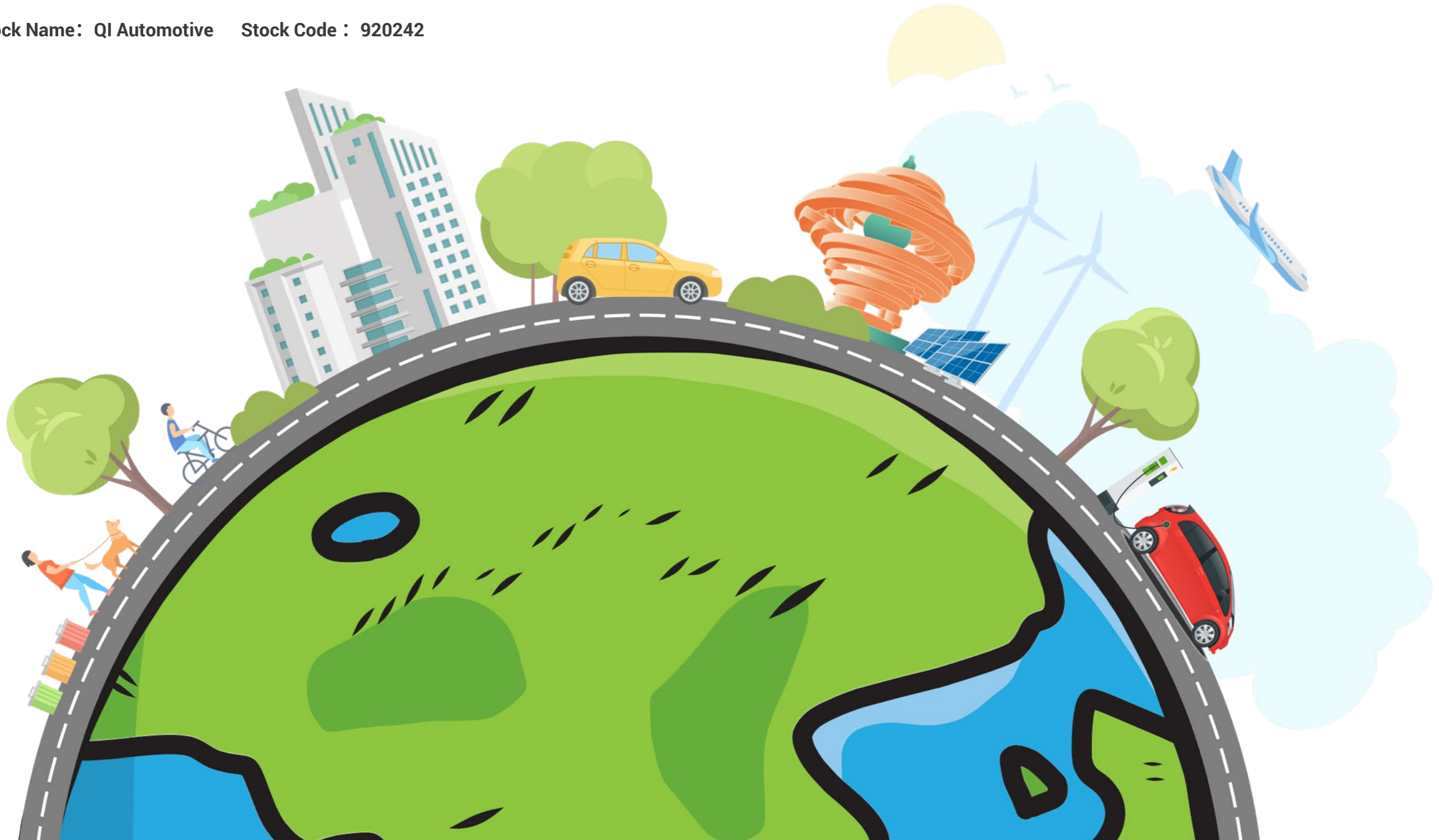


QI Automotive

2025 Sustainability Report

QI Automotive Co., Ltd.

Stock Name: QI Automotive Stock Code : 920242



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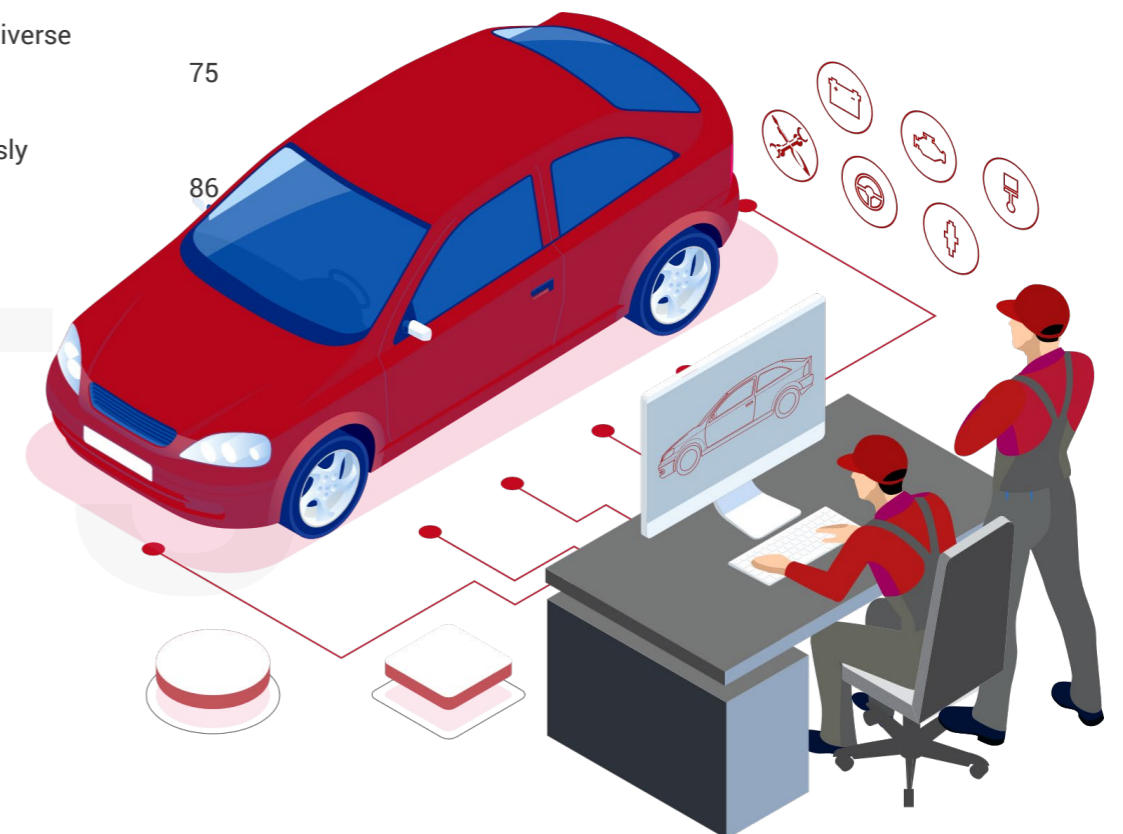
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Report Scope

This report is compiled with QI Automotive Co., Ltd. (hereinafter referred to as "QI Automotive", "we", "the Company", "our Company", or "the Group") as the primary entity, covering all our subsidiaries. Unless otherwise specified, the scope of this report aligns with the Company's annual report. It outlines QI Automotive's strategies, management, and practices in environmental, social, and governance (ESG) domains.

Time Scope

The report covers the period from January 1, 2025, to December 31, 2025 (hereinafter referred to as the "Reporting Period", "the Year", or "2025"). To enhance comparability and foresight, some content includes retrospective data from prior years or forward-looking statements.

Reference Standards

This report follows the Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation) and the Beijing Stock Exchange Listed Companies Sustainable Development Report Preparation Guidelines. Meanwhile, it also references authoritative frameworks such as the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the United Nations Sustainable Development Goals (SDGs).

Data Sources

The data in this report are primarily derived from the compilation and statistics of original records from the company's actual operations, as well as publicly disclosed official documents such as quarterly and annual reports. Unless otherwise specified, all monetary values disclosed in this report are denominated in RMB.

Report Approval and Access

This report was approved by the Board of Directors on April 27, 2026. It is available online in both Chinese and English. In case of discrepancies, the Chinese version shall prevail. The report can be accessed or downloaded via the Beijing Stock Exchange website (<https://www.bse.cn>) and QI Automotive's official website (<https://www.qi-auto.com/>).

Disclaimer

Certain content in this report contains forward-looking statements, including plans and objectives for future development. These statements are based on management's current expectations and may differ materially from actual results due to uncertainties. The Company assumes no obligation to update such forward-looking statements.



Chairman's Statement

In 2025, as the global landscape underwent profound adjustments and green trade rules accelerated their implementation worldwide, sustainable development evolved from a conceptual consensus into a hard constraint. Facing the uncertainties of an increasingly complex external situation and uncertainties, QI Automotive deeply recognizes the significance of long-term development. We have further refined our practices by integrating sustainability into our daily operations, actively exploring the realization of long-term value goals.

Zhong Yongduo

Chairman of the Board QI Automotive Co., Ltd

From Standardized Governance to Supply Chain Stability and Sustainability

In 2025, we further refined our modern corporate governance framework. Under the sustainable development management structure of "Board of Directors – ESG Management Committee – ESG Working Group", we have deeply integrated ESG principles into our daily decision-making and operations. Meanwhile, we consistently uphold the baseline of compliant operations, ensuring that information disclosure remains timely, fair, and transparent to effectively safeguard the legitimate rights and interests of investors, customers, employees, and other stakeholders.

In 2025, we engaged professional third-party consultants to conduct targeted optimizations of our supplier management and invited world-leading certification body, to provide specialized empowerment. Simultaneously, we conveyed sustainability principles to our suppliers, driving the establishment of a highly resilient supply chain ecosystem. We place equal importance on quality safety and data security, systematically building an end-to-end quality management system that covers both domestic and overseas production bases. By unifying standards to ensure consistent global delivery quality, we provide a solid foundation for our globalization strategy.

From Technology Democratization to the "Circular Economy" Driving Green Expansion

As a responsible corporate citizen, we place equal emphasis on innovation-driven growth and social responsibility, actively embracing the global trend toward low-carbon transformation. In 2025, we contributed to carbon neutrality through daily initiatives, such as replacing disposable chopsticks with stainless steel chopsticks, repurposing pre-owned furniture, and fully upgrading water-saving equipment. We also standardized waste disposal practices, achieving a 100% compliant discharge rate for waste in 2025, with zero incidents of environmental legal or regulatory violations.

Facing the accelerated iteration of industry technology, we have established dedicated R&D centers and increased investment to adjust our product structure based on user needs, market trends, and social responsibility. In 2025, our R&D expenditure as a percentage of operating revenue was 2.65%, and we secured 17 invention patents. We developed a range of core automotive components aligned with sustainability principles, including AdBlue Tanks, Damper Control Modules, Electronic Hydraulic Power Steering Pumps, and Automatic Transmission Valve Body Assemblies. Simultaneously, we built a diverse product matrix covering water leisure equipment, power equipment, and intelligent auxiliary devices.

We firmly believe that green development is a common pursuit that transcends national borders. Domestically, we continue to deepen our presence in the remanufacturing sector and promote a circular economy. In 2025, we sold a total of 24,979 remanufactured calipers, representing a year-on-year increase of 4.76%, cumulatively reducing carbon dioxide emissions by approximately 194,836.2 kg. Meanwhile, as the Group's first overseas production base, our Q-Thai Auto Parts Co., Ltd. (hereinafter referred to as "Q-Thai" or the "Thai Factory"), a subsidiary, adopted "Green Expansion" as its core development philosophy from its inception. By introducing technologies such as Spent foundry sand, electric furnace pure water closed-loop cycle systems, and smelting scrap remelting, the facility strictly adheres to a green operational system that complies with both international standards and local requirements. Through these practical actions, we actively contribute to the sustainable development driven by Chinese enterprises on a global scale.

From Individual Growth to Organizational Sustainability

How can the waters in the dyke be so clear? Because the fresh and living water comes from the sphere. At QI Automotive, we value technology, but we respect talent even more. In 2025, in addition to offering a competitive compensation system, advancing our equity incentive plans, and continuously refining a comprehensive benefits system to provide a superior work environment, we also focused on optimizing our employee development and training framework. By introducing high-level resources such as the China Europe International Business School (CEIBS), we have effectively driven a win-win development for both the Company and our employees.

We are fully aware that corporate growth is inseparable from social support. Beyond pursuing upward growth, we are equally committed to making "good" social contributions. We actively carry out various charitable activities, contributing to youth education, poverty alleviation, and medical assistance. This year, we will also increase investment in ecological protection, translating our internal values into external actions. By expanding the breadth of our social responsibility, we aim to achieve the common prosperity of both the enterprise and society.



Short as the way is, you will not reach the end without walking. Since its inception, QI Automotive has been guided by the self-expectation of "rooting in China, serving the world, and continuously creating value for more customers".

Reflecting on our journey, we extend our most sincere gratitude to every investor, partner, customer, and employee for your unwavering support and trust. Looking ahead, we will remain steadfast in our mission and vision, firmly navigating a landscape where risks and opportunities coexist. By enhancing organizational resilience and forging core capabilities, we are committed to contributing to the sustainable development of the socio-economy and continuing to dedicate our wisdom to the future of human mobility.



Company Profile

Corporate Overview

QI Automotive Co., Ltd. (Stock Code: 920242) is one of the first listed companies on the Beijing Stock Exchange. Since its establishment, the company has consistently focused on the design, development, and sales of automotive hard-to-find parts and related products for the global automotive aftermarket, while providing customers with comprehensive supply chain management services.

With deep expertise in the automotive aftermarket, our portfolio spans automotive hard-to-find parts, ATV/UTV, motorcycles, yachts, industrial machinery, and home & garden. We excel in resource recycling and remanufacturing. Our offerings cover automotive transmission system, electronic and electrical system, steering system, brake system and engine system with over 30,000 SKUs and annual expansions.

We operate 7 subsidiaries and employ nearly 400 people. The Company integrates capabilities in design and development, manufacturing, quality control, and performance verification, demonstrating exceptional comprehensive competencies. Equipped with advanced digital management systems including SAP and WMS, along with a 30,000-square-meter modern warehousing center, we ensure highly efficient management and speedy delivery capabilities.

We pursue the material and spiritual well-being of all employees, creating cost-effective products to help our customers grow and delivering value and cost-savings for car owners worldwide.

We are committed to becoming the Chinese automotive aftermarket leader with global competitiveness.



