effective implementation.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Technological Opportunities	Automated production lines will effectively reduce the impact of human deviation on product quality, improving product consistency.	Medium to long term	Operations Downstream	Reduced operating costs	Continuously enhance automation levels by introducing new technologies and equipment.
Market Opportunities	Adjusting product mix and developing new products creates new development opportunities for the Company.	Medium to long term	downstream	Increase in operating income	1. Expand production scale and introduce new equipment according to strategic plans. 2. Unlock potential of existing equipment.

Impact, Risk and Opportunity Management

The Company has formulated and implemented the Risk and Opportunity Control Procedure, which clearly defines the responsibilities and authorities of the Quality Inspection Department in risk and opportunity management. In strict accordance with risk management standards, the Company systematically carries out risk identification, assessment, and control to comprehensively prevent potential quality risks and precisely capture development opportunities arising from industry evolution and market upgrades.

Risk and Opportunity Management Process



Indicators and Targets

The Company has established clear, quantifiable quality targets throughout the product lifecycle and conducts quality assessments. Overall quality targets are broken down and implemented at each department level according to core responsibilities and business nodes, ensuring target execution and building customer trust through stable, reliable product quality.

Total Quality Target 2025

First-time product acceptance rate >96%	<input checked="" type="radio"/> Achieved
Customer satisfaction with products and services >95%	<input checked="" type="radio"/> Achieved

Indicator	Unit	2025
Product pass rate	%	100
Annual internal quality audits	Count	1
Third-party spot inspections engaged	Count	2

Quality Assurance Measures

Full Life Cycle Quality Management

The Company implements refined, full-dimensional monitoring across all stages of the product production process, strictly following the full-chain quality control strategy of "prevention before occurrence, control during processing, and verification after completion." For key nodes including raw material incoming, semi-finished processing, and finished product dispatch, the Company defines inspection standards, operating procedures, and judgment criteria, ensuring full traceability and strict control at every stage.

Full Life Cycle Quality Management

- Raw material control**

Inspect purchased raw materials/recycled materials and auxiliary materials according to the Raw/Auxiliary Material Technical Standards and Raw Material Inspection Work Instructions to ensure compliance with enterprise standards.
- Process Supervision**

Inspect semi-finished products from carbonyl, magnetic material, atomization, and feedstock production according to the Semi-Finished Product Inspection Work Instructions to provide reference for finished product production.
- Outgoing Testing**

Inspect finished products (carbonyl, magnetic, atomized, feedstock) according to the Product Inspection Work Instructions based on enterprise standards or customer requirements.

The Company has implemented Phase I of its Manufacturing Execution System (MES) in the granulation and magnetic material workshops, carrying out digital upgrades in production planning, process control, quality monitoring, material data, and warehouse management, achieving intelligent production processes and effective product quality control.



Hazardous Substance Testing

The Company places great emphasis on compliant production, having formulated and strictly implemented the Hazardous Substance Management System. A full-chain hazardous substance control mechanism covering raw material access, process control, finished product verification, and traceability management has been established to systematically identify, monitor, and control potential hazardous substances throughout production, preventing risks at the source and ensuring product quality compliance and reliability.

The Company conducts regular testing and issues test reports. As of the end of the reporting period, the Candidate List of Substances of Very High Concern (SVHC) has been updated to 250 substances, demonstrating the Company's firm commitment to environmental protection and health.

Customer Rights Protection

The Company has formulated and strictly implements management documents including the Customer Service Control Procedure, Customer Credit Management System, and Customer-Related Process Control System. Adhering to the core service principle of "customer-centric," the Company standardizes full-process service behaviors and continuously improves service standardization and professionalism.

The Marketing Department leads customer management efforts, responsible for establishing a complete and efficient closed-loop customer service mechanism to ensure timely response to customer inquiries and rapid problem resolution.

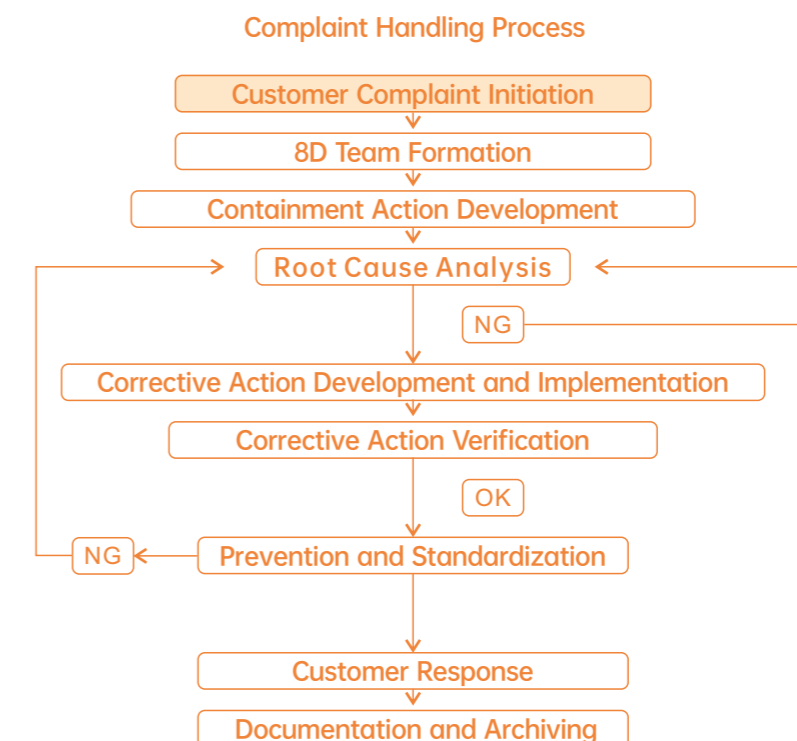
The Company actively uses its Customer Relationship Management (CRM) system to standardize customer information management, service follow-up, and business collaboration processes, achieving systematic and standardized customer resource management.

Complaint Handling Mechanism

Pursuant to the Customer Service Control Procedure and Customer-Related Process Control System, the Company has established a full-process complaint management mechanism covering complaint receipt, root cause analysis, corrective action implementation, follow-up verification, and closed-loop feedback. Responsibilities and time limits are defined for each stage, ensuring every complaint receives a response and resolution, continuously improving service quality and customer satisfaction.

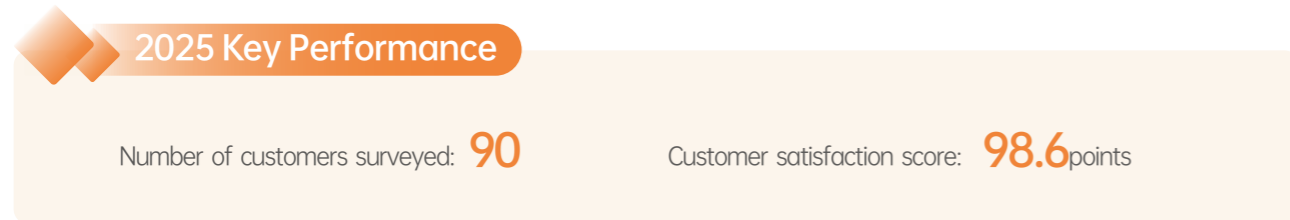
During the reporting period, the Company received 43 customer complaints, achieving 100% timely response and resolution rates. Among these, 38 cases have been fully resolved with customer confirmation. The remaining 5 cases, involving technical bottlenecks and extended validation cycles, have dedicated action plans and are progressing steadily.

Customer complaint channels: WeChat, telephone, face-to-face communication



Customer satisfaction

The Company has established a systematic, normalized customer value management system, strictly implementing the Customer Satisfaction Measurement Procedure. Annual multi-dimensional customer satisfaction surveys are conducted according to plan. Through scientifically designed questionnaires, standardized collection of feedback, and in-depth statistical and trend analysis, the Company comprehensively understands genuine customer experiences and improvement suggestions, ensuring objective evaluation, traceable feedback, and actionable issues.



Responsible Supply Chain

YUEAN is committed to building a responsible supply chain management system, strengthening supplier access, process control, and performance evaluation, and promoting compliant, green, and sustainable procurement.

Governance

The Company has formulated the Supplier Selection and Management Control Procedure and Procurement Business Process, optimizing procurement processes and internal controls, continuously improving supply chain compliance, stability, and operational efficiency.

The Procurement Department, as the management function, is responsible for material and spare parts supply and warehouse management, providing guidance, supervision, inspection, and services. It formulates and improves relevant management systems, handles supplier access, selection, evaluation, and information management, establishes a price database, conducts market and price analysis, coordinates centralized procurement, collects and analyzes market information, and coordinates procurement transportation, acceptance, and dispute resolution.

Personnel Capability Development

The Company places high importance on the professional development of its procurement team, regularly conducting specialized training for procurement personnel. Training focuses on core topics including procurement systems and processes, supplier management, price analysis, risk prevention, integrity and self-discipline, and supply chain governance, enhancing procurement personnel's professional skills and compliance awareness.

Case Study

Training on Supplier Selection and Management Control Procedure

On December 23, 2025, the Company organized specialized training for all procurement personnel, focusing on the revised Supplier Selection and Management Control Procedure, explaining it in detail to further standardize procurement processes and strengthen compliance awareness and professional capabilities.

Digital Supply Chain Construction

The Company actively advances digital supply chain construction, achieving full digital control of procurement operations. Leveraging its ERP system, the Company has established a closed-loop management process covering procurement requisition, tiered approval, price negotiation and comparison, order placement, contract approval, payment application, receiving and acceptance, warehouse receipt, and invoice settlement. The process is traceable and all operations are logged. System-driven automatic document forwarding and cross-departmental collaboration effectively reduce manual errors and communication costs, strengthen process control and risk prevention, enhance procurement transparency and operational efficiency, and provide solid support for a standardized, efficient, and intelligent supply chain.

Strategy

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Supply-side risk	Delay of raw material delivery, interruption of supply, substandard quality and fluctuation of raw material prices.	Short and medium term	Upstream, Operations	Increase in operating costs	1. Reduce the supply of single supplier; 2. Sign an annual contract; 3. Strict warehousing inspection; 4. Monitor price trends in real time.
Logistics and warehousing risk	Risks of damage to goods, delays and inventory backlog.	short period	Upstream, Operations	Increase in operating costs	1. Choose high-quality, long-term cooperative carriers; 2. Implement standardized packaging; 3. Implement first-in, first-out management and optimize inventory threshold.
Production and demand risk	Capacity mismatch, biased demand forecasts.	Short and medium term	Upstream, Operations	Increase in operating costs	1. Establish emergency procurement plan and safety inventory system.
External risks	Policy adjustments, force majeure (such as typhoons, earthquakes, tsunamis and other natural disasters), etc. affect supply.	Short and medium term	Upstream, Operations	Increase in operating costs	1. Track policy changes; 2. Formulate an emergency response plan.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Market Opportunities	The Company's soft magnetic powder is primarily used in manufacturing miniaturized, lightweight, low-power molded inductors, which offer significant advantages in high-frequency operating scenarios. With rapid growth in automotive electronics, consumer electronics, servers, and graphics cards, demand for such inductors continues to grow, providing broad market space for the Company.	Medium to long term	downstream	Increase in operating income	<ol style="list-style-type: none"> Increase investment in research and development of soft magnetic powder and continuously optimize product quality; Actively explore the market and tap the market potential.

Impact, Risk and Opportunity Management

To effectively ensure the safe and stable operation of the supply chain, the Company uses the Risk and Opportunity Assessment Analysis Form to systematically identify, monitor, and analyze potential risks in supply chain areas including procurement, suppliers, logistics, pricing, quality, and external environment. Concurrently, considering industry trends and market changes, the Company actively identifies development opportunities such as supply chain optimization, cost control, resource synergy, and efficiency improvement, effectively mitigating supply chain fluctuation risks.



Emergency management

To effectively prevent supply disruptions and ensure continuous and stable production operations, the Company has improved its supply assurance emergency mechanism and strictly implements a non-single-source procurement strategy, with special emphasis on managing risks for key raw materials. The Company proactively expands supply channels nationwide, continuously developing and qualifying backup alternative suppliers. In case of sudden market fluctuations, logistics disruptions, or supplier anomalies, the Company can promptly activate alternative supply plans, minimizing disruption impact and ensuring safe, continuous, and reliable supply of raw materials and finished products.

Indicators and Targets

The Company sets overall supply chain management targets in line with its development strategy and operational realities, continuously improving supply chain stability, reliability, and overall competitiveness.

Supply Chain Security Management Targets 2025	Status
Conduct responsible minerals due diligence to ensure no non-compliance risk related to conflict minerals in any supply chain link; strictly comply with relevant domestic and international laws, regulations, and industry guidelines; prohibit non-compliant behavior. Standardize quality control across all supply chain links to ensure procured materials and processed products meet Company quality standards; eliminate production or product risks arising from supply chain quality issues. Guide suppliers to adopt green, low-carbon development concepts; promote supply chain cost reduction, efficiency improvement, energy savings, and emissions reduction; enhance sustainable supply chain operation capabilities.	Achieved

Indicator	Unit	2025
Total number of suppliers	Count	340
Number of significant risk and impact events in the supply chain	Count	0

Full LifeCycle Management

The Company has established a comprehensive supplier full lifecycle management system. It has formulated policy documents including the *Supplier Selection and Management Control Procedure*. Through these, it continuously optimizes supplier structure and cooperation quality, strictly controlling upstream supply chain risks.

Supplier Lifecycle Management	
Supplier Access	The Company conducts preliminary screening of candidate suppliers by collecting qualification certificates from prospective suppliers, organizing suppliers to complete the "Supplier Questionnaire", and performing supplier due diligence. After passing the trial period, the "Supplier Capability Investigation and Evaluation Form" is completed, followed by joint review by relevant departments. Upon approval, the supplier is included in the approved supplier list, and relevant cooperation agreements are signed according to regulations.
Supplier Audit	Conduct on-site or desk audits for different supplier categories according to specified frequency and methods.
Supplier Assessment	Annually evaluate suppliers based on quality, price, delivery timeliness, and after-sales service.
Supplier Classification	Classify suppliers based on annual evaluation scores; take different actions for different classes (e.g., increase purchase volume, maintain volume, require corrective action with reduced volume, disqualify).
Supplier Exit	Terminate cooperation with suppliers violating national laws and regulations, breaching contracts, or having quality non-conformance.