Milestones

<p>2004</p> <p>Founded and provided products and services for multiple renowned international automotive aftermarket brands.</p>		<p>2021</p> <p>Among the first batch of companies listed on the Beijing Stock Exchange.</p>
<p>2012</p> <p>Obtained the International Organization for Standardization (ISO) 9001 Quality Management System certification.</p>		<p>2021</p> <p>Obtained the AEO Advanced Certified Enterprise qualification.</p>
<p>2016</p> <p>Listed on the National Equities Exchange and Quotations (NEEQ), becoming the first automotive aftermarket and parts supply chain management company on the platform.</p>		<p>2023</p> <p>Obtained ISO 27001 Information Security Management System certification.</p>
<p>2017</p> <p>Established strategic partnerships with multiple domestic partners, with BAIC Group becoming the second largest shareholder.</p>		<p>2024</p> <p>Established Q-Thai Auto Parts Co., Ltd.</p>
<p>2018</p> <p>Rapidly expanded into the domestic aftermarket.</p>		<p>2024</p> <p>A subsidiary obtained IATF 16949 Automotive Quality Management System certification.</p>
<p>2020</p> <p>Became Shandong's first company listed on the NEEQ Select Layer (the first in China's automotive aftermarket industry).</p>		<p>2024</p> <p>Achieved "Integrated Management System" by adding ISO 14001 (Environmental) and ISO 45001 (Occupational Health and Safety) to existing ISO 9001 (Quality) certifications.</p>
<p>2021</p> <p>Recognized as "Jiaozhou Demonstration Enterprise for Capital Market".</p>		<p>2025</p> <p>Established Qingdao Xunyan Automotive Technology Co., Ltd.</p>
		<p>2025</p> <p>Established Qingdao Jianbang Zhiguang Automotive Electronics Technology Co., Ltd.</p>



Honors and Awards



2025

2024 Golden Bull Little Giant Award awarded to QI Automotive in 2025



2025

One of the Top 10 Valuable Listed Companies on the Beijing Stock Exchange in the 18th China Listed Company Value Selection



2025

Innovative Small and Medium-sized Enterprises (SMEs) Specialized, Sophisticated, Characteristic, and Innovative SMEs



2025

Quality & Innovation Award at the 2025 Poland AUTOMOTIVE PARTS EXPO



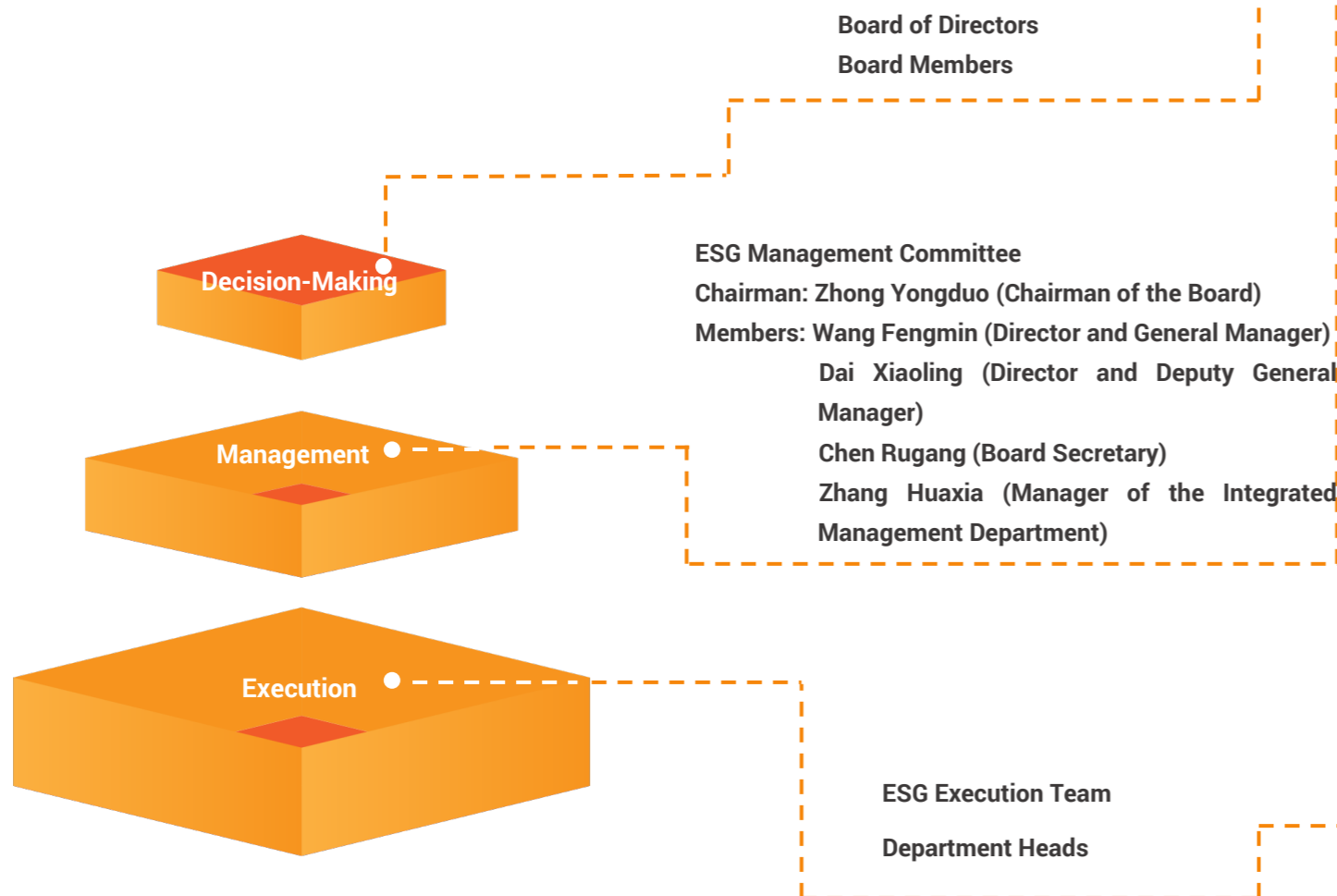


Sustainability Management

ESG Governance Framework

Sustainability Governance Structure

To further enhance the Company's environmental, social, and governance (ESG) management level, improve the ESG management system, and strengthen ESG management capabilities, the Company has established an ESG Management Committee and set up a three-tier sustainable governance structure consisting of the "Board of Directors – ESG Management Committee – ESG Execution Team". This creates a closed-loop management system encompassing decision-making, management, execution, reporting, and evaluation, ensuring the effective implementation of ESG management efforts.



- Assume ultimate responsibility for corporate ESG performance, overseeing the development of ESG strategies and directional planning;
 - Identify, evaluate, and manage significant ESG risks associated with business operations;
 - Receive and assess regular ESG performance reports from the ESG Management Committee and senior leadership;
 - Review and approve the Company's Sustainability Report and all material ESG management policies.
- Guide and establish the Company's ESG vision, objectives, strategies, and framework to ensure alignment with corporate needs, applicable laws, regulations, and international standards;
 - Monitor the development and implementation of the Company's ESG vision, strategies, and framework, including setting ESG performance targets and reviewing progress, while providing recommendations for improvement;
 - Identify and prioritize the Company's material ESG risks and issues, and make recommendations to the Board of Directors;
 - Review key ESG trends, associated risks and opportunities, and assess the adequacy and effectiveness of the Company's ESG framework accordingly;
 - Oversee stakeholder engagement channels and methods, ensuring policies are in place to effectively foster relationships and safeguard the Company's reputation;
 - Review the Company's ESG-related policies to ensure their relevance and compliance with international ESG standards;
 - Review the Company's ESG reports and other ESG-related disclosures, providing recommendations to the Board to maintain their integrity;
 - Perform other ESG-related duties as assigned by the Board of Directors.
- Under the coordination of the ESG Management Committee, implement and execute ESG initiatives relevant to the department by integrating ESG-related indicators into daily operational management. Regularly monitor the progress and risks of departmental ESG matters and provide periodic reports to the ESG Management Committee.



Sustainability Reporting Mechanism

We have established a comprehensive internal reporting mechanism for sustainability information, ensuring efficient communication and sharing across all levels. Members of the ESG Working Group regularly collect and consolidate progress updates and developments on sustainability-related matters from various departments. This information undergoes thorough compilation and in-depth analysis before being reported to the Board of Directors by the ESG Management Committee. Through this process, personnel at all levels of the corporate governance structure gain timely and comprehensive access to the latest ESG-related information, enabling more scientific and precise decision-making. This mechanism not only enhances internal transparency and collaboration efficiency but also provides robust data support for the continuous optimization of the Company's sustainability strategies. It ensures that while pursuing economic benefits, we can effectively fulfill our social responsibilities and drive sustainable development.

Sustainability Supervision Mechanism

We have established a comprehensive sustainability supervision mechanism designed to ensure the effective implementation and continuous improvement of all sustainability initiatives. This mechanism is executed by members at various levels of the sustainability governance framework, who conduct regular and ad-hoc in-depth reviews and evaluations of the Company's sustainability performance. Through this process, members at all levels can promptly identify opportunities and challenges in the Company's sustainability journey and consistently report relevant information to the decision-making organization. This enables the decision-making body to quickly and comprehensively grasp the Company's sustainable development status, thereby facilitating timely, scientific and rational decision-making to effectively address various opportunities and challenges. This efficient supervision mechanism not only helps the Company continuously refine our sustainability pathway, ensuring the successful achievement of sustainability goals, but also enhances the Company's competitiveness and adaptability in the field of sustainability through timely strategy adjustments and improvements. As a result, it lays a solid foundation for the Company's long-term, stable growth.

Materiality Assessment

Double Materiality Analysis

We conducted our 2025 double materiality assessment in accordance with the Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation) and the Beijing Stock Exchange Listed Companies Sustainable Development Report Preparation Guidelines, while also referencing authoritative frameworks such as the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) and the United Nations Sustainable Development Goals (SDGs).

In 2025, we engaged in multiple in-depth communications with various stakeholders to understand their expectations and key concerns regarding the Company's ESG efforts, and incorporated these insights into our survey on the financial materiality and impact materiality of ESG topics for 2025. By distributing the aforementioned materiality survey to diverse stakeholders, we conducted a quantitative assessment of their key concerns and further completed the double materiality analysis of the Company's ESG topics for 2025.





Due Diligence and Stakeholder Engagement

We attach great importance to communication with stakeholders. Through diversified engagement channels, we proactively disclose information regarding our operations, environmental protection, technological innovation, and development strategies to safeguard stakeholders' rights to know and participate. We systematically integrate stakeholders' expectations into daily operations and collaborate with stakeholders to jointly advance sustainable development.

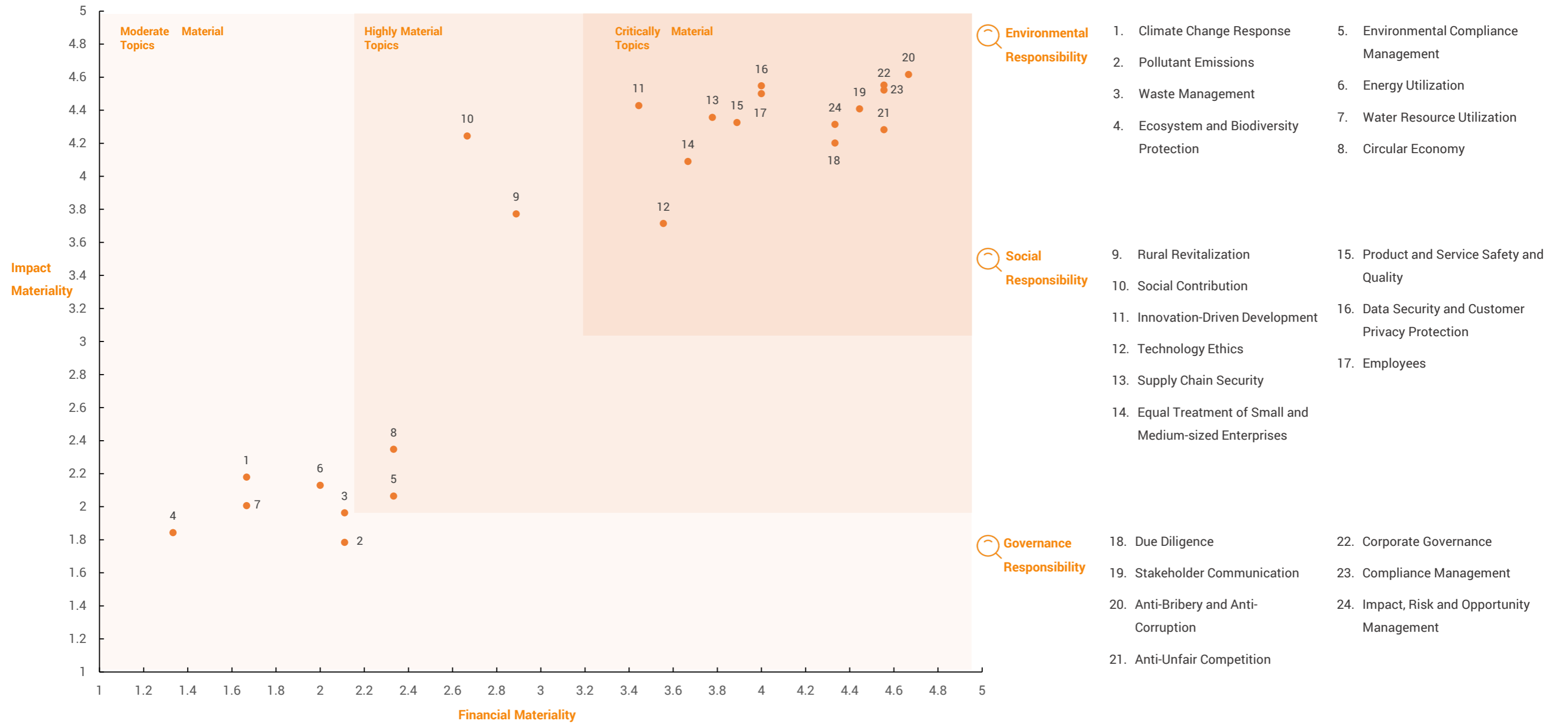
Stakeholders	Key Focus Issues	Engagement Channels
Government and Regulatory Agencies	Compliance Management Anti-commercial Bribery and Anti-corruption Anti-unfair Competition Water Resource Management Green Office Practices	Government-enterprise Symposiums Information Reporting
Customers	Product Quality and Services Data Security and Privacy Protection	Online Promotions/ Livestreaming Platforms Offline Promotions/ Exhibitions Company Website WeChat Official Account Customer Satisfaction Surveys Market Research Activities
Employees	Employee Rights Protection Occupational Health and Safety Corporate Culture Development Green Office Practices	All-hands Meetings Employee Training Internal and External Websites Employees Satisfaction Survey Corporate Culture Promotion One-on-one Coaching Employee Activities Anti-Fraud and Anti-Bribery Reporting Hotline
Investors	Corporate Governance Risk Management Stakeholder Communication Information Disclosure	General Meetings Roadshows Investor Mailbox Periodic information Disclosure Email or Phone Inquiries Company Website News Media Interactions

Stakeholders	Key Focus Issues	Engagement Channels
Business Partners	Sustainable Supply Chain Technological Innovation Anti-unfair Competition	On-site Research Supplier Meetings and Audits Supplier Agreements and Contracts Supplier Training and Exchange Programs
Communities and the Environment	Environmental Compliance Management Philanthropy Rural Revitalization Community Relations Waste Management Pollutant Management	Low-carbon Awareness Campaigns Social Welfare Programs Waste Management Reports
Media	Information Disclosure Stakeholder Communication Data Security and Privacy Protection	Company Website Social Media Engagement
Philanthropic Organizations and NGOs	Climate Change Response Rural Revitalization Philanthropy	Participation in Charitable Causes Project Empowerment Initiatives





Materiality Analysis Conclusions





Standardized Governance, Driving High-Quality and Efficient Development



High-quality corporate development cannot be achieved without the solid support of standardized governance. The Company has established a governance framework with clearly defined responsibilities and efficient operations. At the operational level, the Company promotes compliance management with a focus on risk prevention and control orientation, deeply integrating legal requirements into the business chain while strictly adhering to the risk baseline. At the same time, the Company upholds business ethics by embedding integrity and self-discipline into its corporate culture. Through a three-pronged approach of institutional regulations, employee training, and external oversight, it takes comprehensive measures to prohibit corruption, bribery, and unfair competition. In the capital market, the Company ensures timely, fair, and transparent information disclosure, leveraging regular communication and value-sharing mechanisms to effectively protect investor interests and earn market trust.

The above measures are closely interlinked, not only laying a solid institutional foundation for sustainable development but also forging a new development path for the Company that combines resilience, efficiency, and social responsibility in a complex environment.