Integrity and Compliance Procurement

The Company always adheres to responsible procurement, making integrity and compliance the core principles of procurement operations. Integrity clauses are included in procurement contracts, explicitly prohibiting gifts of money, securities, valuable gifts, shopping cards, recharge cards, or other property between buyers and sellers and their personnel. Entertainment, travel activities beyond standard business meals, and other forms of improper benefit transfers are also prohibited. The Company embeds integrity controls throughout the procurement process by requiring suppliers to sign the Sunshine Agreement, anti-commercial bribery commitment letters, and other documents, strengthening compliance monitoring and dynamic control to ensure a compliant and healthy supply chain.

2025 Key Performance

Number of suppliers signing integrity agreements: 340	Supplier integrity agreement signing rate: 100%
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Sustainable Supply Chain Construction

The Company actively promotes sustainable supply chain development, deeply embedding ESG management into the entire supplier cooperation process. Suppliers are required to ensure that their products meet mandatory national quality, environmental, and safety standards and to submit compliance documents such as certificates of quality, ensuring product quality and compliance at the source.

The Company signs environmental protection agreements with suppliers, explicitly requiring compliance with domestic and international environmental and hazardous substance restriction regulations including EU RoHS, Halogen-Free, Packaging Directive, REACH-SVHC, EuP, and China RoHS. During performance, environmental control is a core requirement: suppliers must strictly implement moisture-proof and rain-proof protection measures throughout storage and transportation. In case of packaging damage leading to product spillage, immediate cleaning and recovery are required to prevent environmental pollution.

The Company places high importance on supply chain social responsibility and ethical compliance, strictly adhering to global supply chain responsible procurement requirements. Suppliers are required to sign a Declaration of Non-Use of Conflict Minerals, prohibiting the use of mineral resources originating from conflict zones or involving illegal mining or human rights violations in raw materials and production processes, thereby preventing supply chain ethical and compliance risks at the source and fulfilling corporate social responsibility.

Data Security Protection

YUEAN consistently prioritizes data security and information governance as key management tasks, strictly complying with relevant laws and regulations including the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*. The Company has improved mechanisms for access control, process management, and emergency response to effectively protect its data assets, business information, and related data.

During the reporting period, the Company experienced no data security incidents or customer privacy leakage incidents.

Data Security Management System

The Company has formulated the *Information System Management System* and *Data Security Management Measures*, which define data classification and protection levels, methods for identifying data security incidents, data security training and education, and data security supervision and assessment. Additionally, the Company has established an Informationization Leading Group and an Informationization Working Group, responsible for strengthening the overall coordination, process supervision, and implementation of data management, comprehensively enhancing information security protection capabilities and data compliance management levels.

To effectively prevent data security risks, the Company has established an information security emergency response mechanism, formulated the Information Security Emergency Plan, and conducted drills to improve emergency response capabilities. In December 2025, the Company conducted a dedicated data and information security audit and issued the Data and Information Security Audit Report. Furthermore, the ERP system provider provides monthly operation and maintenance reports that include security protection analysis, achieving normalized and visualized security control.

Case Study

Information Security Emergency Plan Drill

On June 15, 2025, the Company organized a specialized emergency drill based on the scenario of "ransomware attack leading to financial system paralysis," testing the scientific validity of the emergency plan, cross-departmental coordination efficiency, and fault-handling capabilities. By simulating a real attack scenario and standardizing emergency response procedures, the drill effectively enhanced the team's ability to rapidly respond to, block, and recover from cybersecurity incidents.

Data Security Management Measures

Data security protection measures	
Data hierarchy and classification management	Under the Data Classification and Grading Management Measures, data is classified as core, important, secondary, or public based on its importance, sensitivity, and potential harm from disclosure.
Identification and management	Implement differentiated labeling, storage, transmission, use, and destruction strategies for data of different levels.
Authority control	Strictly enforce the "least privilege" principle, granting granular access authorization based on roles or attributes to ensure data is accessed and used only by authorized personnel within authorized scopes.
Data Protection	Implement regular backup and retention strategies.
Customer privacy protection	Establish the Customer Property Control Procedure to strictly keep customer information confidential. Based on business needs, set strict access rights and use account-based tiered authorization to prevent the spread of customer personal information.
Capability enhancement	Promote awareness of data security and confidentiality from time to time.

Case Study

Training on Business Data Classification Operations in Customer Information Management System

On March 25, 2025, the Company conducted training on business data classification operations within the customer information management system. The training focused on core system application scenarios, clarifying access authorization standards for international and domestic user classification, standardizing product data coding and classification rules and product indicator entry requirements, and providing detailed explanations of functional usage for each business segment, approval control at process nodes, and the roles and business scopes of different user roles. The training effectively improved the operational proficiency and compliance awareness of relevant personnel.



2025年关键绩效

Number of data security/customer privacy protection training sessions: **6** sessions

Total hours of data security/customer privacy protection training: **516** hours

Average training hours per person for data security/customer privacy protection: **0.81** hours/person

Number of participants in data security/customer privacy protection training: **86** persons



Fulfilling Responsibilities for Shared Social Value

Achievements in 2025

- Labor Contract Signing Rate: 100%
- Social Insurance Coverage Rate: 100%
- Investment in Work Safety: RMB 4.2228 million
- Safety Emergency Drills: 7 sessions

Key ESG Issues in this Chapter

- Protection of the Employees' Legal Rights Benefits, Employee Training and Development, Occupational Health and Safety, Social Contribution, Rural Revitalization

SDGs in this Chapter



Protection of Employee Rights and Interests

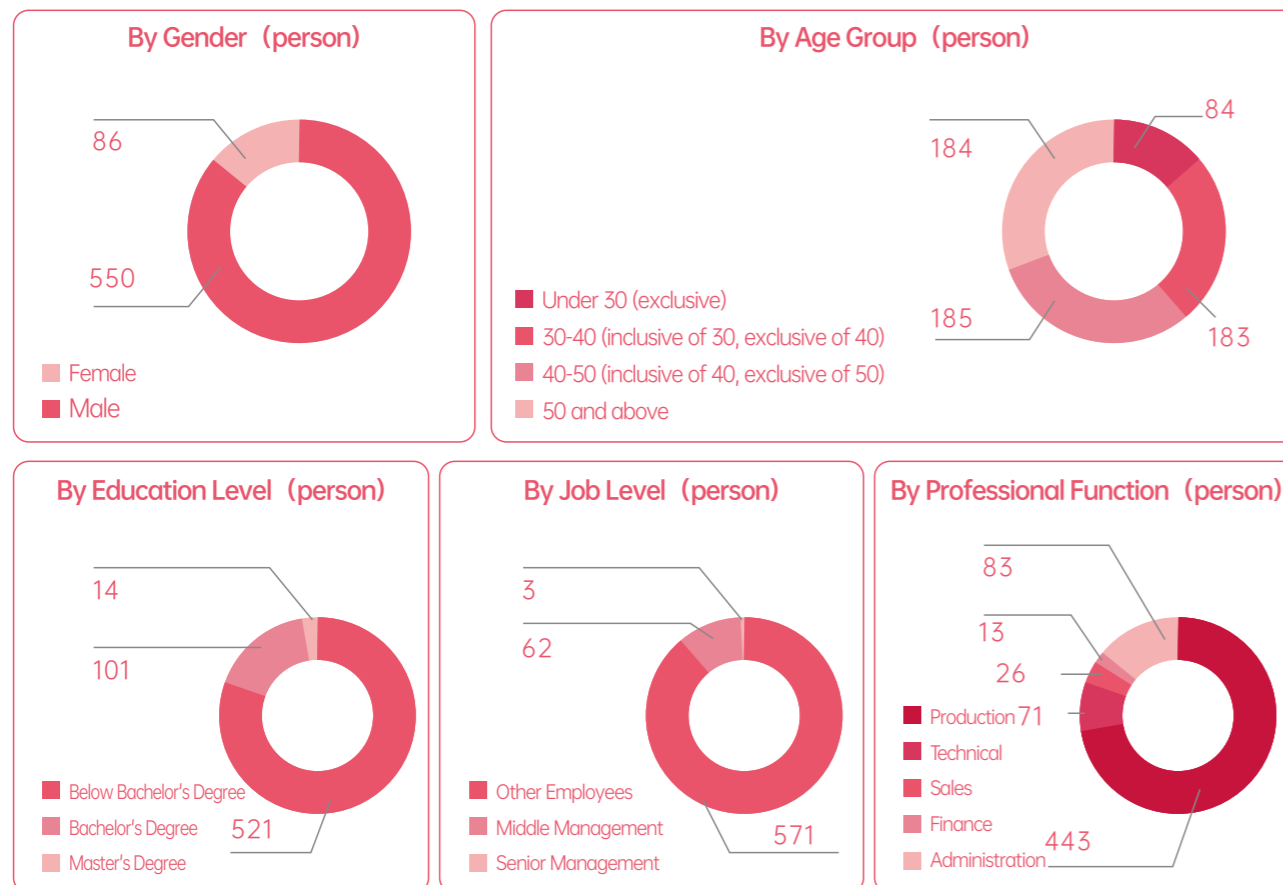
To effectively safeguard the legitimate rights and interests of its employees, YUEAN strictly adheres to relevant national laws and regulations, including the *Labor Contract Law of the People's Republic of China* and the *Social Insurance Law of the People's Republic of China*. The Company has established internal management protocols such as *the Human Resources Planning and Demand Control Management* and the *Employee Handbook*, building a robust human resources management system to foster fair, just, harmonious, and stable labor relations, thereby promoting the mutual development of the Company and its employees.