- 01** Standardized Governance
Laying a Solid Foundation for Long-term Operations
- 02** Consolidating Compliance
as the Foundation to Enhance the Efficiency of Risk Prevention and Control
- 03** Upholding Integrity and Promoting Anti-Corruption
Fostering a Clean and Righteous Culture
- 04** Mutual Benefit and Win-Win
Building a Diverse Collaborative Ecosystem

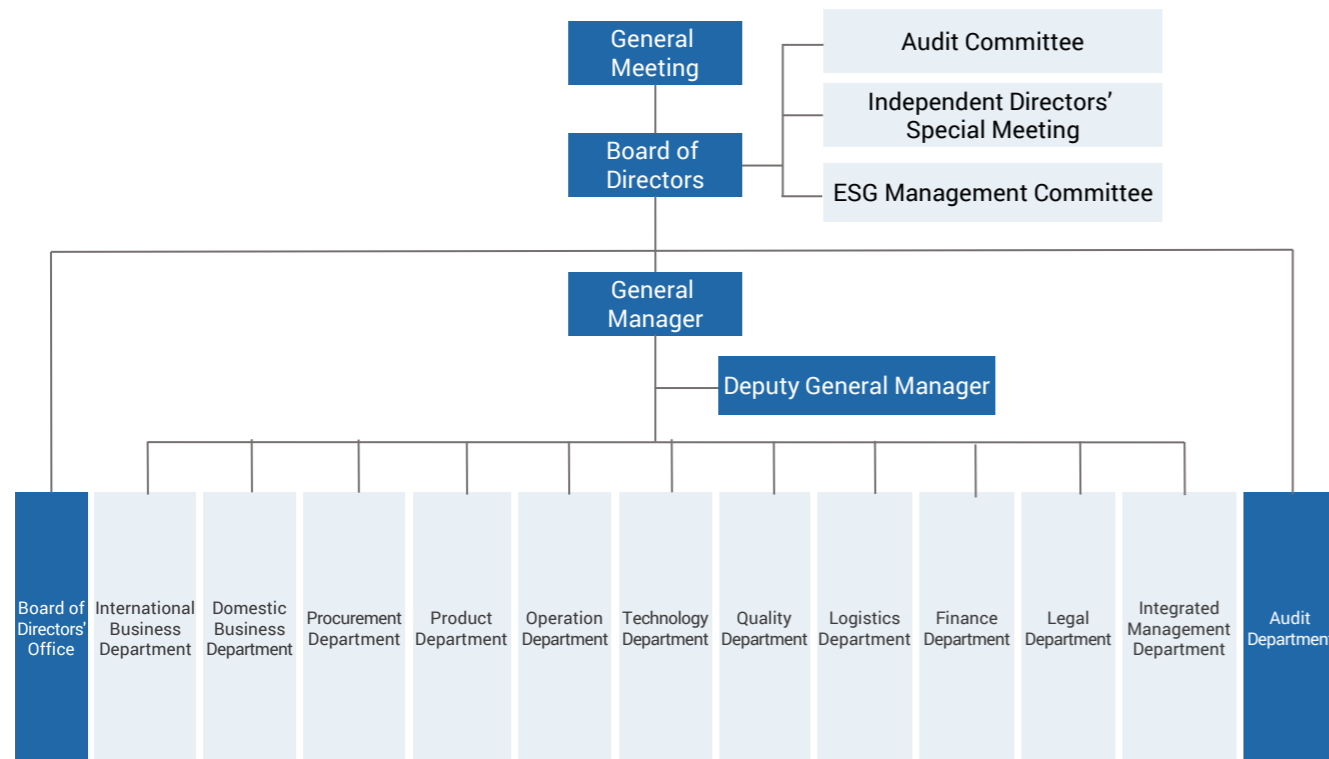


Governance Responsibility Standardized Governance, Driving High-Quality and Efficient Development

In 2025, the Company, taking into account the latest revisions of laws, regulations and normative documents such as the Company Law of the People’s Republic of China, Measures of the Beijing Stock Exchange for the Continuous Regulation of Listed Companies (for Trial Implementation), Stock Listing Rules of the Beijing Stock Exchange, and the Guidelines for the Articles of Association of Listed Companies, and in light of its actual circumstances, continuously optimized its corporate governance system. In accordance with the revisions of the aforementioned laws, regulations and normative documents, the Company abolished the Board of Supervisors and replaced it with the Audit Committee performing the duties and exercising the powers of the Board of Supervisors as stipulated in the Company Law, further improving the organizational structure and operating mechanism covering the General Meeting, the Board of Directors and its Specialized Committees, and the management.

Governance

Governance Structure



Internal Systems

In 2025, in response to the revision requirements of the new Company Law of the People’s Republic of China (effective as of July 1, 2024) and its supporting rules (including the 2025 revisions of the Measures of the Beijing Stock Exchange for the Continuous Regulation of Listed Companies (for Trial Implementation), Stock Listing Rules of the Beijing Stock Exchange, and Guidelines for Articles of Association of Listed Companies), the Company systematically revised and supplemented its corporate management systems accordingly, such as the Articles of Association, Rules of Procedure for Shareholders’ Meetings, Rules of Procedure for the Board of Directors, Detailed Rules for the Work of the Audit Committee, Detailed Rules for the Work of the General Manager, System for Foreign Investment Management, System for Foreign Guarantee Management, System for Information Disclosure Management, System for the Work of Independent Directors, Management System for Proceeds, System for Profit Distribution, System for Investor Relations Management, Management System for Related-Party Transactions, System for Commitments Management, System for Independent Directors’ Special Meetings, System for the Work of the Secretary of the Board of Directors, System for the Registration of Insiders of Insider Information, System for Public Opinion Management, System for Accountability for Major Errors in Annual Report Information Disclosure, System for Preventing the Occupation of Funds by Controlling Shareholders and Their Connected Parties, Detailed Rules for the Implementation of Online Voting, Detailed Rules for the Implementation of Cumulative Voting, System for the Suspension and Exemption of Information Disclosure, System for the Appointment of Accountants, System for the Remuneration Management of Directors and Senior Management, System for the Internal Reporting of Material Information, System for the Resignation of Directors and Senior Management, System for the Changes in Shareholdings of Directors and Senior Management, and System for Subsidiary Management.

Strategy

The Company’s long-term stable operation relies on a standardized governance system. Guided by the concept of sustainable development, the Company has built its corporate governance system by continuously optimizing governance principles and risk management frameworks in institutional design, embedding social responsibility, environmental protection, and compliance requirements into all aspects of strategic decision-making and daily operations. In terms of organizational structure, the Company strictly complies with laws and regulations to clearly define the boundaries of responsibilities among the General Meeting, the Board of Directors and its Specialized Committees, and the management, forming a governance structure that integrates decision-making, execution, and supervision.



Impact, Risk and Opportunity Management



Meeting Management

In 2025, the Company strictly complied with the requirements of laws, regulations, and internal systems, and standardized the implementation of various meeting review procedures. All directors, upholding a strong sense of responsibility to shareholders, the Company, and society, rigorously reviewed each proposal, fully performed their decision-making duties, and ensured the scientific rigor, compliance, and rationality of all decisions, providing strong support for the Company's steady development.

 <p>6 (items) General Meeting 38(items) Number of Proposals Reviewed</p>	 <p>9 (items) Board of Directors Meeting 69(items) Number of Proposals Reviewed Director Attendance Rate: 100%</p>
 <p>7 (items) Independent Directors' Special Meeting 31 (items) Number of Proposals Reviewed Independent Director Attendance Rate: 100%</p>	 <p>5 (items) Audit Committee Meeting 25(items) Number of Proposals Reviewed Audit Committee Attendance Rate: 100%</p>

Board Diversity and Expertise

We are committed to building a board of directors with diverse backgrounds and outstanding expertise. When electing board members, the Company conducts a comprehensive review and evaluation of candidates from multiple dimensions, including educational background, industry experience, and professional track record, to ensure that board members possess differentiated practical experience and diverse skill sets. This provides scientific basis and intellectual support for the Company's operational decision-making.

 <p>Board of Directors</p> <p>Independent Directors 4 Non-Independent Directors 3</p>	 <p>Audit Committee</p> <p>Independent Directors 2 Non-Independent Directors 1</p>
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Metrics and Targets

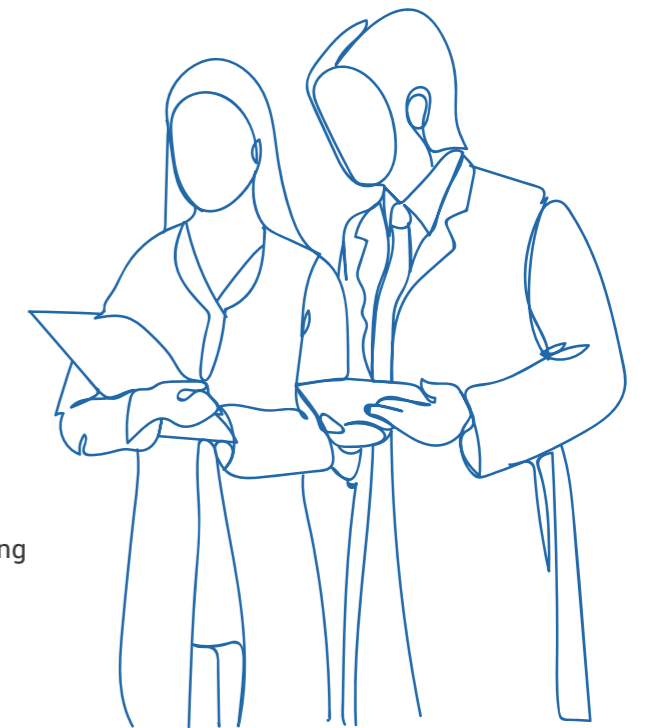
Metrics

In 2025, we convened

- 9 Board of Directors Meetings
- 7 Independent Directors' Special Meetings
- 5 Audit Committee Meetings
- 6 General Meetings

As of December 31, 2025

The Board of Directors comprised **7** members including **4** independent directors, representing **57.14%** of the Board



Targets

The Company adheres to a governance philosophy that places equal emphasis on compliance, professionalism, checks and balances, and responsibility. On the compliance front, it strictly abides by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Articles of Association, ensuring that the qualifications of independent directors and their performance procedures meet regulatory requirements; in terms of professional composition, it continuously optimizes the background of board members, focuses on diversified professional complementarity, and enhances the foresight of strategic decision-making; in terms of supervision mechanisms, it strengthens the functions of the board of directors and its Specialized Committee, avoids short-term decision-making risks, and ensures consistency between operations and long-term strategic goals; in the dimension of governance, it deeply integrates the concept of sustainable development into the whole process of strategy formulation, risk management and performance evaluation, and promotes the synergy between the governance framework and long-term value goals.



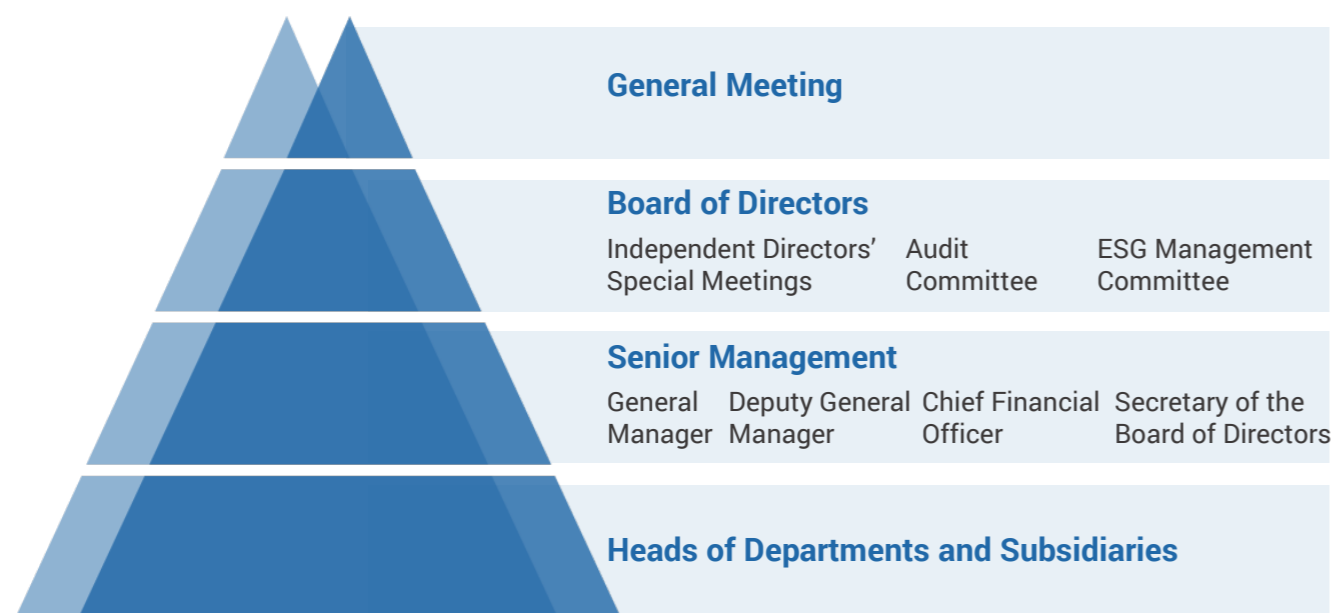
Consolidating Compliance as the Foundation to Enhance the Efficiency of Risk Prevention and Control

The Company has always regarded compliant operation and internal controls as important pillars for its sustainable development. The Company strictly benchmarks against the latest laws, regulations and industry standards, and continuously improves the compliance management and internal control mechanisms. Through dynamically optimizing business processes, clearly defining the boundaries of rights and responsibilities, and strengthening risk identification and early warning, it ensures that all business activities are standardized, orderly and stable. The Company attaches great importance to the systematic cultivation of employees' awareness of compliance across the board, and deeply integrates compliance requirements into all links of daily management. By building a multi-level supervision mechanism and a closed-loop feedback system, we can guarantee the enforcement and consistency of system implementation, and promote the internalization of the compliance concept from institutional norms to employees' conscious behaviors.

We firmly believe that solid and effective compliance management and internal controls are not only important cornerstones for preventing business risks and building a solid safety barrier, but also strategic supports for improving corporate governance, safeguarding the rights and interests of stakeholders and enabling high-quality development.

Governance

► Governance Structure



► Internal Systems

To continuously consolidate the internal control system and comprehensively enhance the level of compliant operation, the Company has systematically established and effectively implemented a comprehensive set of internal management systems. The relevant system documents fully cover the key links of operation and management:



In terms of audit supervision

The Company has formulated the Internal Audit System to strengthen independent evaluation of business activities and risk early warning;



In terms of seal management

It has issued the Seal Management System to strictly standardize the seal usage protocols and prevent operational risks;



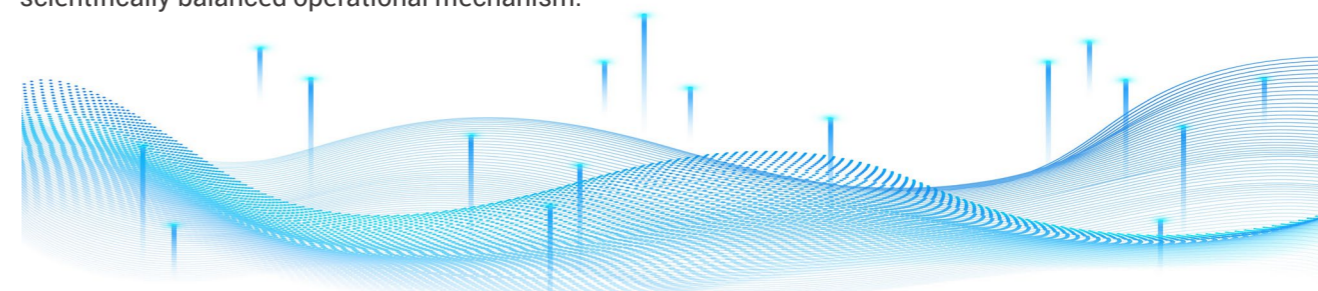
In the field of supply chain management

It has implemented full-process standardized control over raw material procurement, material circulation and warehouse management through a series of documents such as the Procurement Control Procedure, Logistics Control Procedure and Warehouse Control Procedure.

The above systems are interconnected and work in synergy, jointly building an internal control and compliance barrier covering the entire business chain, and providing a solid institutional guarantee for the Company's steady operation.

Strategy

We have established a governance system centered on compliant operations and internal control management. We implemented a multi-tiered governance structure, including the General Meeting, Board of Directors, Board of Supervisors, and the Audit Committee under the Board, which clearly defines the authority and responsibility boundaries of each body in decision-making, execution, and supervision, forming a scientifically balanced operational mechanism.



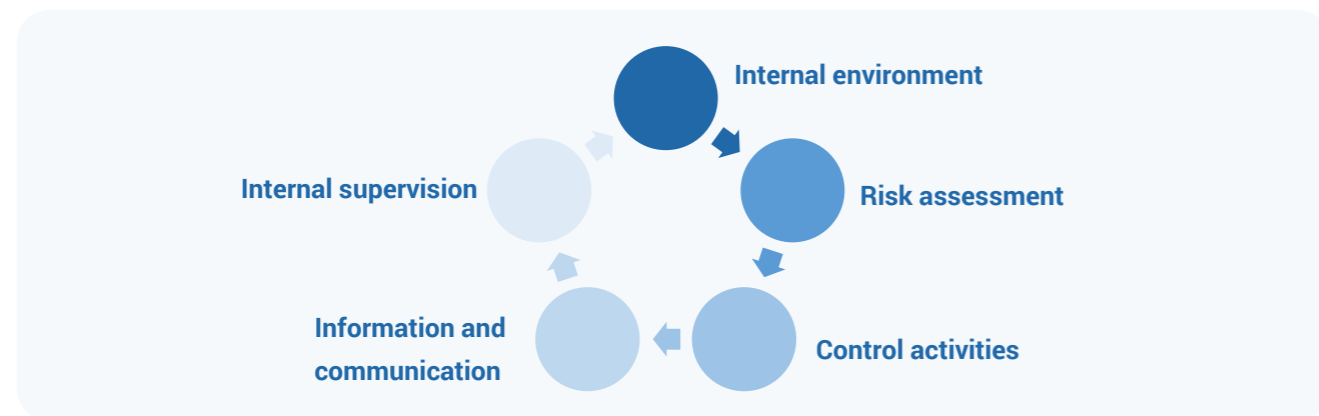
Impact, Risk and Opportunity Management

Strictly Adhere to Core Internal Control Principles

The Company establishes its internal control system in accordance with five principles: comprehensiveness, materiality, checks and balances, adaptability, and cost-effectiveness. Internal control runs through the entire process of decision-making, implementation and supervision, and focuses on important businesses and high-risk areas on the basis of comprehensive control; it forms mutual restriction and supervision in the governance structure, organizational setup and business processes, while taking into account operational efficiency. The system design is closely adapted to the Company's business scale, business scope and risk level, and is dynamically adjusted with the changes of internal and external environments; in the implementation process, the input cost and expected benefits are reasonably weighed to achieve effective control at an appropriate cost, providing a solid guarantee for the Company's standardized operation and sustainable development.

Comprehensive Implementation of Internal Control Activities

In accordance with the guiding provisions of the basic standards, we have established and implemented effective internal controls covering the following five key components:



Internal Environment

Abiding by laws and regulations such as the Company Law and the Securities Law, the Company has established a standardized governance system with clear boundaries of rights and responsibilities and efficient operation. At the organizational control level, the Company has set up specialized functional departments including the Finance Department, Legal Department and Technology Department, and exercises overall management over the production and operation, Capital allocation and human resources of its subsidiaries to ensure the coordination and standardization of the Group's overall operation. Meanwhile, based on long-term development, the Company has formulated and implemented a professional and sustainable strategic plan, deeply integrated social responsibility into daily operations, strictly complied with the requirements of the Labor Law, continuously improved the human resource management system, effectively protected the legitimate rights and interests of employees, and paid special attention to the specific needs of female employees in terms of career development and labor protection.

Risk Assessment

To promote the sustainable, healthy and stable development of the Company and achieve its business objectives, in accordance with the established development strategies and in light of different development stages and business expansion situations, the Company comprehensively, systematically and continuously collects relevant information, conducts risk assessment in a timely manner, dynamically carries out risk identification and risk analysis, and adjusts risk response strategies accordingly to ensure that risks are controlled within an acceptable range, improve risk management capabilities, and escort the sustainable development of the Company.

Control Activities

Leveraging our information platform, we have established clear approval authority and standardized processes, effectively enhancing operational efficiency and management transparency. In terms of financial management, the Company strictly adheres to the Unified national accounting standards, standardizes the preparation and disclosure process of financial reports, and ensures the authenticity, completeness, and decision-usefulness of accounting information.

Information and Communication

In terms of internal information transmission, the Company relies on information platforms such as the OA system, SAP system, and WMS system, and employs professional information management personnel to ensure the timely and accurate transmission of key information, including basic business data, financial information, system updates, major business developments, and corporate culture. In terms of external information exchange, the Board of Directors' Office, under the direct leadership of the Secretary of the Board of Directors, maintains regular communication with external entities such as regulatory authorities, the Beijing Stock Exchange, industry associations, intermediaries, and news media. This ensures that the Company can promptly access regulatory policies and market dynamics while standardizing the release of its own information, thereby supporting steady business operations. Additionally, the Company has established a dedicated email and hotline for reporting complaints, and has fully communicated the reporting and whistleblowing system as well as the whistleblower protection mechanism to all employees and suppliers. This ensures unimpeded oversight channels and builds a strong foundation for compliant operations.

Internal Supervision

The Company strictly complies with the requirements of laws, regulations, and normative documents, and has established an internal oversight system with clearly defined responsibilities and effective operation. At the governance structure level, the Audit Committee exercises the relevant supervisory functions and powers granted to the Board of Supervisors under the Company Law, fulfilling its oversight responsibilities from a strategic perspective. As an independent and dedicated oversight body, the Audit Department specializes in core functions such as evaluating the effectiveness of internal controls, verifying the authenticity of financial information, and reviewing the compliance of major transactions. Through professional and regular oversight measures, it effectively ensures that the Board of Directors can supervise and balance the operational conduct of Senior Management, providing a solid institutional guarantee for the Company's standardized operations.



Comprehensive Upgrade of Compliance Operations

The Company consistently views compliant operations as the essential foundation for sustainable and steady growth. At the strategic level, we maintain legal compliance as a non-negotiable operational baseline. By leveraging systematic policy frameworks, meticulous process management, and ongoing cultural engagement, we ensure that behavioral standards across all levels and departments are strictly aligned with external laws and regulations as well as internal corporate guidelines.

At the organizational implementation level, the Company places great emphasis on embedding compliance awareness across all levels and ensuring coverage of all employees. Relying on a standardized compliance training system and a clear responsibility transmission mechanism, we help every employee deeply understand the dual significance of compliance for both stable business operations and their own professional development.

At the monitoring and improvement level, the Company continuously strengthens its internal oversight mechanisms and closed-loop feedback system, encouraging employees to proactively identify potential risks and promptly report compliance concerns. By building a compliance management system characterized by full participation, full-process coverage, and all-around coordination, we continuously reinforce the Company's institutional defenses against risks, lay a solid foundation for sustainable development, and provide robust compliance assurance for business innovation and market expansion.

In 2025, the Company comprehensively advanced the development of its compliance training system, engaging professional institutions to conduct systematic reviews and due diligence reviews on the current state of internal control and compliance management. Focusing on various aspects of the compliance management and internal control system, external professional institutions assisted the Company in conducting targeted analyses, precise optimizations, and tiered training. This training covered multiple key business areas, including compliance control in procurement processes, employee integrity standards, proper handling mechanisms for customer complaints, and the legal boundaries and risk prevention in advertising and promotion. These efforts deeply embedded compliance requirements into front-line operations, providing solid professional support for the Company's stable operations.

Metrics and Targets

Metrics

Compliance Operation Management Targets Achieved

Compliance disposal rate of solid waste: **100%**

Number of fires: **0**

Certification rate for special operations personnel: **100%**

Number of work-related injuries: **0**

Compliance Training in 2025

7 compliance training sessions conducted by the Company

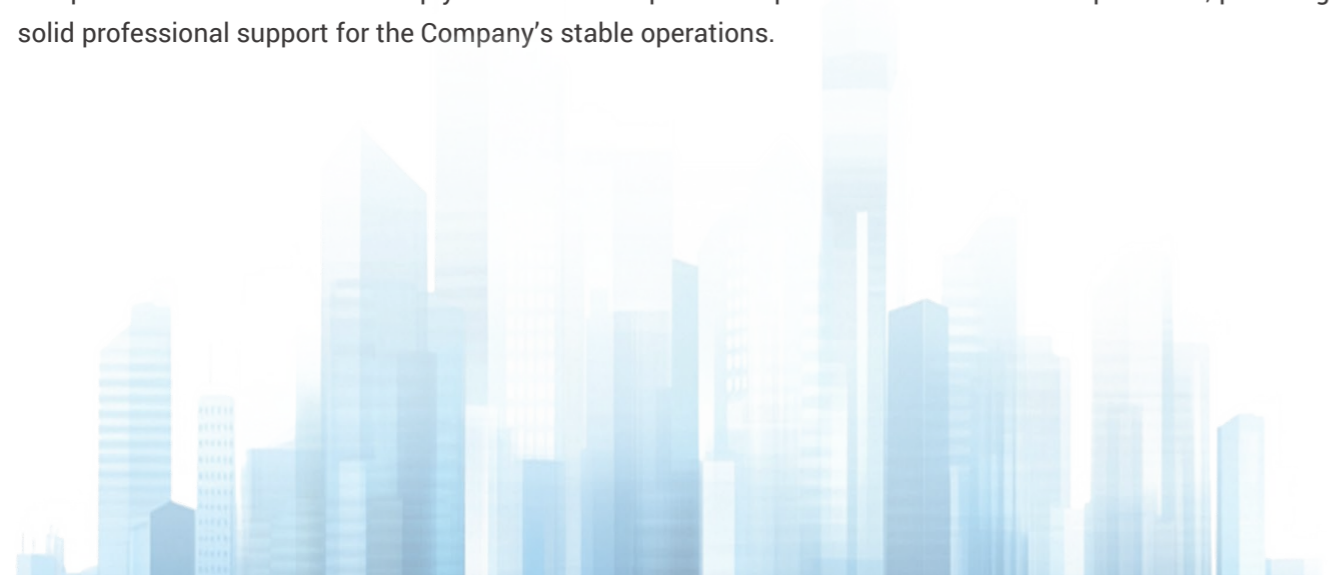
A total of **197** person-times participating in the training



Targets

The Company consistently regards compliant operations and the development of its internal control system as core pillars in the modernization of corporate governance, deeply recognizing that a well-established institutional framework and effective execution mechanisms are the cornerstones for ensuring the Company's steady and long-term development. We are committed to establishing systematic and dynamic institutional structures to ensure that all business activities fully comply with laws, regulations, and regulatory requirements, enabling the proactive identification and effective prevention of legal, financial, and operational risks.

While strengthening risk prevention and control, the Company places great emphasis on the role of internal controls in enhancing operational efficiency. By continuously optimizing process management and standardizing the allocation of authority and responsibility, we strive to improve the synergistic efficiency of business operations and the authenticity and reliability of financial information, ensuring that all stakeholders receive stable and predictable value returns. The continuous improvement of the internal control system not only provides a mechanism to ensure the compliance of daily operations but also lays an institutional foundation for the Company's agile response in a complex market environment.

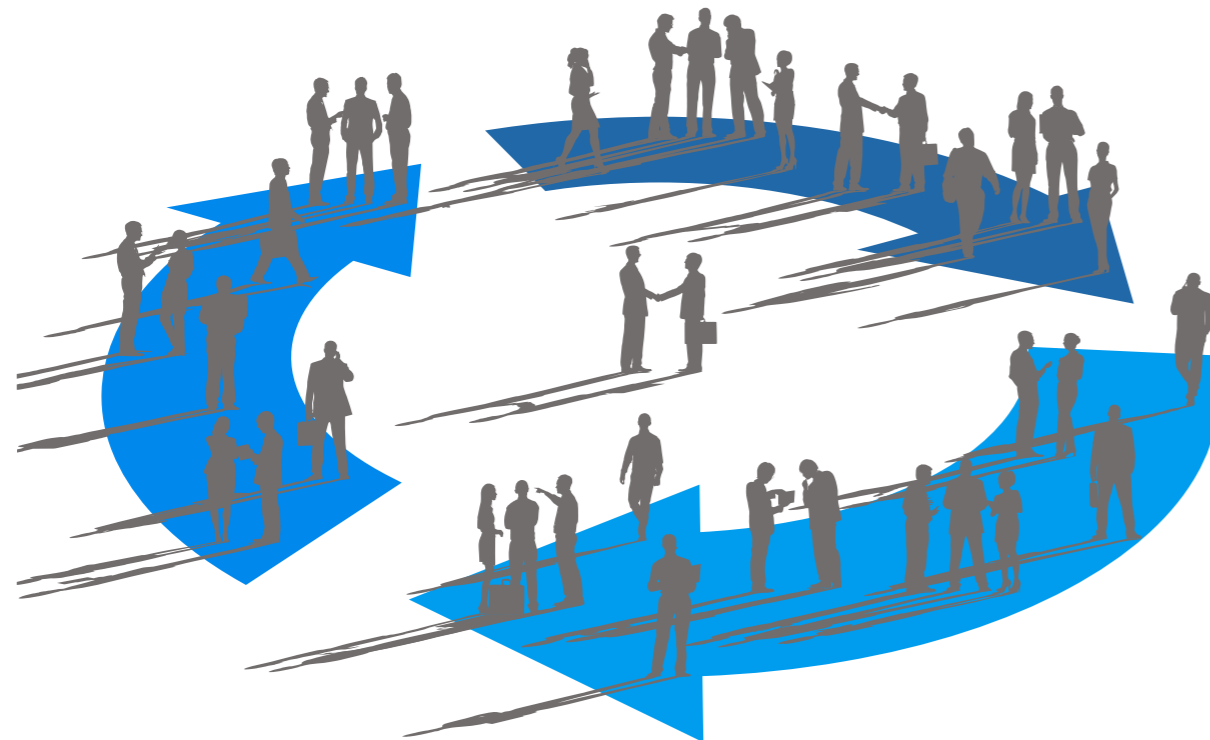




Upholding Integrity and Promoting Anti-Corruption Fostering a Clean and Righteous Culture

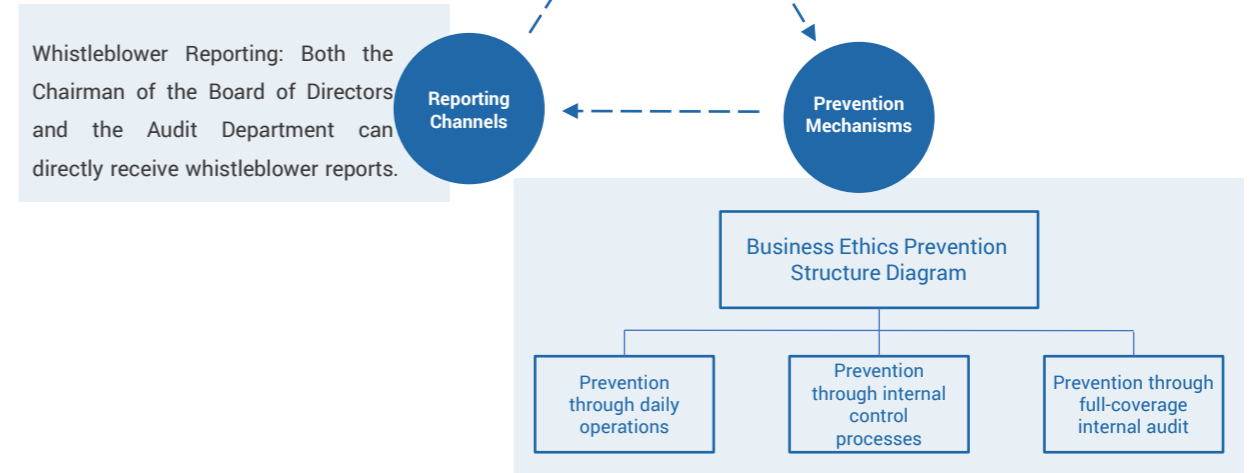
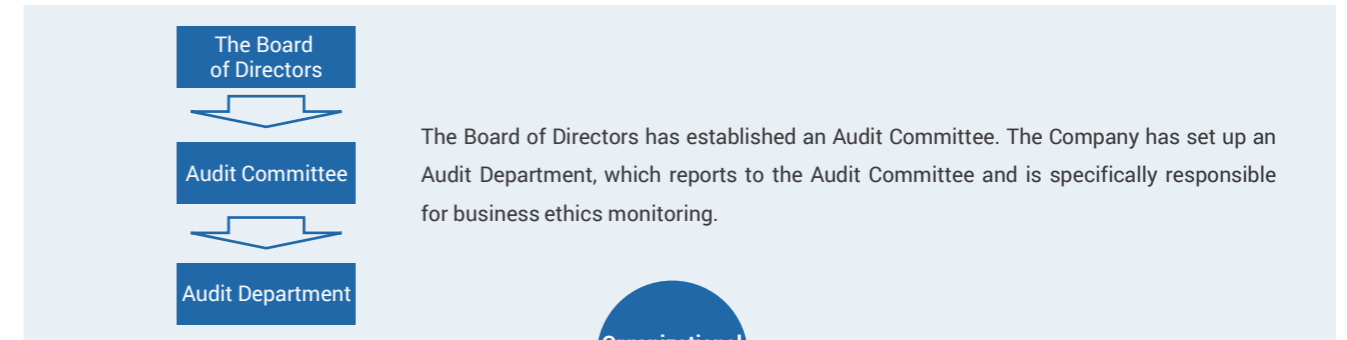
Business ethics have always been the foundation of the Company’s survival and the cornerstone of its identity. We firmly believe that only by adhering to the core principles of integrity, fairness, and responsibility in our business practices can we truly earn the trust of our partners and gain broad respect from all sectors of society. Whether in daily cooperation with customers and suppliers or in participating in community affairs, the Company consistently upholds the principles of “Respect as the foundation, Equity as the basis, and Justice as the soul”, ensuring that the legitimate rights and interests of all parties are fully protected through transparent and equitable communication. We understand that ethics is not a slogan, but an action. To this end, through institutional constraints, case studies, and regular training, the Company integrates ethical principles into business processes and decision-making mechanisms, making compliance awareness an instinctive choice for every employee and partner.