Equal employment

Adhering to the core principles of diversity, equality, and inclusion, the Company provides all employees with fair and equal opportunities in key areas such as promotion and training development. In accordance with the *Employee Handbook*, the Company firmly opposes any form of discrimination or harassment in its daily operations and management, strictly complies with laws and regulations, and prohibits child labor and forced labor. Concurrently, the Company fully respects the freedom of association and the right to collective bargaining lawfully enjoyed by its employees.

During the reporting period, no incidents related to labor discrimination or forced labor occurred within the Company.

Employee composition



2025 Key Performance

Total Number of Employees: **636** Number of Ethnic Minority Employees: **15**
 Number of Veteran Employees: **28** Proportion of Ethnic Minority Employees: **2.36%**
 Number of Employees with Signed Labor Contracts: **636** Labor Contract Signing Rate: **100%**

Protection of Female Employees

The Company strictly follows regulations such as the *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and the *Special Provisions on the Labor Protection of Female Employees*. It lawfully implements measures to protect female employees' rights, explicitly prohibiting gender discrimination in employment. The Company ensures equal labor and development rights for female employees and actively implements safeguard measures such as maternity leave, paternity leave, and breastfeeding leave to effectively uphold the legitimate rights and interests of female employees in the workplace.

Case Study

Women's Day Team Building Activity

To celebrate International Women's Day, the Company organized a team-building activity themed "Celebrating Women: Warmth, Unity, and Pioneering Spirit" for its female employees. The activity included hands-on DIY sessions, a welcoming tea break, and fun interactive games, effectively alleviating work-related stress, conveying the Company's heartfelt care, and encouraging female employees to showcase their talents for mutual growth with the Company.



2025 Key Performance

Number of Women in Management: **37** persons Proportion of Women in Management: **44.58%**
 Return-to-Work Rate for Employees After Parental Leave: **100%**

Compliance Recruitment

Recruitment Principles

Merit-based Appointment Principle — Equality Principle — Comprehensive Principle

The Company has established a series of internal rules and regulations, including the *Recruitment and Employment Management System* and the *New Employee Onboarding and Probation Period Management Measures*, to build a legal, compliant, and clearly structured recruitment management system. The Company treats all candidates equally, prohibiting any form of discrimination based on gender, age, educational background, etc., and explicitly forbids the employment of child labor. The Human Resources department has implemented an age verification mechanism, conducting multiple reviews throughout resume screening, interview invitations, and background checks to prevent any instances of child labor recruitment.

Recruitment Process

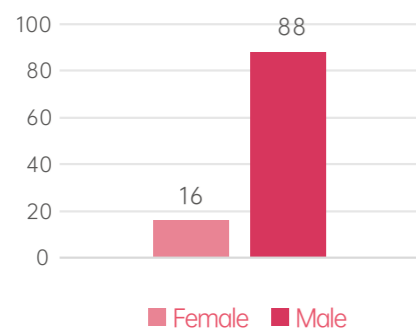
The employing department submits a Personnel Requisition Form → The Human Resources department assesses the workload and saturation of the employing department based on its staffing configuration and job descriptions, proposes optimization suggestions, and reports to the General Manager for approval → Job postings are released upon approval → Applicant information is screened, interviews and background checks are organized → Onboarding procedures are completed for qualified candidates.

The Company utilizes a combination of campus recruitment and social recruitment to broaden its talent acquisition scope and enhance recruitment efficiency. It also actively recruits veterans to strengthen team cohesion and enhance the Company's overall competitiveness and social image.

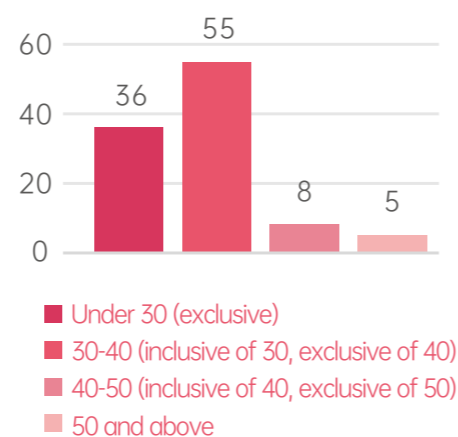
During the reporting period, the Company recruited 2 employees through campus recruitment and 102 employees through social recruitment, including 1 veteran.

New employee recruitment

New Hires by Gender



New Hires by Age Group



2025 Key Performance

Number of New Employees: **104**

Employee Offboarding Management

The Company has formulated the *Employee Offboarding Management System* to regulate key processes such as offboarding approval, work handover, and salary settlement. It clearly defines rights and responsibilities, ensuring the legitimate rights and interests of both employees and the Company, effectively mitigating labor dispute risks, and maintaining harmonious and stable labor relations.

2025 Key Performance

Number of Employee Departures: **74**

Total Employee Turnover Rate: **12%**

Compensation and Assessment

The Company has formulated and strictly implements the Compensation Management System to establish a fair, just, and motivating compensation mechanism. Through a compensation structure consisting of "Base Salary + Seniority Pay + Professional Title Pay + Performance Pay + Profit-sharing Pay + Other Pay (allowances, subsidies, bonuses, etc.)," the Company links individual performance directly with overall Company performance, fully stimulating team potential and creativity.