The Company deeply recognizes that adhering to business ethics is not only a solemn commitment to stakeholders but also a core manifestation of its mission to pursue sustainable development. In an increasingly complex market environment, ethical conduct and compliance awareness have become the internal cornerstones for the Company to earn trust, withstand risks, and achieve steady and long-term development. The Company believes that only with ethics as the foundation can its development possess enduring vitality; only with integrity as the bond can relationships with partners achieve genuine win-win outcomes. We are willing to contribute to the advancement of the industry and infuse more goodwill and warmth into social welfare through sustained practice and effort.



Governance

► Governance Structure



► Internal Systems

To strengthen corporate governance and internal control, effectively prevent, identify, and manage the risks of commercial bribery and fraud, establish a culture of integrity and honest operations, standardize the implementation of anti-fraud and whistleblower reporting investigations, and ensure the Company’s healthy and sustainable development, the Company formulated and implemented the Anti-Bribery, Anti-Fraud and Whistleblower Reporting Management System. This system applies not only to all employees of the Company and its subsidiaries and branches, but also to third parties with business dealings with the Company, including but not limited to suppliers, customers, contractors, consultants, and intermediaries. This demonstrates the Company’s firm “no-tolerance” stance on commercial bribery and fraud, as well as its commitment to extending integrity and compliance requirements to business partners and building a clean governance system across the entire value chain.

In addition to the Anti-Bribery, Anti-Fraud and Whistleblower Reporting Management System, the Company has also formulated and implemented relevant systems such as the Employee Handbook. These serve as comprehensive codes of conduct for employees, promoting the establishment of a business ethics system based on integrity, lawfulness, fairness, and transparency.



Strategy

The Company has built a scientific and comprehensive governance oversight system through a dual-driver approach of top-level design and cultural cultivation. At the organizational structure level, the Board of Directors, Audit Committee, and Audit Department have clearly defined responsibilities and operate in a coordinated and balanced manner, forming an institutionalized foundation for internal governance. At the oversight mechanism level, leveraging the efficient collaboration between the Audit Committee and the Audit Department, and integrating the professional perspectives of Independent Directors with the practical expertise of full-time auditors, the Company has established a multi-dimensional oversight network that connects internal and external efforts to ensure compliant and efficient operations from multiple angles. At the cultural guidance level, the Company continues to advance the development of an institutionalized anti-corruption and integrity system, embedding its distinctive business ethics principles deeply into the consciousness of its employees. This guides all members to consciously uphold professional ethics at the source of their thinking, laying a solid cultural foundation for the Company's enduring success.

Impact, Risk and Opportunity Management

▶ Anti-Bribery and Anti-Corruption Measures

The Company has always regarded anti-corruption and anti-bribery as core principles for safeguarding the foundation of corporate integrity and a healthy ecosystem. We deeply understand that such actions not only damage corporate reputation and market order but also erode the trust of stakeholders. To this end, the Company has established a comprehensive prevention and control system covering pre-event prevention, in-process monitoring, and post-event accountability. Through measures such as improving institutional frameworks, implementing sunshine procurement processes, and establishing anonymous whistleblower mechanisms, we systematically address potential risks. At the same time, the Company continues to deepen its integrity culture by standardizing training and adopting positive incentive mechanisms, guiding all employees to uphold professional ethics and translating compliance awareness into voluntary action, collectively fostering a fair, transparent, and upright business environment.

To mitigate business ethics risks, the Company has established a systematic prevention and control mechanism:

Anti-Corruption Training



The Company's Legal Department and Audit Department, among others, organize at least one training session on anti-bribery and anti-fraud annually to ensure employees and suppliers are familiar with relevant laws and requirements. Before new employees onboard, the Integrated Management Department provides corporate culture training.

Background Check



Before onboarding a new supplier, the Company's Procurement Department, in conjunction with the Quality Department, Technology Department, and other relevant departments, conducts necessary background checks on the supplier.

Integrity and Compliance Requirements



Before onboarding a new supplier, business handling departments such as the Procurement Department arrange for key suppliers to sign the Integrity and Compliance Commitment Letter and the Confidentiality Agreement, which clearly stipulate default liability.

Product Quotation



Procurement quotations shall, in principle, be obtained through comprehensive comparison and selection among multiple suppliers. Single-source procurement requires approval from the General Manager.

Supplier Payment



The payment process is controlled by the system, with payments made according to supplier payment terms to prevent procurement personnel from deliberately delaying supplier payments.

Ongoing Communication



The Company continuously promotes anti-fraud policies, cases, and updates through various channels including its internal website (OA system), and bulletin boards, fostering a corporate culture of integrity and honesty.

Communication Management



Supplier communication is fully conducted through the Enterprise WeChat platform and Email. All business interactions are retained as traceable records, with the General Manager and Procurement Manager dynamically monitoring group communications.

Price Review



The Company's engineers conduct reasonable price evaluations based on factors such as market conditions and product quality.

Employee Rotation



The Company consistently implements a job rotation system for procurement positions. Procurement personnel who have served for two years are included in the rotation plan, with the maximum tenure in the same position not exceeding three years.

Whistleblowing and Investigation



The Company has established multiple and convenient reporting channels, including but not limited to the Chairman's mailbox, a dedicated whistleblower reporting email, anonymous whistleblower reporting mailboxes, and anonymous suggestion boxes (placed in office areas but in unmonitored areas, such as restrooms).



▶ Whistleblowing and Whistleblower Protection Policy

The Company has established multi-dimensional whistleblowing channels, a multi-tiered reporting acceptance mechanism covering the Chairman of the Board and the Audit Department, and a standardized complaint handling process. The Company verifies every feedback and report, arranges for designated personnel to conduct investigations upon receipt of a report, follows up on and investigates suspected non-compliance incidents in a timely manner, and prepares investigation reports for reporting to the Chairman.

Regarding the communication and management of whistleblowing channels, all departments, subsidiaries, and branches are responsible for posting the Complaint and Whistleblowing Information Signs in key public areas related to the Company's production and daily operations, and where internal and external personnel interact, including but not limited to production and living areas, office areas, and bulletin boards. The Audit Department is responsible for organizing the printing and distribution of the Complaint and Whistleblowing Information Signs, and for arranging the publication of whistleblowing channels through the Company's official website, OA system, Company office areas, and third-party agreements. All departments, subsidiaries, and branches conduct internal briefings on complaint and whistleblowing policies. When cooperating with business partners or signing agreements, all departments, subsidiaries, and branches also inform them of the whistleblowing channels, which are specified and updated in cooperation agreements or in the signed Letter of Commitment on Lawfulness, Integrity and Honesty.

Regarding the whistleblower protection mechanism, the Company ensures the control of whistleblowing leads and content through multiple reporting channels and by limiting access to reporting information to authorized personnel. For Identified reports, personnel who have access to the reporting information are strictly prohibited from disclosing the whistleblower's identity; violations will be handled in accordance with the Employee Management Manual. Additionally, the legitimate rights and interests of whistleblowers are protected by law. Reporting information and confidential investigations are conducted within a limited scope. The Company explicitly prohibits any retaliation against bona fide whistleblowers. Once verified, perpetrators of retaliation will be severely punished; if the conduct constitutes a crime, the case will be transferred to judicial authorities.

The establishment of the whistleblowing and reporting system helps encourage employees and partners to proactively disclose and report illegal, non-compliant, or other improper conduct within the Company, enabling the Company to promptly identify and mitigate underlying risks and safeguard Company's reputation. The whistleblower protection mechanism ensures that the interests of whistleblowers are effectively protected.



▶ Commercial Bribery and Corruption Risk Assessment

The Company has established a systematic commercial bribery risk prevention and control system, deeply integrating risk identification and assessment mechanisms into daily operational processes to achieve proactive prevention of potential bribery risks. Based on the nature and severity of the conduct, the Company has established a five-tiered risk control mechanism. This tiered mechanism ensures that precise and appropriate measures are applied to different types of bribery risks, providing a solid foundation for the Company's ethical and compliant operations.

▶ Supplier Business Ethics Policy

To establish stable, healthy, and sustainable partnerships, embody the spirit of fair, ethical, and honest cooperation, and combat commercial bribery and unfair competition, the Company requires suppliers to sign the Integrity and Compliance Commitment Letter, undertaking to comply with all national and local laws and regulations related to the manufacturing, transportation, export, and sale of products, as well as all national and local laws and regulations of the People's Republic of China concerning the environment, safety, health, labor rights, and business ethics.

To strictly regulate the onboarding of new suppliers, the Company has also established the 20 Prohibited Actions for New Supplier Onboarding. The onboarding of new suppliers requires review by the Quality Department, Technology Department, and Procurement Department. Only after passing a joint cross-departmental evaluation may a supplier be admitted into the Company's supplier pool.

▶ Special Optimization of Internal Control Management

In 2025, the Company engaged a third-party consulting firm to carry out a special internal control compliance optimization and systematic training initiative focused on the entire procurement and supplier management process. This initiative concentrated on key nodes in procurement operations, covering the end-to-end control framework from supplier access, price determination, and agreement signing to order execution, acceptance, payment, reconciliation, and settlement. It also extended to mechanisms for routine supplier guidance and exit management. Through the in-depth involvement of external professional forces, the company will further improve the institutional norms and operating guidelines for the procurement process, strengthen risk identification and control measures at key process nodes, and continuously drive the procurement management system towards greater transparency, compliance, and efficiency.

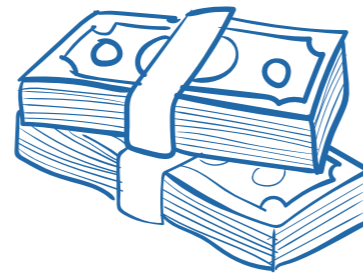


Metrics and Targets

Metrics

In 2025

- ✓ The Company conducted a total of **2** anti-bribery and anti-corruption training sessions.
- ✓ The Company received **2** whistleblower reports from internal and external sources.
- ✓ The Company had **no** incidents of commercial bribery or corruption.
- ✓ The Company had **no** lawsuits or major administrative penalties resulting from unfair competition.
- ✓ The signing rate of the Integrity and Compliance Commitment Letter among the Company's suppliers was **100%**.



Targets

The Company systematically builds a business ethics risk prevention and control system through multi-dimensional measures to ensure compliant operations and sustainable development. At the internal control level, relying on the segregation of incompatible duties and process node control, the Company establishes a cross-checking and balancing mechanism between business approval and financial review, effectively reducing business ethics risks through standardized processes. At the internal audit level, the Company implements audit supervision covering the entire operational lifecycle, ensuring that business ethics standards are solidly implemented across all operational aspects through pre-event risk prevention, in-process execution tracking, and post-event review. At the cooperation ecosystem level, the Company extends integrity management requirements to its business partner network, building a transparent supply chain. Based on ensuring reasonable profits for suppliers and the legitimate rights and interests of customers, the Company establishes a compliant and mutually beneficial mechanism involving multiple parties. At the employee rights and interests level, the Company establishes an employee development mechanism that dual-track mechanism of material incentives and ethical cultivation, systematically cultivating employees' compliance awareness and organizational identity. This addresses corruption risks at the source and lays a solid foundation for the Company's steady development.

Mutual Benefit and Win-Win Building a Diverse Collaborative Ecosystem

The Company has consistently prioritized investor relations management as a key component of its corporate governance system, viewing investors as indispensable partners and supporters in its development journey. We are committed to establishing a two-way interactive communication mechanism with an open, transparent, and sincere approach. Through regular performance briefings, timely fulfillment of information disclosure obligations, and routine daily communication, we comprehensively convey the Company's strategic direction, operational developments, and long-term plans, helping investors gain a clearer understanding of the Company's development trajectory.

In terms of return mechanisms, the Company fully balances sustainable development with the interests of shareholders. Taking into account industry characteristics, development stage, and actual operating conditions, the Company prudently formulates feasible dividend policies and actively responds to market expectations for stable returns. Additionally, to further stimulate internal motivation, we promote the establishment of a scientific and equitable equity incentive mechanism, strengthening the alignment of the core team with the Company's long-term goals and fostering the collaborative growth of key talent and the Company.

The Company consistently pays attention to and respects the reasonable demands of every investor, continuously optimizing its investor service system to ensure the authenticity, accuracy, and completeness of information transmission. We deeply understand that trust stems from communication and consensus from understanding. Moving forward, the Company will continue to work hand in hand with investors with full sincerity and transparent governance, committed to creating sustainable long-term value for all parties through steady development.

Governance

Governance Structure



Board of Directors

Leadership Role



Secretary to the Board of Directors

Accountability Role



Board of Directors' Office

Execution Role

We proactively conduct investor relations activities through diverse channels including performance briefings, roadshows, investor research surveys, brokerage strategy conferences, investor conference calls, and question-and-answer interactions, thereby enhancing communication and mutual trust with the capital markets.

▶ Internal Systems

The Company has further revised and improved its internal management systems in accordance with the updated revisions of corporate governance rules for listed companies such as the Stock Listing Rules of the Beijing Stock Exchange. These systems include the Detailed Rules for the Implementation of Cumulative Voting, Detailed Rules for the Implementation of Online Voting, Investor Relations Management System, Profit Distribution System, Public Opinion Management System, Management System for Information Disclosure Affairs, Management System for Registration of Insider Information, Commitment Management System, among others. These efforts aim to comprehensively standardize information disclosure and investor communication practices, thereby enhancing the Company’s governance level and market transparency.

Strategy

We have always regarded safeguarding investors’ lawful rights and interests as the fundamental principle of investor relations management. We strictly comply with the Company Law, Securities Law and relevant regulatory requirements, and have established an institutional framework centered on protecting minority shareholders’ rights and interests. We have improved the online voting system for general meetings to provide investors with convenient remote participation and reduce voting costs. We implemented cumulative voting for director elections to enhance minority investors’ participation in corporate governance. A separate voting mechanism ensures minority investors’ independent voice in major decisions. We standardized proxy voting procedures with clear authorization rules to prevent abuse. These measures protect investors’ rights to information, profits, and decision-making participation, strengthening the legal and standardized foundation of investor relations management.

Impact, Risk and Opportunity Management

▶ Information Disclosure

The Company strictly complies with regulatory requirements such as the Administrative Measures for Information Disclosure of Listed Companies and the Stock Listing Rules of the Beijing Stock Exchange, and has formulated and continuously improved internal management systems including the Management System for Information Disclosure and the Management System for Registration of Insider Information in light of its actual circumstances, thereby establishing a comprehensive information disclosure system with clearly defined responsibilities. The Board of Directors serves as the primary entity responsible for information disclosure management, with the Chairman acting as person with primary responsibility. The Secretary to the Board of Directors is specifically responsible for coordinating the improvement of systems, media liaison, and public inquiries, ensuring that information disclosure is truthful, accurate, complete, timely, and lawful. On the basis of strictly implementing statutory disclosure requirements, the Company adheres to an investor-needs-oriented approach and proactively builds a disclosure system centered on enhancing transparency. Following the principle of voluntary disclosure—namely, “not conflicting with statutory disclosure and not misleading investors”—the Company actively supplements key information that facilitates value assessment and investment decisions, optimizes information content and delivery methods, effectively ensures investors’ fair access to Company information and ability to make rational decisions, and effectively conveys the Company’s intrinsic value and development narrative.

▶ Investor Engagement

The Company has always regarded investor relations management as an important lever for enhancing governance standards. Since the implementation of the Investor Relations Management System, the Company has continuously built a multi-tiered communication mechanism. Through regular reports and interim announcements, it ensures the quality of statutory information disclosure. Relying on the investor hotline, official website column, and WeChat public account, it maintains routine communication channels. It also proactively listens to market feedback through earnings briefings, securities firm strategy meetings, and on-site visits. In 2025, the Company maintained close interaction with investors in an open manner, helping the market gain a deeper understanding of the Company’s strategy and business dynamics, effectively promoting value recognition. These series of measures have solidified the foundation of mutual trust and provided strong support for the Company’s steady development in the capital market.