Performance management

The Company conducts annual and monthly performance appraisals covering work completion status, work attitude, and other special rewards or disciplinary actions. If an employee has questions or objections regarding their performance appraisal results, they may submit a Performance Appraisal Complaint Form to the Human Resources department within 3 days of the appraisal period or its conclusion. If an investigation reveals unfair treatment during the appraisal process, corresponding disciplinary measures will be taken in accordance with relevant regulations.

Performance Complaint Process

Employee files a complaint.

The Human Resources department conducts a preliminary review of the complaint report and decides whether to accept it within 1 day.

For accepted complaints, the Human Resources department investigates and verifies the complaint details and reports the findings to the Performance and Compensation Assessment Management Team.

If the complaint is substantiated, the Human Resources department reassesses the complainant according to the standard appraisal process, and the result serves as the employee's final appraisal score.

2025 Key Performance

Number of Employees Receiving Regular Performance and Career Development Appraisals: **636**
 Percentage of Employees Receiving Regular Performance and Career Development Appraisals: **100%**

Benefits and Care

The Company continuously improves its employee benefits system. Building upon statutory benefits, it designs tailored care programs based on employees' actual needs, effectively enhancing employee satisfaction and sense of belonging, and strengthening team cohesion. Concurrently, the Company strictly implements standard working hour systems, ensuring employees have adequate rest time and helping them achieve work-life balance, further safeguarding employee rights and stimulating team effectiveness.

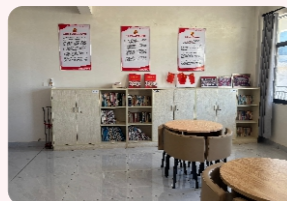
During the reporting period, the Company announced and implemented the *2025 Restricted Stock Incentive Plan (Draft)*, granting a total of 2.8254 million restricted shares.

Employee Benefit System

Basic Security	Social insurance (five insurances), housing provident fund, commercial insurance
Living security	Employee dormitories, subsidized meals
Special Allowances	High-temperature subsidies, etc.
Holiday benefits	Statutory holidays
Holiday benefits	Holiday gifts, etc.
Long-term incentives	Equity Incentives
Physical and mental care	Employee clubs, Company gym, cultural and recreational activity rooms, departmental team-building, sick visitations, health talks, Health Day activities, mental health lectures, mental health articles via WeChat, cultural and sports activities, health check-ups, etc.



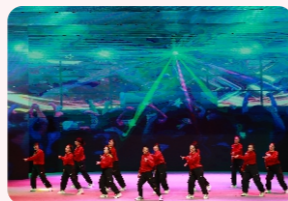
Table tennis room



Staff Reading Room



YUEAN 20th Anniversary Celebration and 2024 Annual Conference



2025 Key Performance

Number of Employees Covered by Social Insurance: **636** Social Insurance Coverage Rate: **100%**

Democratic Management

The Company has lawfully established a labor union and a staff representative assembly, formulated the *Labor Union Work System*, and fully implemented democratic management, encouraging employees to actively contribute ideas and participate in corporate governance through the union platform. The Company has built an open and transparent internal communication system, establishing multiple channels such as email, WeChat, and face-to-face meetings to ensure that every employee's opinions are heard promptly and responded to effectively, fostering an interactive management pattern that connects all levels.

The Company has established an employee grievance mechanism, setting up a grievance mailbox, and providing dedicated hotlines for union leadership, as well as dedicated WeChat and phone channels for the Human Resources department, ensuring employees can voice their concerns through diverse and convenient means.

2025 Key Performance

Number of Union Members: **516** Percentage of Union Members in Total Employees: **81.13%** Number of Employee Complaints Received: **0**

Employee assistance

The Company has refined its employee assistance mechanism, focusing on the actual needs of employees facing difficulties. Through multidimensional measures such as financial assistance and holiday visits, it effectively addresses employees' life challenges and work-related problems, fostering a culture of mutual support and enabling employees to work with peace of mind and develop steadily.



In June 2025, the Company organized visits to seriously ill employees and distributed condolence money.



During the Spring Festival of 2025, we offered condolences to employees in need and distributed holiday gifts.

2025 Key Performance

Number of Employees Receiving Hardship Assistance: **13**

Employee Satisfaction

The Company conducts an annual employee satisfaction survey, collecting feedback via online questionnaires on dimensions such as work environment, compensation and benefits, career development, and management communication. The survey results are analyzed to formulate improvement plans that are then implemented, addressing employee concerns in a targeted manner, continuously optimizing the work atmosphere, enhancing employee belonging and satisfaction, and promoting the mutual growth of the Company and its employees.

2025 Key Performance

Employee Satisfaction Rate: **92.65%**

Supporting Employee Development

YUEAN has established a comprehensive, multi-level employee career development system. By scientifically planning career paths, it provides employees with clear growth trajectories, effectively stimulating individual potential. Concurrently, the Company focuses on enhancing employee capabilities, creating a customized training curriculum system to support comprehensive employee development.

Staff Training

The Company places great emphasis on employee training and development. It implements a personalized training curriculum system covering new employees, professional skills, management and leadership, and general competencies, aligned with core career development needs. Through tiered and categorized training design, it enhances employees' professional abilities and competencies, solidifying the foundation for talent development.

Training system

Training Categories	Main Content
Internal Training	New employee training, safety training, job skills training, job transfer training, continuing education training, departmental internal training, etc.
Expatriate training	Domestic and international short-term training, overseas study tours for senior executives, MBA program training, corporate manager training, professional qualification training, etc.
Employee self-training	The Company encourages employees to actively use their spare time to participate in various trainings to improve their overall quality and professional abilities.

Based on its business development and talent cultivation needs, the Company has established an internal trainer team composed of professionals from the R&D department and various production business units. They conduct specialized training on products and markets for functional departments such as Marketing, Investment & Financing, and the Board Office, continuously improving the internal training system and the internal trainer team.

Case Study

New Employee Training

In 2025, the Company conducted specialized training on the Employee Handbook for new hires. This training provided detailed explanations and Q&A sessions covering Company rules and regulations, codes of conduct, job responsibilities, professional ethics, and rights protection. It helped new employees understand the corporate culture, clarify work requirements, integrate quickly into their teams, and strengthen their foundation for compliant performance.



Case Study

Professional Skills Training

In 2025, the Company organized professional skills training for employees focusing on core job-related technologies and key operational points, enhancing employees' professional capabilities and performance levels.



Case Study

Leadership Training

In 2025, the Company organized leadership-focused training for middle and senior management centered on team empowerment and work safety management, comprehensively enhancing core management capabilities.



2025 Key Performance

Employee Training Investment: RMB **126,100** Number of Training Sessions: **207**
 Total Training Attendances: **15,613** person-times Total Number of Employees Trained: **636** persons
 Total Training Hours: **22,153** hours Average Training Hours per Employee: **34.83** hours/person
 Employee Training Coverage Rate: **100%**

Occupational Health and Safety

YUEAN strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. Adhering to the principle of "Safety First, Prevention Foremost; Comprehensive Management, Employee Participation; Environmental Protection, Health Preservation," the Company has established an occupational health and safety management system, continuously improving its management level to effectively safeguard employee health and ensure operational safety.

During the reporting period, no major work safety accidents occurred within the Company.