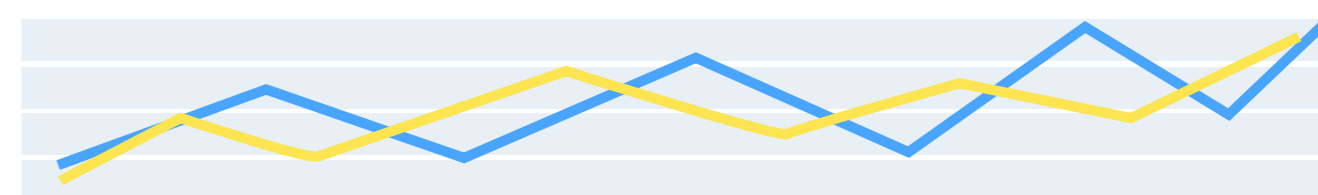
▶ Shareholder Returns

In 2025, the Company implemented a total of two equity distributions, fully reflecting its high regard for shareholders’ interests and its commitment to active returns. Since the Company was listed on the NEEQ in 2016, it has consistently adhered to the philosophy of sharing development results with shareholders, having made a total of 13 equity distributions. Through a sustained and stable dividend policy, the Company has actively rewarded its shareholders, enabling them to tangibly experience the returns brought by the Company’s growth, thereby enhancing shareholders’ confidence and sense of identification with the Company.

▶ Equity Incentives

Talents are the core strategic resource driving the Company’s sustainable development. To strengthen the alignment between talent and corporate growth, the Company has established a long-term incentive system, successively launching three phases of equity incentive plans to deeply bind core talents with the Company’s long-term development. This mechanism not only signals management’s commitment to strategic goals and enhances capital market confidence, but also activates internal momentum for sustained business growth through a model of shared interests and responsibilities.

In 2025, the Company carried out the release of restricted shares reserved for grant under the First Equity Incentive Plan (Draft) of QI Automotive Co., Ltd., with a total release of 81,000 restricted shares; the release of restricted shares under the initial grant and reserved grant of the 2023 Equity Incentive Plan (Draft) of QI Automotive Co., Ltd., with a total release of 294,250 restricted shares; and the exercise of stock options under the third exercise period of the initial grant and the second exercise period of the reserved grant of the 2022 Equity Incentive Plan (Draft) of QI Automotive Co., Ltd., with a total of 855,750 stock options eligible for exercise by incentive recipients.



Metrics and Targets

► Metrics

Information Disclosure

In 2025, the Company issued **176** announcements, including periodic reports and interim announcements.

Investor Interactive Communication

In 2025, the Company held the 2024 Annual Results Briefing, actively responding to issues of keen interest to investors; participated in **18** strategy meetings, roadshows, and analyst visits; and published **10** records of investor relations activities.

Equity Distribution

In 2025, the Company implemented two equity distributions, distributing a total of **RMB 26,332,400.00** in cash dividends.

► Targets

The Company consistently regards the protection of investors' legitimate rights and interests as the starting point and ultimate goal of all its work, strictly adhering to the fundamental principles of fairness, justice, and openness, and is committed to ensuring that every investor is treated equally with respect to the right to know, the right to participate in decision-making, and the right to benefit distribution.

In terms of information disclosure, the Company maintains an objective and prudent approach, presenting its operating conditions and financial results truthfully, accurately, and completely. Through institutionalized and standardized communication channels, the Company promptly responds to investor inquiries and suggestions, establishing a transparent and efficient interactive mechanism to ensure the timeliness of information transmission.



PART 02

Social Responsibility



Innovation-Driven Development and Responsible Leadership for High- Quality Growth



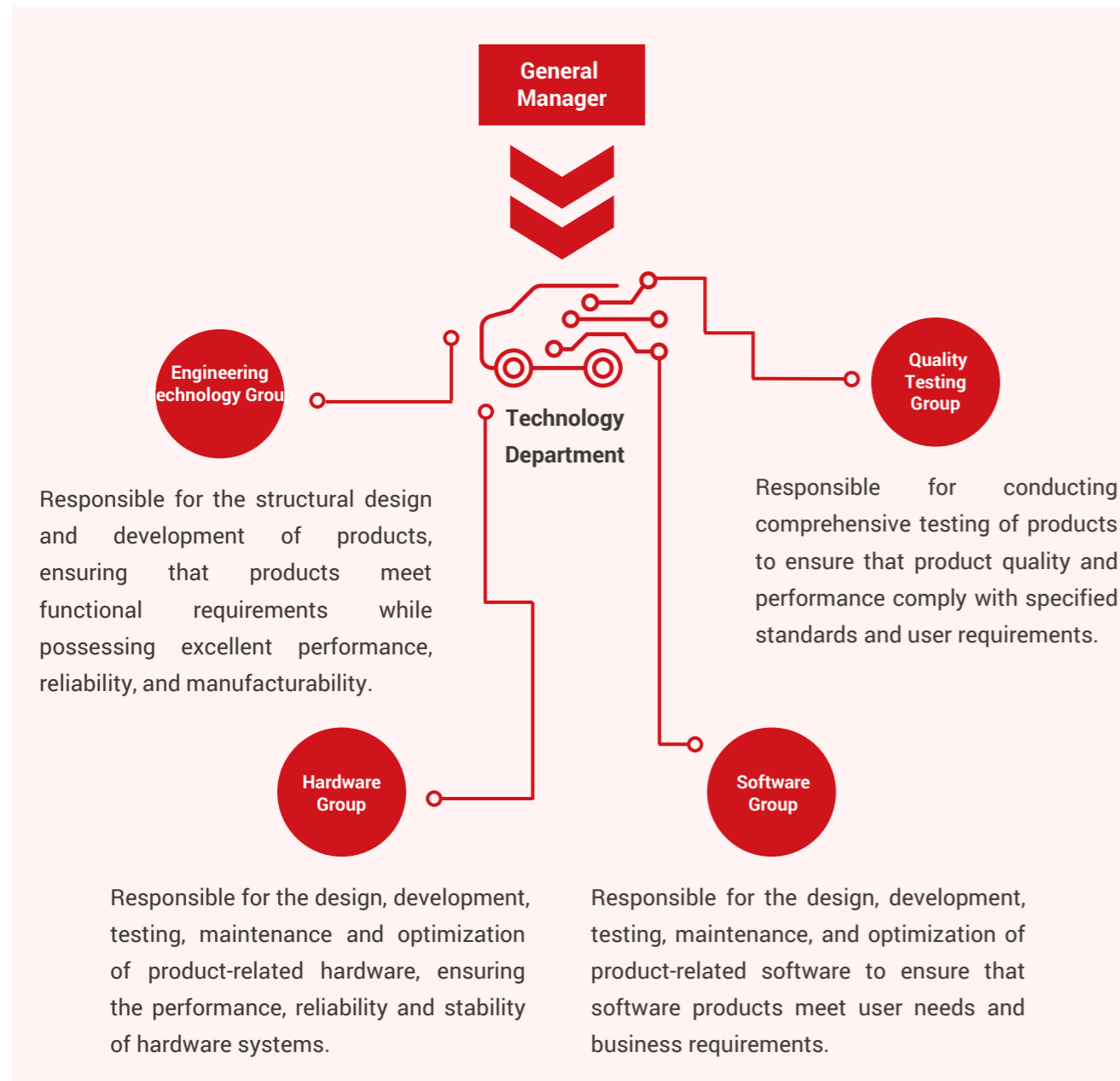
We deeply recognize that in the context of the rapidly evolving automotive industry, only by adhering to both innovation-driven development and responsible leadership can we achieve steady and long-term progress in fierce market competition. In 2025, the Company continued to increase investment in R&D, established a research and development center, and ventured into the new field of optoelectronic sensing, thereby driving the continuous iteration and upgrading of its products. At the same time, the Company regards product quality and safety, supply chain management, and customer data protection as the bottom line and cornerstone of its development, integrating them throughout the entire product lifecycle and all business processes. Through the deep integration of technological innovation and responsible practices, the Company continuously enhances its core competitiveness and sustainable development capabilities, creates long-term value for stakeholders, and contributes to the high-quality development of the industry.

- 01** Innovation Engine
Driving Sustained Development Momentum
- 02** Quality First
Building a Cornerstone of Safety and Trust
- 03** Responsible Sourcing
Building a Robust Supply Chain Together
- 04** Data Governance
Comprehensive Protection of Information Security

Innovation Engine Driving Sustained Development Momentum

Governance

Governance Structure



Governance System

The Company has systematically sorted out and optimized the testing standards for various products, further revised the relevant technical processes and formulated supporting management systems based on the Product R&D Control Procedure, ensuring that all links of product development follow established norms and that quality objectives are clear and controllable. Through the above measures, the standardization and efficiency of the Company's R&D work have been continuously enhanced, providing strong support for technological innovation and product quality assurance.

Strategy

The Company has set "delivering high-quality and cost-effective electronic products for the mobile travel and leisure lifestyle sectors" as its strategic goal for R&D and innovation. To achieve this goal, the Company continues to increase R&D investment, improve its technological innovation system, align product planning and technology breakthroughs with market demands, and steadily strengthen its independent R&D capabilities and core technological expertise.



Impact, Risk and Opportunity Management

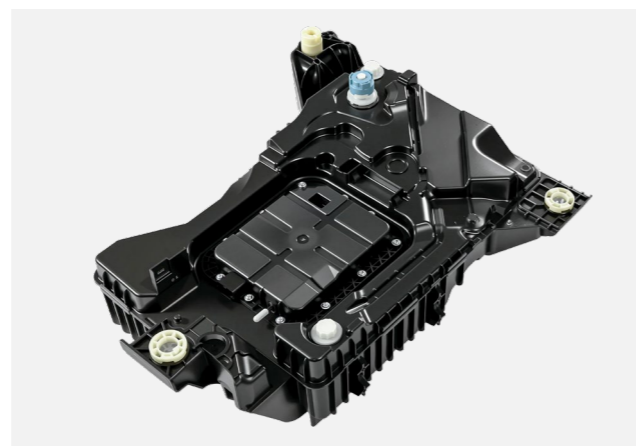
Facing the multiple challenges of accelerating technological iteration in the industry, increasingly diverse customer demands, and the continuous deepening of the green and low-carbon transition, the supporting role of technological innovation in driving the Company’s sustainable development has become increasingly prominent. In 2025, the Company continued to increase R&D investment. Leveraging its well-established R&D system, while consolidating its core technological advantages in traditional automotive parts, it actively expanded into diversified application scenarios, promoting product technology iteration and industrial ecosystem integration. Through forward-looking layout of cutting-edge technology research and development, the Company fosters new growth drivers for its medium and long-term development. At the same time, it continuously strengthened its talent support system, providing a solid foundation for technological innovation. These measures have not only effectively enhanced the Company’s market adaptability and core competitiveness but also actively contributed to promoting the green and low-carbon transition and sustainable development of the automotive industry.

▶ Deepening Technological Upgrading and Expanding Product Categories in the Automotive Aftermarket

In 2025, QI Automotive adhered to innovation-driven development as its core strategy to promote the iterative upgrading of its product portfolio. During the year, the Company newly developed several core automotive parts, including AdBlue tanks, damper control modules, electro-hydraulic power steering pumps, and automatic transmission valve body assemblies. These new products effectively achieve green emission reduction, intelligent upgrading, multi-vehicle adaptability, and quality breakthroughs, playing a key role in supporting environmental sustainability, enhancing vehicle handling and energy efficiency, and meeting the needs of various vehicle models. At the same time, the Company completed the technological iteration of key products such as the intelligent air suspension compressor, effectively improving operational efficiency, stability, and durability. Through integrated upgrades that optimized structure and control logic, it provides more reliable power support for key vehicle components. By empowering product performance enhancement through technological innovation, the Company is driving the automotive aftermarket toward a greener, smarter, and more efficient direction.



AEB System



AdBlue Tank

Case

AEB System and Pedestrian Collision Protection System – Safeguarding Lives Through Technology

The Company is actively expanding into traffic safety-related products such as the AEB system (Automatic Emergency Braking system) and pedestrian collision protection system, providing strong support for road traffic safety through technological innovation. As a core actuation component for emergency braking, the AEB system can precisely activate the braking mechanism, automatically intervening when a collision risk is detected, effectively avoiding or mitigating collision accidents. Actual application data shows that after installing AEB motors on commercial trucks, the rear-end collision rate decreased by over 60%, and the rate of major collision accidents decreased by 75%. After installation on passenger vehicles, the rate of pedestrian collision accidents in urban areas decreased by 50%, and the rate of highway rear-end collisions decreased by 65%. The promotion and application of these products not only help users quickly achieve multiple benefits such as “reducing accident compensation costs, saving insurance premiums, increasing vehicle availability, and lowering management costs”, but also generate significant value in terms of compliant operations, brand value, and social responsibility. By continuously advancing traffic safety technologies, the Company will continue to strengthen the line of defense for life safety through technological means, contributing to the creation of a safer and smarter road traffic environment.

Case

AdBlue Tank – Innovative Universal Design Supporting Green and Low-Carbon Development

Focusing on the upgrading of exhaust gas treatment equipment, the Company has conducted multiple rounds of structural optimization and universal design improvements for the AdBlue Tank, effectively reducing production costs while enhancing product reliability. The product has undergone four rounds of design iterations and completed two rounds of rigorous testing and verification including pressure, burst, and low-temperature tests. Its overall performance is stable, and reliability has been fully validated. By advancing the universalization and standardization of components, the product has achieved an approximately 60% increase in component reuse rate and a reduction of around 20% in comprehensive manufacturing costs. On the basis of ensuring exhaust gas purification efficiency and safety performance, the Company continues to enhance product cost-effectiveness and scalability through ongoing technological improvements, helping customers meet emission requirements while optimizing operational costs, and providing stable support for ecological protection and sustainable development.

Through the above product iterations and ecosystem expansion, the Company has not only consolidated its technological advantages in the automotive aftermarket products sector but also driven green, low-carbon, and safe mobility through innovation, continuously contributing value to the goals of sustainable development.

► **Expanding Product Fields and Broadening Application Scenarios**

In 2025, the Company actively expanded into diversified application scenarios, extending technological innovation to areas such as yachts, ATV/UTV, household and garden products, and auxiliary intelligent robots, thereby building a synergistically developed product matrix. By building a product portfolio covering areas such as water leisure equipment, outdoor power equipment, and intelligent auxiliary devices, and addressing the needs of different niche scenarios, the Company continuously enhances product synergy and market adaptability, strengthens the diversification and stability of its business structure, and lays a more solid foundation for achieving sustainable development.

Case

Auxiliary Robots – Scenario-Based Intelligent Robots Creating a New Experience in Convenient Vehicle Relocation

In the field of auxiliary intelligent robots, the Company has focused on addressing frequent pain points in RV usage scenarios, independently developing and launching an RV relocation robot. This product enables the upgrade of traditional manual or towed relocation methods to intelligent, unmanned operations. The product can be deployed without the need for track installation or fixed infrastructure modifications, offering high flexibility in adaptation to diverse environments such as campgrounds, exhibition sites, and storage areas. Utilizing multi-sensor fusion technology, the device achieves centimeter-level positioning and autonomous obstacle avoidance, ensuring stable operation even in complex terrain conditions. It is compatible with RVs of different wheelbases and weight classes, enabling stable parking on slopes of up to 10% longitudinal gradient and 6° lateral gradient. The product supports one-click summoning and remote monitoring functions in the long term, significantly enhancing the convenience and safety of displacement operations while reducing the risk of human operational errors.

Compared to traditional manual or mechanical towing methods, this solution delivers innovative breakthroughs in precise control, operational safety, and user experience, driving the development of niche scenarios toward intelligence and automation. Through continuous optimization of algorithms and structural design, the Company is constantly improving the product’s adaptability and stability, providing users with more efficient and safer mobility solutions.



Case

Pool Equipment – Innovative Sterilization Technology to Enhance Pool Water Quality Management

In the area of green product development, the Company has independently developed pool electrolytic sterilization equipment, leveraging technological innovation to promote the parallel advancement of health and environmental protection. This product achieves efficient disinfection by generating hypochlorous acid on-site through the electrolysis of salt water. The core electrode is made of corrosion-resistant metal material, ensuring stable electrolysis efficiency and sterilization performance even in high-temperature environments. Compared to traditional disinfection methods, the concentration of hypochlorous acid generated by electrolysis is controllable and the reaction is mild, significantly reducing irritation to the skin and eyes while ensuring effective disinfection. The complete unit has passed testing and verification for electrical safety, waterproof sealing, electrolysis efficiency degradation, and continuous operational reliability, enabling it to adapt to complex outdoor environments such as high temperatures and high humidity, ensuring long-term stable operation.

Traditional pool disinfection typically involves the direct addition of chlorine-based chemicals, which poses certain safety risks during transportation, storage, and use, and may generate disinfection byproducts in the water, leading to irritating odors and potential health impacts. The electrolytic sterilization equipment developed by the Company uses on-site generation technology, requiring only table salt as a raw material to produce hypochlorous acid through electrolysis for disinfection. This eliminates the need to store and add high-concentration chlorine-based chemicals, reducing safety risks and the potential for byproduct formation at the source, optimizing the pool user experience, and enhancing the safety and environmental friendliness of the disinfection process.

In addition, the Company has concurrently developed supporting pool filtration equipment, utilizing woven polypropylene resin filter media with a filtration accuracy of 2 to 5 microns, capable of efficiently removing fine particles such as hair and dust. This forms a synergistic “filtration + disinfection” mechanism with the electrolytic sterilization equipment, further ensuring clean and clear water quality. With this systematic product portfolio, the Company not only enhances the user health experience but also contributes to green and sustainable water environment management practices through technological innovation.



► **Enhancing Subsidiary Layout, Building an “Automotive Electronics” R&D Platform, and Deploying Cutting-Edge Technology**

Case

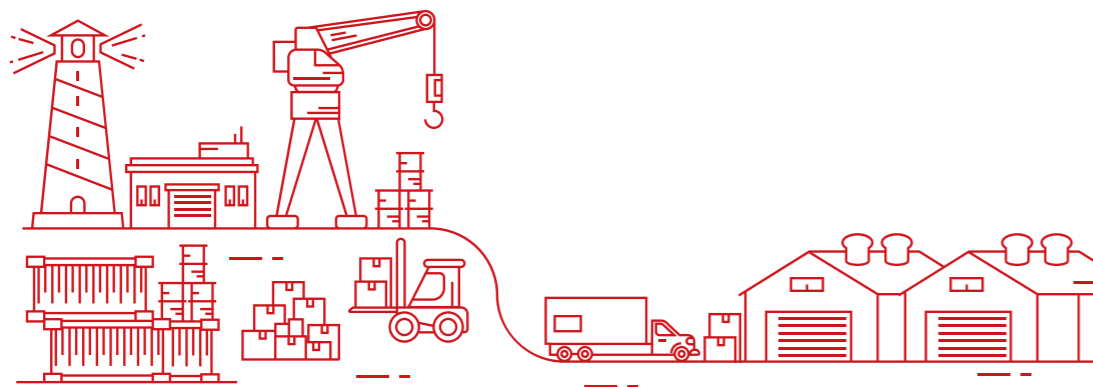
Establishing Qingdao Xunyan Automotive Electronics R&D Co., Ltd. as a Wholly-Owned Subsidiary to Build a Core R&D Base for Automotive Electronics

In February 2025, the Company invested in establishing Qingdao Xunyan as a wholly-owned subsidiary, positioning it as a group-level core R&D center.

Currently, Qingdao Xunyan has assembled an initial R&D team of 12 members. In the future, it will serve as the core force for technological breakthroughs, focusing on in-depth R&D and testing in the automotive electronics field.

Qingdao Xunyan’s product layout targets the industry’s technological frontiers, with a focus on automotive-grade electronic control units (ECUs), high-performance sensors, in-vehicle communication modules, and intelligent control algorithms.

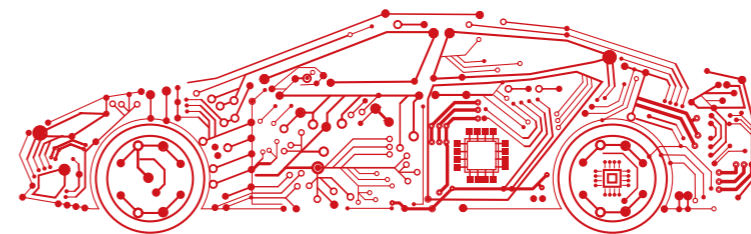
The establishment of Qingdao Xunyan aims to integrate R&D resources, raise the self-sufficiency rate of core components, break down technological barriers, and, through independent control of underlying hardware and top-level algorithms, provide the parent company with sustained continuous technological output and innovation capabilities to build a high-value-added automotive electronics product matrix.



Case

Establishing Qingdao Jianbang Zhiguang Automotive Electronics Technology Co., Ltd. via a Joint Venture to Develop Cutting-Edge Technologies

In 2025, the Company entered into a strategic cooperation agreement with Qingdao Haibang Optoelectronics Technology Co., Ltd. (“Haibang Optoelectronics”) to jointly establish Qingdao Jianbang Zhiguang Automotive Electronics Technology Co., Ltd. (the “Joint Venture”). Haibang Optoelectronics has profound technological expertise in optoelectronic communications, with competitive strengths in signal transmission in complex environments and optoelectronic integration. Leveraging the Company’s long-standing expertise and scenario-based understanding of the automotive industry chain, the Joint Venture will focus on developing automotive-grade optoelectronic hybrid interconnection products, exploring cutting-edge automotive electronics technologies, and filling the Company’s capability gap in optoelectronic sensing. The establishment of the Joint Venture is an important step for the Company to advance cutting-edge technology R&D, helping it expand the frontier of technological innovation, enrich its product portfolio, and foster new growth drivers for its medium- and long-term development.



► **Digital Upgrade of the R&D Management System**

In 2025, the Company continued to optimize its R&D management system, steadily advancing digital upgrades based on the existing R&D management system. The Company independently built and launched a full-process R&D project management system, integrating key stages across the entire lifecycle—including project initiation, development, testing, and acceptance—into a unified online platform for centralized control. This enabled visualization, standardization, and traceability of R&D processes, effectively enhancing cross-departmental collaboration efficiency and project progress management capabilities.

► Systematic Technical Training Enablement to Consolidate the Foundation for Innovative Talents

To meet the demands of technological iteration and industrial upgrading, the Company implemented a specialized training system in 2025, covering all product categories, core components, testing specifications, and cutting-edge technologies for engineers in the Technology Department, as well as key R&D and process personnel. This initiative supports continuous innovation through regular skills improvement.

During the year, over 30 specialized technical training sessions were conducted, covering core technology areas such as motors, transmissions, braking, steering, welding, injection molding, stamping, casting, surface treatment, spline mapping, hardness testing, assembly processes, and sealing strip production. The total training duration exceeded 80 class hours, with more than 300 engineers participating. Attendance rates for core courses remained high, and several specialized training sessions achieved 100% participation.

The training content focused on integrated practical and theoretical points, including production processes, testing methods, new product development, mold evaluation, software development, signal analysis, and diagnostic protocols. Internal senior engineers served as instructors to deliver the training, adopting a combination of theoretical lectures, on-site practical exercises, and assessment methods such as written tests and Q&A sessions to ensure the effective application of technical knowledge. Specialized training focused on areas such as drive shaft manufacturing processes, AC/DC motor manufacturing processes, brake fundamentals, metal welding and injection molding, machining processes, powder metallurgy, forging, vulcanization, low-pressure casting, metal surface treatment, hardware circuit failure analysis, and power device driver design. Meanwhile, standardized training was carried out in areas such as sample handling and hardness testing. These efforts have comprehensively enhanced the professional capabilities of the technical team in product development, process optimization, quality control, testing and verification, and other aspects, laying a solid talent foundation for technological innovation, product upgrading, and green manufacturing.



Metrics and Targets

► Metrics

In 2025

- ✓ R&D investment: **RMB 20,664,802.81**, accounting for **2.65 %** of main business revenue
- ✓ Number of R&D personnel: **76**, accounting for **20.32%** of total employees
- ✓ **16** invention patent applications, **7** invention patents granted, **17** valid invention patents as of December 31, 2025, **17** invention patents applied to the main business
- ✓ **17** patent applications, **15** patents granted, **120** valid patents as of December 31, 2025, **120** patents applied to the main business
- ✓ Number of software copyrights as of December 31, 2025: **125**

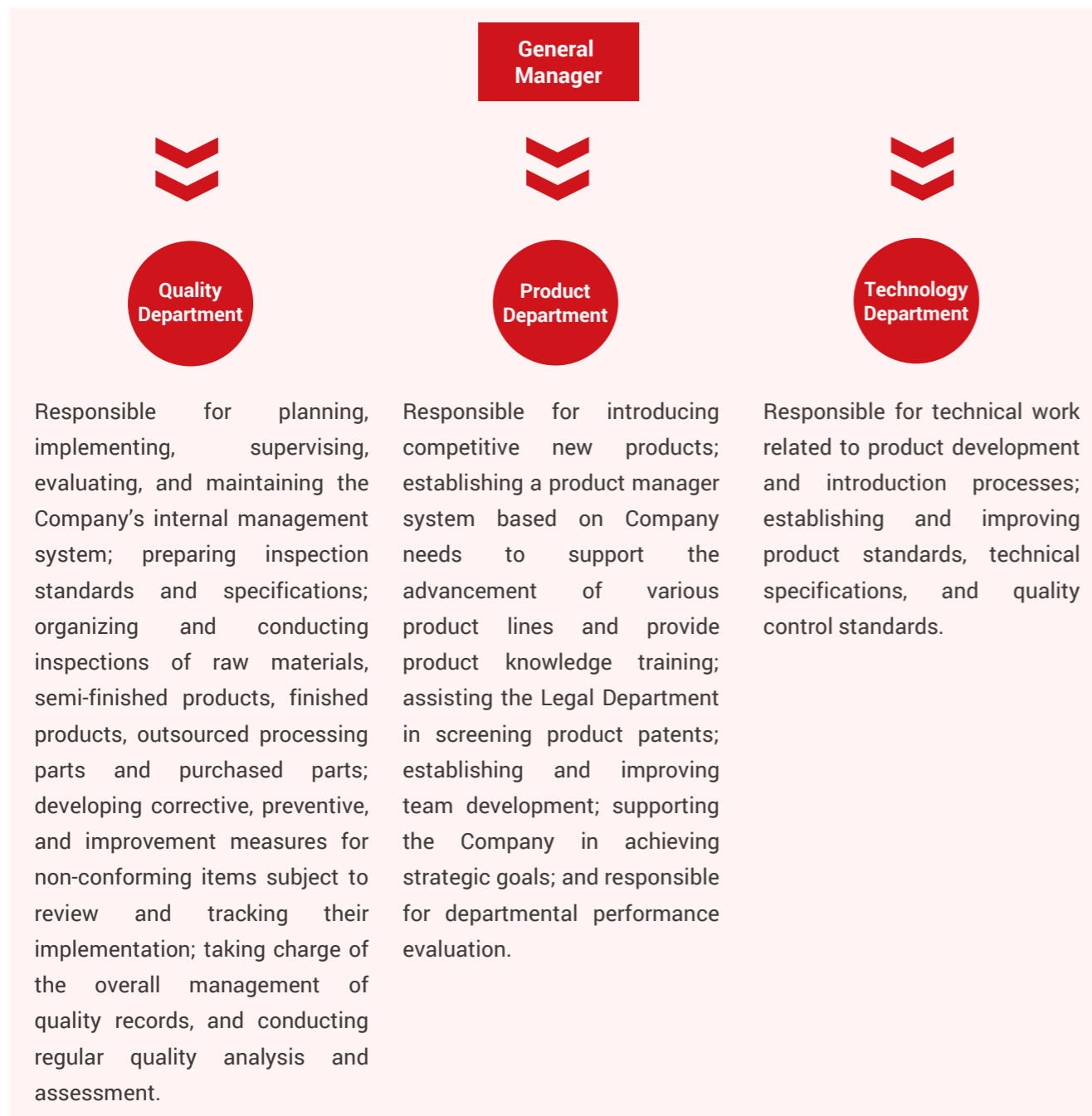
► Targets

Looking ahead to 2026, the Company will continue to refine its market demand-oriented R&D and innovation system, steadily advancing core technology breakthroughs and product iteration and upgrades. While consolidating its technological advantages in the traditional automotive parts sector, the Company will actively expand into diversified application scenarios such as yachts, ATV/UTV, household and garden products, and intelligent robots, promoting synergistic development of its product ecosystem. It will accelerate the accumulation of cutting-edge technology reserves and the commercialization of R&D outcomes, continuously enhancing its independent R&D capabilities and core competitiveness. Additionally, the Company will further improve its R&D management system and optimize talent structure and skills training mechanisms to provide solid support for technological innovation. In terms of intellectual property, the Company will actively promote the continuous filing and granting of invention patents, ensuring that R&D outcomes effectively serve its main business and inject sustained innovation momentum into the Company's high-quality development.

Quality First Building a Cornerstone of Safety and Trust

Governance

Governance Structure



Governance System

In 2025, the Quality Department systematically advanced the update of institutional documents and process optimization with a focus on systematization, refinement, and enforceability of the quality management system, ensuring safety and control throughout the entire process from R&D trial production to mass production delivery. The Quality Department conducted a comprehensive review and upgrade of the Company's QES (Quality, Environment, Occupational Health and Safety) management system, adding 10 institutional documents, including Management Regulations for Product Research, Management Regulations for Product Information Maintenance, Management Regulations for Sample Purchase, Management Regulations for Packaging, Management Regulations for Samples, Management Regulations for Product and BOM Coding Rules, Management Regulations for Sample Disposal, Contract Management Regulations, Patent Management Operating Procedures, and Management Regulations for Policies and Objectives. These additions enable more comprehensive management coverage and clearer standards. At the same time, to ensure consistency in quality management at overseas production bases, the Company guided its subsidiary Q-Thai in establishing institutional documents such as Work Rules, Management Regulations for Business Travel, Management Regulations for Expenses, Safety Management System for Expatriate Personnel, and Information Security Management System for Expatriate Personnel Assigned to Q-Thai. Meanwhile, QI Automotive (QING DAO) Co., Ltd. (hereinafter referred to as "QI Automotive (Qingdao)") added institutional documents including the FMEA Management Regulations, Special Characteristics Management Regulations, and Supplier Quota Management Regulations. These efforts enabled the synchronized implementation and effective operation of the quality management system both domestically and overseas.

Strategy

The Company targets the independent automotive aftermarket, and has established an overall strategy of "Rooted in China, Serving the World, Global Sourcing and Global Sales" in the sector of hard-to-find automotive parts and related products. In product development, the Company continuously conducts research and develops products integrating hardware and software as well as automotive electronic products. By attaching great importance to technology and talent, the Company holds independent intellectual property rights for its products and steadily promotes product iteration and upgrading.

Impact, Risk and Opportunity Management

Facing the continuous global escalation of requirements for product reliability, safety performance, and compliance in the automotive industry, the Company consistently regards product quality as a core competitive advantage and a vital cornerstone of sustainable development. In 2025, the Company systematically advanced the development of its full-chain quality assurance capabilities, focusing on areas such as establishing quality systems at overseas bases, optimizing quality improvement mechanisms, and fostering synergy between R&D and quality functions. By ensuring uniform standards to guarantee global delivery quality, and by implementing closed-loop improvement mechanisms to enhance customer satisfaction, the Company reinforces the foundation of product safety at the source, laying a solid quality foundation for the Company's high-quality development.

► **Improving Overseas Production Layout and Building a Global Quality Assurance System**

With the Thailand factory officially entering the production phase in July 2025, the Company systematically established a full-chain quality management system covering overseas production bases, focusing on three core principles: “unified standards, controlled processes, and capability co-construction”. This ensures that product delivery quality under different geographical locations and supply chain conditions remains consistent with that of headquarters, providing a solid foundation for the implementation of the Company’s global strategy.

Unified Quality Standards: Full-Process Standard Transfer from Sample Trial Production, Component Supply to Mass Production

To ensure that the Thailand factory strictly implements quality standards consistent with those of headquarters, the Company established a mechanism for preliminary standard transfer at the early stage of product transfer. For products being transferred, rough castings and samples were first completed domestically. Subsequently, the finalized process flows, key process parameters, and inspection standards were sent to the Thailand factory along with tooling and fixtures, ensuring that the technical foundation of the production process was completely consistent with that in China, thereby guaranteeing product consistency and traceability from the source.

In the component supply phase, production accessories, after passing inspection by the Company, were uniformly shipped to Q-Thai. After full communication and confirmation of inspection standards between the Company and Q-Thai, and with both parties clearly defining acceptance criteria, Q-Thai prepared localized Standard Inspection Procedures (SIP) based on these standards, achieving an effective integration of inspection standards with on-site operations.

Quality Process Control: Quality Gate Front-Loading and Localization of Inspection Capabilities

Considering the characteristics of overseas production, the Company stationed quality personnel at the Thailand factory during its initial production phase to provide two months of on-site coaching, assisting Q-Thai in establishing quality management processes that meet customer and system requirements. During the on-site period, the focus was on setting up key quality gates in product development processes and production processes, including control points for incoming inspection, in-process inspection, and finished product inspection. Inspection frequency, sampling plans, and acceptance criteria for each stage were clearly defined.