Governance

The Company has formulated management protocols including the *Work Safety Management Rules and Regulations*, *Work Safety Responsibility System*, *Work Safety Responsibility Assessment System*, *Work Safety Reward and Punishment System*, and *Occupational Health Management System*. It explicitly designates the General Manager as the primary person responsible for Company safety, with overall accountability for safety work. The Company has established a Work Safety Committee and an Occupational Health Leadership Group. Leaders at all levels have signed work safety responsibility agreements, solidifying the safety production responsibilities of leaders at each level, functional departments, and all positions, ensuring the comprehensive implementation of the work safety responsibility system across all employees.

The Company regularly conducts work safety responsibility assessments and has established a supporting reward and punishment mechanism. Individuals and teams achieving outstanding safety performance or making positive contributions are recognized and rewarded, while those violating procedures or responsible for safety incidents are penalized strictly according to regulations, thereby reinforcing safety responsibility awareness among all employees.

During the reporting period, the Company obtained ISO 45001 Occupational Health and Safety Management System certification.

Responsibilities of the Production Safety Committee

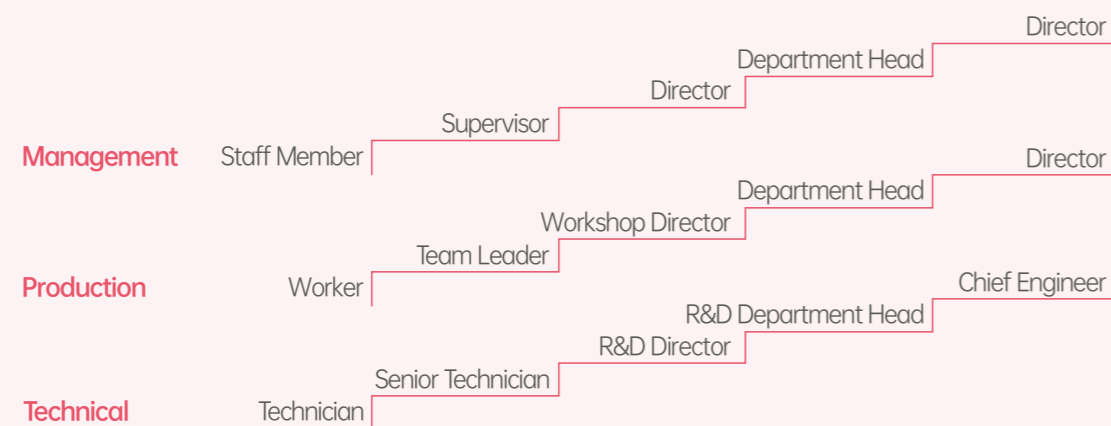
- Implement national and higher-level policies, principles, laws, and regulations concerning work safety and labor protection; study and decide on major work safety matters; guide, supervise, and inspect the work safety efforts of various departments.
- Promote the standardization of work safety and develop a safety culture.
- Regularly organize safety inspections, analyze the work safety situation, and oversee the rectification of major safety hazards.
- Organize work safety competitions and activities; select and recognize advanced units and individuals in work safety.
- Develop safety technology measures and management systems, supervise their implementation, and review "three simultaneity" projects.
- Investigate and process reports on major accidents; propose handling opinions and formulate preventive measures.

Staff Development

The Company has formulated the *Promotion Mechanism Management Measures* and established a comprehensive employee career development system. Through scientific design, it provides employees with clear growth paths to help them achieve their career goals.

Employee promotions at the Company are based on core criteria including character, ability, attitude, and performance, with a comprehensive assessment of professional ethics, job competency, sense of responsibility, and work contribution. Promotions are carried out through a combination of merit-based selection from annual performance appraisals and internal competitive bidding for vacancies.

Career Development Pathways



2025 Key Performance

Number of Internal Employee Transfers: **7**

Responsibilities of occupational health leading group

- Organize pre-employment, in-service, and post-employment occupational health examinations for employees.
- Organize occupational health education and training.
- Provide occupational health protection facilities and personal protective equipment that meet occupational disease prevention requirements.
- Organize daily monitoring of occupational disease hazard factors in various workshop work areas.
- Establish monitoring files for occupational disease hazard factors, occupational health management ledgers, and related records, etc.



Occupational Health and Safety Management System Certification

Safety Education and Training

The Company has established the Safety Training and Education Policy. During the reporting period, it implemented tiered occupational health and safety training initiatives, constructing an integrated internal-external training system. Internal training focused on operational competencies, utilizing diverse formats to strengthen workforce safety capabilities. External training leveraged specialized resources, enabling participation in professional development programs to remain abreast of regulatory updates and industry best practices, thereby enhancing risk management capabilities and reinforcing the Company's safety management framework.

Case Study

Safety Training

On March 25, 2025, the Company conducted safety training for mid-level managers and above. The training used typical cases as an entry point, focusing on legal responsibilities for safety production and the "Three Musts" principle. It provided an in-depth analysis of various criminal liability cases related to safety production, including failures of primary responsible persons, major accident liability offenses, and fire accident liability offenses. Concurrently, it combined this with directions for optimizing corporate safety culture construction, strengthening the safety responsibility awareness and compliance management capabilities of management, thereby reinforcing the safety production defense line.

2025 Key Performance

- Total Safety Training Investment: **34,200**RMB
- Number of Safety Training Sessions: **11**
- Safety Training Participants (Person-Times): **4,650** person-times
- Number of Safety Training Participants (Individuals): **425** individuals
- Total Safety Training Hours: **11,050** hours
- Average Safety Training Hours per Capita: **26** hours/person
- Safety Training Employee Coverage Rate: **66.82%**

Strategy

Risk Type	Risk Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Occupational health risks	The Company produces products such as carbonyl iron powder and atomized alloy powder, generating a certain amount of airborne metal powder dust during production. If employees inhale this dust over a prolonged period without correctly wearing protective equipment, it may cause lung diseases such as pneumoconiosis.	Short, medium and long term	Operations	Increase in operating costs	<ol style="list-style-type: none"> 1. Provide employees with protective equipment; 2. Conduct occupational hazard detection and assessment, continuously optimize the working environment; 3. Provide annual health check-ups for all employees, and specialized occupational health check-ups for specific positions; 4. Set up safety risk bulletin boards, risk information placards in prominent locations, areas with occupational hazards, and key zones, and produce job-specific risk information cards and warning signs, clearly indicating main safety risks, potential accident categories, consequences, control measures, responsible units, emergency measures, and reporting methods; 5. Establish a chemical management system to standardize process management; 6. Conduct occupational health-related training to enhance employee awareness of protection.
	The Company's production involves sulfuric acid, hydrochloric acid, acetone, potassium permanganate and other chemicals. If the protection is improper during loading, unloading, handling and use, it may cause health hazards to employees.				
Production safety risks	Equipment operating within the factory generates high-intensity noise. Employees working in such environments long-term may suffer hearing damage. Additionally, vibration from certain equipment can cause hand-arm vibration syndrome (HAVS) with prolonged contact.	Short and medium term	Operations	Increase in operating costs	<ol style="list-style-type: none"> 1. Establish safety production emergency plans and conduct emergency drills; 2. Regularly conduct hazard identification and implement timely rectifications; 3. Use equipment that meets safety standards, and perform regular inspections and maintenance; 4. Conduct irregular safety training to enhance employee safety awareness.

Opportunity Type	Opportunity Description	Time horizon of impact	Value Chain Segment Affected	Potential Financial Impact	Countermeasures
Technological Opportunities	Research, develop, and introduce automated production equipment to reduce employee on-site work, thereby enhancing safety and reliability during the production process.	long-term	Operations	Reduction in operating costs	Increase investment in safety equipment and facilities. Select advanced, reliable automated equipment with safety functions such as explosion-proof and leak-proof features, tailored to the Company's production process characteristics and safety requirements, ensuring equipment maximizes safety while meeting production needs.

Impact, Risk and Opportunity Management

The Company continuously improves its risk management system, comprehensively identifies potential hazard factors, and formulates and implements specific control measures to prevent and mitigate safety risks at the source, fully safeguarding employee occupational health and safety.



Hazard Identification

The Company has established a *Hazard Identification and Management System* and regularly conducts comprehensive hazard identification and rectification activities. Inspections cover all production processes, focusing on key components of production equipment, electrical circuits, fire protection facilities, etc., ensuring compliance with safety regulations. Simultaneously, employee operating procedures are strictly reviewed to promptly correct non-compliant behaviors, preventing safety incidents caused by human error.

By the end of the reporting period, the Company identified a total of 492 hazards, all of which have been rectified, achieving a 100% rectification rate.

Emergency Plans and Drills

The Company has established a Production Safety Accident Emergency Plan and set up an Emergency Command Center. The General Manager serves as the Commander-in-Chief, coordinating the Safety-Environment Department and other functional departments to jointly manage emergency rescue command, plan optimization, emergency training and drills, and daily safety supervision.

Case Study

Emergency Drill for Hazardous Chemical Carbonyl Iron Leakage Environmental Incident

On November 12, 2025, the Company organized an emergency drill simulating a hazardous chemical carbonyl iron leakage environmental incident. The drill simulated an accidental carbonyl iron leak at the work site. Emergency response teams responded swiftly, strictly following the emergency plan to conduct site cordoning, personnel evacuation, leak control, environmental monitoring, and emergency response. This effectively tested the practicality of the emergency plan, the operational capability of the emergency teams, and the multi-departmental coordination level, further enhancing the Company's emergency rescue and risk prevention capabilities for unforeseen incidents.



2025 Key Performance

Number of Safety Emergency Drills: **7** times

Indicators and Targets

The Company, considering its actual production operations and compliance requirements, scientifically establishes occupational health and safety production management targets, continuously improves its safety management level, effectively prevents production safety and occupational health risks, effectively safeguards employee health and safety, and promotes stable, high-quality corporate development.

Occupational health and safety production management Targets	2025 Achievement
<ul style="list-style-type: none"> ◆ Qualitative Targets <ul style="list-style-type: none"> No major or extraordinarily serious safety production incidents No work-related fatalities or severe injuries; control minor injuries No fire, explosion, or occupational disease incidents No hazardous chemical leakage or acute poisoning incidents No serious equipment damage incidents ◆ Quantitative targets <ul style="list-style-type: none"> 100% signing rate for annual safety production responsibility agreements 100% rate for process supervision and on-site safety inspections 100% implementation rate for measures at key prevention points 100% completion rate for annual safety improvement projects >85% certification rate for key supervised training >90% rectification rate for routine safety hazards 	

Indicator	Unit	2025
Safety Production Accidents	Cases	0
Safety Production Investment	10,000RMB	422.28
Safety Production Investment as % of Operating Revenue	%	0.97
Work-related deaths	Persons	0
Total Work-Related Injuries	Persons	0

Occupational health and safety management measures

Occupational Health Protection

To ensure the production environment complies with national occupational health standards and requirements, and to protect employee health and related rights, the Company has established management policies including the Occupational Hazard Prevention Responsibility System, Occupational Hazard Warning and Notification System, Occupational Hazard Prevention, Education, and Training System, Occupational Protective Equipment Management System, and Labor Protection Products Management Regulations. These policies provide a solid protective barrier for employee occupational health and consolidate the foundation of safety production management.

Occupational health management measures

- Special operations personnel must hold valid certifications.
- Relevant personnel must sign an occupational health and safety commitment letter.
- Provide individual labor protection products with different protective functions based on job types and working conditions.
- Establish health surveillance records for employees and retain them according to regulations.
- Conduct occupational health training and organize employee health check-ups.
- Implement occupational hazard notification, informing employees about potential occupational hazards and consequences in the workplace. For positions with severe occupational hazards, prominently display warning signs and explanations.
- Perform maintenance and repairs on occupational hazard control facilities.

Occupational hazard detection

The Company regularly conducts workplace monitoring and simultaneously performs occupational hazard status assessments. By deeply analyzing hazard distribution characteristics, development trends, and potential risks, these assessments provide a scientific basis for formulating targeted control measures, continuously enhancing the standardization and refinement of the Company's occupational health management.

During the reporting period, the Company engaged a third-party testing institution to conduct occupational hazard factor testing and issued an occupational hazard factor testing report.

2025 Key Performance

Occupational Hazard Factor Testing Rate: **100%**

Occupational Hazard Factor Testing Compliance Rate: **100%**

Occupational health examination

Based on the Occupational Protection Plan and Implementation Plan, the Company regularly organizes employees to undergo occupational health examinations at the Center for Disease Control and Prevention, and regularly monitors workplace occupational hazard factors. Following examinations, an occupational health surveillance record is established for each employee, detailing health status at different stages. This supports the "early prevention, early detection, early treatment" mechanism, providing timely diagnosis and treatment for confirmed cases, and immediately relocating patients with severe conditions for comprehensive treatment, effectively safeguarding employee occupational health.

In 2025, the Company provided health check-ups for employees, covering routine examinations, specialist checks, imaging, ultrasound, and multiple laboratory tests.

2025 Key Performance

Number of Special Operation Personnel Holding Certificates: **35** persons

Certification Rate for Special Operation Personnel: **100%**

Work Safety Liability Insurance Contribution Amount: **89,300**RMB

Employee Health Check-up Coverage Rate: **100%**

Total Number of Special Operation Personnel Required to Hold Certificates: **35** persons

Work-Related Injury Insurance Coverage Rate: **100%**

Number of Employees Covered by Work Safety Liability Insurance: **171** persons

Occupational Health Training

The Company regularly organizes occupational health and safety-specific training. Content covers occupational health protection knowledge, occupational hazard prevention, and the proper use and maintenance of labor protection products. Through theoretical instruction and practical demonstration, the training effectively enhances employee awareness of occupational health and safety and their self-protection capabilities, ensuring occupational health and operational safety during employment.

During the reporting period, four employees of the Company successfully completed the occupational health training program organized by the Ganzhou Municipal Health Commission and obtained qualification certificates.

Case Study

Occupational Disease Prevention Knowledge Training

On January 5, 2025, the Company organized targeted occupational disease prevention knowledge training for relevant personnel. Conducted as an interactive Q&A session, the training focused on explaining the classification of occupational diseases, causative factors, and preventive measures, effectively improving employee awareness of occupational disease hazards and their self-protection awareness.

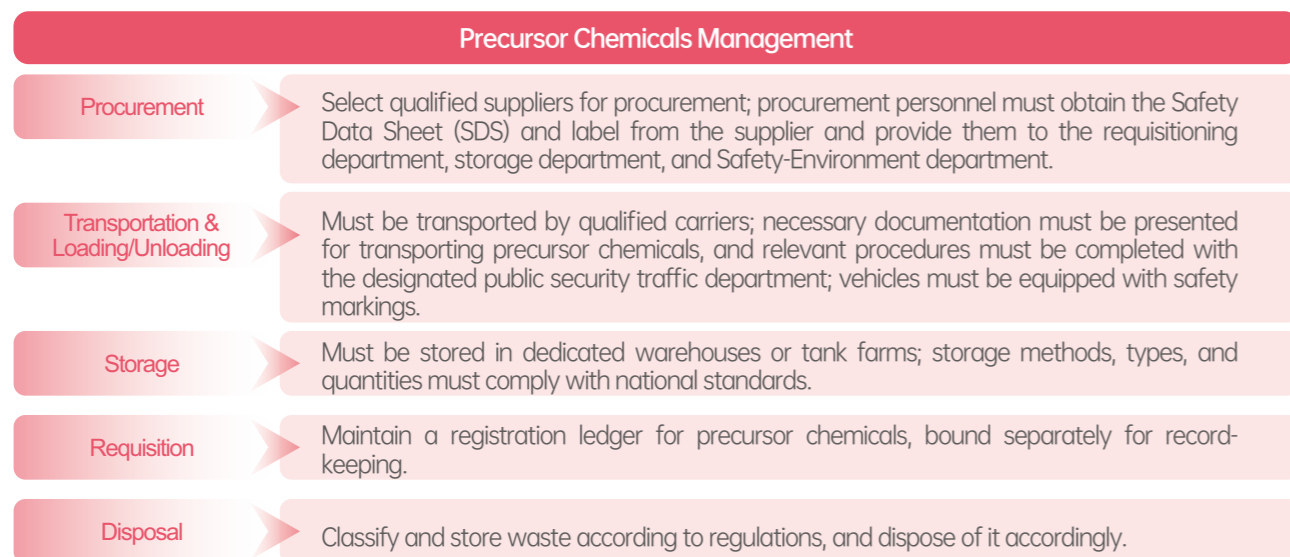


Contractor Safety Management

The Company has established the *Contractor Safety Management Regulations*, standardizing management across the entire process, including contractor selection and access, pre-operation preparations, construction process control, inspections, and assessments. All contractors are required to strictly adhere to the Company's HSE management regulations, implement various safety and environmental protection measures at the worksite, and establish a clear safety responsibility structure at all levels. This effectively prevents safety risks associated with outsourced operations and secures the Company's production and operational safety lines.

Hazardous Chemicals Management

In accordance with relevant laws and regulations, the Company has established the *Precursor Chemical Safety Management System* to strengthen the management of precursor chemicals. This system standardizes management practices across procurement, transportation and loading/unloading, requisition, storage, and disposal phases, effectively ensuring the safety of chemicals and related personnel.



Demonstrating Social Responsibility

YUEAN actively engages in rural revitalization and social welfare initiatives, focusing on key areas such as improving education and healthcare, and assisting vulnerable groups. Through regular public donations, volunteer services, and other activities, the Company effectively enhances the public's sense of gain, happiness, and security, contributing concretely to social harmony, stability, and common prosperity.

Rural Revitalization

To thoroughly implement the decisions and deployments of the Central Committee of the Communist Party of China and the State Council regarding consolidating achievements in poverty alleviation and effectively linking them with rural revitalization, the Company actively responds to calls for action. Through public donations, targeted assistance, and various methods, it continuously supports rural industrial development and the enhancement of grassroots governance, demonstrating corporate responsibility and its contemporary mission.

Case Study

Donation to the Dayu County Red Cross Society

In January 2025, responding to the "Ten Thousand Enterprises Revitalize Ten Thousand Villages" initiative, the Company donated 113,800 RMB to the Dayu County Red Cross Society, earmarked for elderly care support in Dongshan Village and rural revitalization efforts. The donation primarily focused on improving living conditions for the local elderly population, while also supporting the improvement of rural infrastructure and the development of specialized industries, concretely aiding comprehensive rural revitalization.



2025 Key Performance

Rural Revitalization Investment Amount: **113,800** RMB

Number of Beneficiaries from Rural Revitalization: **186** persons

Social Contribution

The Company consistently fulfills its social responsibilities, engaging in public donations and caring assistance activities across areas such as medical aid and educational support, giving back to society and conveying corporate warmth.

Case Study

Supporting the "Bole Education Aid · Building Dreams Together" Public Welfare Project

In May 2025, responding to the national rural revitalization and education support strategy, the Company's Chairman, in his personal capacity, donated 50,000 RMB via Tencent Platform to the Ganzhou City Red Cross Foundation for the "Bole Education Aid · Building Dreams Together" project, helping to improve learning conditions for underprivileged students and enhance education quality, contributing to the development of rural education.

Case Study

Material Donation to Dayu County People's Hospital

In December 2025, to support the 90th-anniversary celebration of Dayu County People's Hospital, the Company donated a batch of materials valued at 38,500 RMB, concretely supporting the development of local medical and health services, demonstrating corporate responsibility and commitment to improving people's livelihoods.



Case Study

College Admission Bonuses for Employees' Children

The Company has established the Regulations on Granting Rewards for Employees' Children Admitted to Universities, setting differentiated reward standards based on the level of the university admitted to. These bonuses encourage diligence and perseverance among the students, showcasing the Company's support for education. During the reporting period, the Company distributed a total of 16,000 RMB in educational bonuses.



2025 Key Performance

Public Welfare Charity Investment: **5.57** 10,000 RMB



Forward Outlook

Looking ahead, YUEAN will persist in implementing the concept of sustainable development, deeply integrating ESG principles into its corporate development strategy and overall operations. This aligns with industry green development trends and policy directions, driving synergistic progress between the enterprise, the environment, and society.

Environmentally, the Company will uphold a green and low-carbon development orientation, continuously optimizing production and operational processes, strengthening environmental compliance management, and actively exploring pathways for energy conservation, carbon reduction, and resource recycling to contribute to the "dual carbon" goals.

Socially, the Company will steadfastly fulfill its social responsibilities, enhancing supply chain collaborative governance, safeguarding employee legal rights, and while focusing on technological innovation, giving back to society, fostering a beneficial industrial ecosystem and consensus on social values.

Governance-wise, the Company will continuously refine its governance system, improve the level of standardized management, adhere to the baseline of compliant operations, value communication with stakeholders, and persistently enhance ESG management effectiveness and the quality of information disclosure.

Using ESG development as a crucial lever, the Company will balance high-quality corporate development with social value creation, steadily advancing its sustainable development capabilities and achieving synergistic benefits across economic, environmental, and social dimensions.

Appendix

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Feedback

Dear Reader,

Thank you very much for reading this report. We highly value and look forward to hearing your feedback. Your comments and suggestions are crucial for us to continuously improve the quality of our ESG information disclosure and advance our ESG management and practices. We welcome and sincerely appreciate your valuable opinions!

1. Your overall evaluation of our ESG fulfillment is:

Very good Good normal poor very poor

2. Your overall evaluation of this report is:

Very good Good normal poor very poor

3. How do you think we are doing in terms of stakeholder communication?

Very good Good normal poor very poor

4. How do you think we are doing in terms of product liability?

Very good Good normal poor very poor

5. How do you think we are doing in terms of environment, safety and occupational health?

Very good Good normal poor very poor

6. How do you think we are doing in terms of employee responsibility?

Very good Good normal poor very poor

7. How do you think we are doing in terms of ESG?

Very good Good normal poor very poor

8. Do you have any comments and suggestions on our ESG implementation and this report?

You can contact us via:

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