Quality System Oversight: Steady Implementation and Continuous Improvement

As 2025 marked the first year of production for the Thailand factory, the Company’s focus was on system establishment and operational capability building. Through on-site coaching and the implementation of quality gates, the Company ensured that Q-Thai possessed the fundamental capability to independently operate its quality management system. No major quality incidents or systemic quality issues occurred throughout the year. Moving forward, the Company will continue to optimize the construction of Q-Thai’s quality system.

Through the above measures, the Company has not only improved its overseas production layout but also established a replicable and implementable overseas quality management model, laying a solid foundation for subsequent high-quality global expansion and international business development.

► **Full-Process Quality Control: Strengthening the Foundation of Product Reliability**

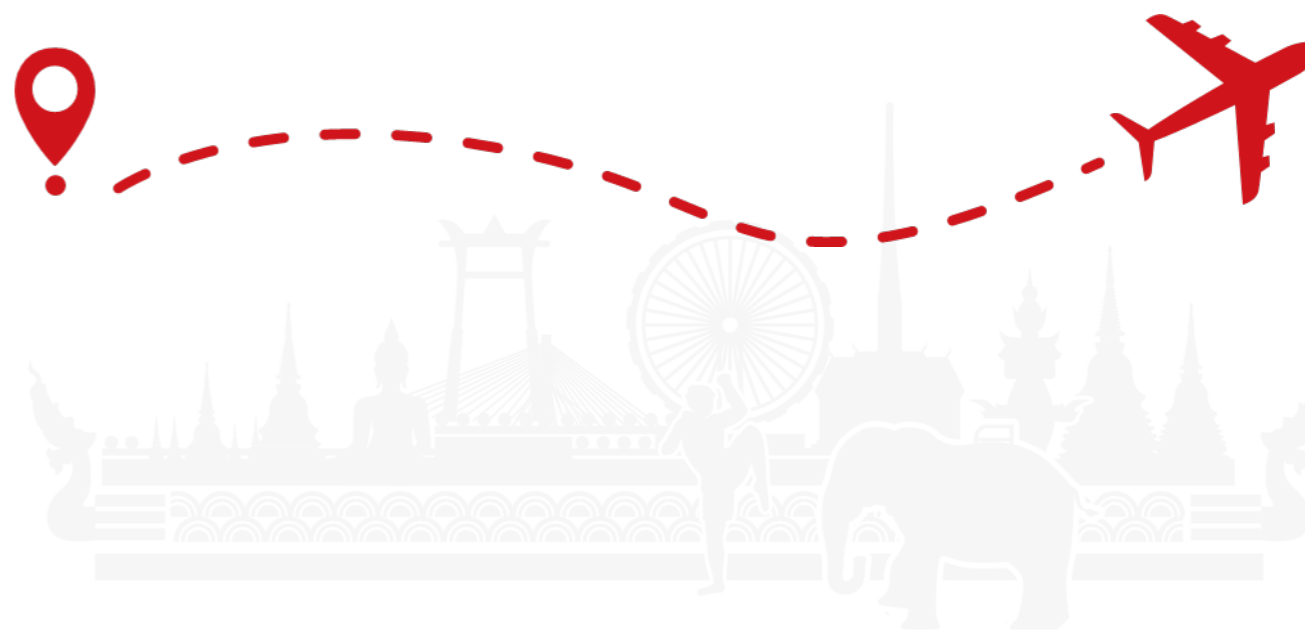
The Company has established a systematic quality control system around its core product lines, encompassing risk identification at the source, precise process control, and reliability verification to ensure stable product quality across all dimensions.

In terms of source control, the Technology Department prepares a Special Characteristics List during the drawing design phase, clearly identifying key dimensions and performance parameters that affect product safety, regulatory compliance, and assembly functionality. This enables quality control resources to be precisely focused on high-risk items, addressing the issues of “unfocused quality control and easily overlooked key characteristics”.

In terms of precise process control, the Company has developed specialized quality control plans and schemes for 80 key product lines. For each product category, special characteristics, factory-side control schemes with inspection frequencies, and Company-side quality control schemes with inspection frequencies are clearly defined.

In terms of systematic reliability verification, based on the Special Characteristics List derived from key product lines and technical outputs, as well as historical customer complaint data, the Company developed the 2025 Test Plan Summary, covering the entire year, identifying approximately 110 test items. The types of tests cover reliability testing and performance testing, among others. Through systematic testing and verification, the Company can identify and mitigate potential quality risks in advance, ensuring stable product performance.

In terms of change risk management and control, the Company has established procedures regarding customer changes, supplier 4M changes, and internal company changes, defining the requirements for change assessment, implementation, and verification.



► **Closed-Loop Management and Continuous Improvement of Customer Complaints, Driving a Significant Reduction in Complaint Rate**

The Company has established a multi-channel customer complaint acceptance mechanism, promptly responding to customer feedback promptly through business emails, WeChat groups, and other channels. A closed-loop improvement process has been built, covering complaint acceptance, root cause investigation, solution communication, and standardized prevention. Upon receipt of a complaint, the SQE completes a preliminary analysis within 24 hours, verifying inventory, shipment batches, drawings, and sample status. Once confirmed as a valid complaint, the 8D analysis process is initiated immediately.

In 2025, the number of batch customer complaints decreased by 69.06% year-on-year, among which complaints attributable to quality decreased by 65% year-on-year. The complaint closure rate remained at a high level, marking a new milestone in the Company's quality control capabilities and customer satisfaction.

► **R&D Collaboration and Supply Chain Empowerment: Building a Full-Chain Quality Assurance System**

In the new product development phase, the Quality Department intervenes early, collaborating with the R&D department to identify testing and assembly requirements. The SQE participates throughout the confirmation of test results and evaluates factory development capabilities during supplier selection, ensuring product design safety and manufacturability from the source. To enhance quality awareness across the entire industry chain, the Company provides in-depth coaching and targeted improvements to suppliers: for swimming pool pump motor suppliers, over 30 measures were implemented, including material upgrades, process improvements, and enhanced inspection and testing; regarding rust prevention issues, anti-rust agreements were signed with suppliers, specifying anti-rust standards and effectively reducing product rust rates; for DPF tank suppliers, burst standards were clarified and production process testing was increased. Additionally, the Company invited external experts to conduct specialized training in VDA6.3, PDCA, FMEA, APQP, special characteristics, DVP, and other areas, strengthening the application capabilities of quality tools both internally and among suppliers. Through annual audits, the Company promotes continuous quality improvement among suppliers, achieving coordinated development of quality levels across the entire industry chain.

Metrics and Targets

► **Metrics**

Product Quality-Related Awards Received in 2025

Alibaba Gold Plus Supplier Assessment Certificate



In 2025

Number of major product quality and safety incidents in : **0**

Product first inspection pass rate: **97.98%**, scrap rate: **0%**, number of product recalls: **0**

Customer satisfaction score: **9.03** out of 10, number of customer complaints: **69**

Customer complaint resolution rate: **94.41%**

► **Targets**

Looking ahead to 2026, the Company will continue to drive steady improvements in product quality and customer satisfaction through systematic and forward-looking management initiatives. In terms of quality system development, the Company will further improve standardized control processes covering both domestic and overseas production bases to ensure consistency and reliability in global delivery quality. In terms of process control, it will continuously optimize full-process quality control mechanisms, strengthen risk identification and prevention capabilities to ensure stable product performance under various operating conditions. In terms of customer service, the Company will continue to improve complaint response and closed-loop handling processes, striving to keep quality-related customer complaints at a low level while maintaining high customer satisfaction. Through the above measures, the Company will effectively avoid major product quality and safety incidents and product recalls, continuously consolidate the foundation for product quality and safety management, and promote long-term, stable and healthy development of customer relationships.

Responsible Sourcing Building a Robust Supply Chain Together

Governance

Governance Structure



Governance System

In 2025, with the goal of building a sustainable supply chain, the Company continued to improve its supplier management system. Based on the "Procurement Control Procedures", it conducted a comprehensive diagnosis and systematic upgrade of the supplier and customer management systems. Through the systematic optimization of internal control processes, the Company further improved and enhanced its procurement and supplier management system, effectively ensuring the compliance, transparency, and sustainability of supply chain management.

Strategy

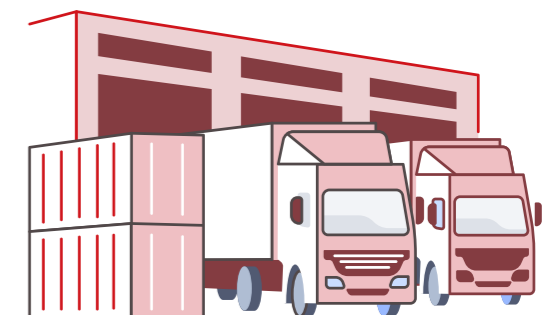
In supply chain management, the Company adheres to the management model of "Decentralize where appropriate, integrate where beneficial", focusing on reliable quality and stable supply to manage global suppliers with both rigor and flexibility.

Impact, Risk and Opportunity Management

Against the backdrop of continuous evolution in the global supply chain landscape and intensified fluctuations in market demand, the Company's supply chain faces multiple challenges, including supplier operational stability, quality control, and compliance risks. To proactively address these uncertainties, the Company continues to strengthen its supply chain management system, engaging professional institutions to conduct specialized diagnostics and systematic optimization of procurement and supplier management. It has established internal control processes covering the entire supplier lifecycle and a procurement authority management system with clearly defined responsibilities. Through measures such as strict access standards, dynamic performance evaluations, identification of at-risk suppliers and deployment of alternative suppliers, anti-corruption training, and on-site coaching, the Company has effectively enhanced the stability and resilience of its supply chain. It has transformed potential risks into opportunities for collaborative development, promoting shared responsibility and sustainable development across the entire chain.

Systematically Upgrading Supplier Management Systems to Establish a Full-Process Refined Management System

In 2025, building upon its existing procurement management foundation, the Company benchmarked industry best practices and conducted a comprehensive review and systematic upgrade of its procurement and supplier management systems. Through an in-depth analysis of existing business processes, the Company identified opportunities for optimization in key areas such as supplier access, routine management, price control, contract management, and integrity and compliance. Seizing this opportunity, it systematically established an internal control management system covering the entire supplier lifecycle, promoting the transformation of supplier management from fragmented to systematic, and from extensive to refined.



At the institutional level

The Company established a layered and categorized procurement management framework, clearly distinguishing between two types of documents: management systems and operating procedures, each with defined approval authority and release processes. Within 30 days of system issuance, relevant departments were organized to conduct promotion and training to ensure that personnel at all levels accurately understood and mastered the key implementation points. Concurrently, the Company systematically clarified the roles and responsibilities of positions within the procurement business process, defining responsible entities, collaborating departments, and approval responsibilities at each node, achieving clear responsibilities and mutual supervision and checks.

In terms of full-process supplier control

The Company established standardized operating specifications and approval processes for key stages, including supplier access, routine management, performance evaluation, and information changes. For the access stage, specific requirements for information collection, on-site audits, and access evaluation were defined. For routine management, a tiered standard and dynamic evaluation mechanism were established, implementing tier upgrading and downgrading management of suppliers based on quarterly performance evaluation results. For information changes, strict approval processes were set for changes to supplier business information such as name, legal representative, and bank account, as well as for additions of new product categories, ensuring the accuracy and traceability of supplier information.

In terms of procurement price and contract management

The Company established a systematic price control mechanism. All procurement items must retain quotation materials, with routine inquiries involving no fewer than two suppliers. Single-source procurement must provide reasons and undergo strict approval. A price validity control mechanism was established in the SAP system, setting a validity period of one year for all prices, after which they automatically expire, triggering a new inquiry process. Procurement contracts are managed throughout their lifecycle, with unified templates, tiered approval, and ledger monitoring. Automatic reminders are triggered before contract expiration, ensuring the standardization and timeliness of contract management.

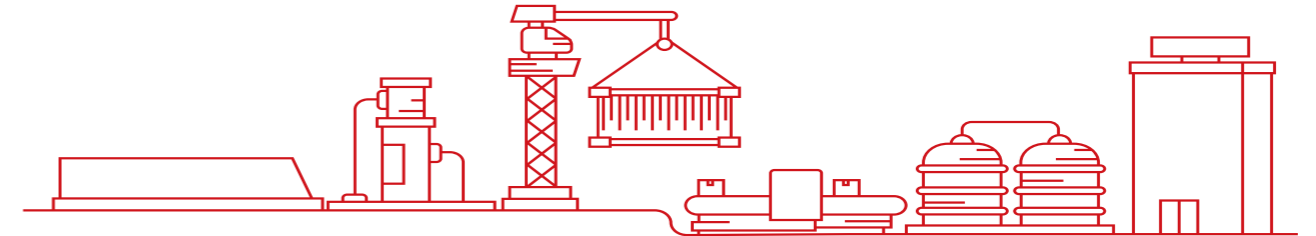
In terms of integrity and compliance

The Company established a comprehensive whistleblower management and integrity agreement signing mechanism. Multiple reporting channels, including the Chairman’s mailbox and a dedicated reporting email, were established. The Audit Department is responsible for investigations and strictly enforces whistleblower protection policies. Employees in key positions sign the Employee Commitment to Integrity and Self-Discipline upon employment, which is made public, and any violation of integrity commitments is strictly pursued for liability.

Through these systematic institutional upgrades and process optimizations, the Company’s procurement and supplier management system achieved a significant leap forward, effectively enhancing the compliance, transparency, and risk resilience of the supply chain, and laying a solid foundation for building a stable, efficient, and sustainable supply chain system.

▶ Strict Supplier Access and Dynamic Optimization to Strengthen the Foundation of Supply Chain Quality

The Company has established and continuously improved a rigorous supplier access system to control supply chain quality from the source. For new suppliers, the Procurement Department, in conjunction with the Quality Department, Technology Department, Legal Department, and other relevant departments, implements a multi-dimensional evaluation process. Based on the Supplier On-Site Audit Form, comprehensive on-site audits are conducted across dimensions such as quality system, technical capability, production process, environment and safety, and business compliance. During the audit process, particular attention is paid to the supplier’s quality management system certification (IATF16949, ISO9001), environmental management system certification (ISO14001), product development capability, special characteristics management, change management, customer complaint handling, incoming inspection, production process control, outgoing inspection, non-conforming product control, measuring equipment management, and warehouse management, ensuring that the supplier possesses the capability to consistently provide qualified products. Concurrently, the Company issues the Notice on Environmental, Safety Requirements, Human Rights and Working Conditions for Relevant Parties to new suppliers, outlining its initiatives regarding environmental protection, health and safety, and human rights protection. This includes requirements that products and services comply with national and industry environmental regulations, production processes minimize pollutant emissions, employee occupational health and safety be ensured, employee freedom of association be guaranteed, and discrimination be opposed. This extends ESG principles to the source of the supply chain, promoting partners to jointly fulfill social responsibilities.



The Company continuously optimizes its supplier management system, implementing dynamic tiered management and quarterly performance evaluations for existing suppliers. Suppliers are classified into five tiers: A (Core Suppliers), B (Key Suppliers), C (General Suppliers), D (Special Approval Suppliers), and E (Blacklisted Suppliers), with dynamic adjustments based on evaluation results. In 2025, the Company conducted comprehensive assessments and quarterly performance evaluations for 158 A/B-tier suppliers. The evaluation dimensions covered quality performance (incoming inspection pass rate, customer complaint pass rate), technical performance (first-time sample approval rate), delivery performance, price support, cooperation degree, information security assessment, AEO management, among others, with a total score of 100 points. Suppliers scoring below 70 points in the quarterly performance evaluation were classified as at-risk suppliers. The Quality Department issued corrective action notices specifying the required improvements, deadlines, and responsibilities. After corrective actions were implemented, the Quality Department conducted follow-up verifications. Suppliers could only maintain their qualified status after passing the verification. For suppliers showing no significant improvement after three consecutive corrective action requests, or those involved in serious quality incidents, major compliance issues, or dishonest conduct (such as unauthorized resale, violation of agreements, or failure to fulfill commitments), the Company initiated the elimination process and added them to the blacklist. In 2025, based on quarterly evaluation results, the Company downgraded or removed several suppliers. Simultaneously, the Company actively advanced its localization procurement strategy, further increasing the proportion of local suppliers to enhance supply chain responsiveness and stability. In 2025, the number of local suppliers in Shandong Province rose to 87, accounting for 16.67% of the total number of suppliers.

► **Multi-Dimensional Supplier Empowerment to Enhance Comprehensive Supply Chain Competitiveness**

The Company places great emphasis on establishing long-term, win-win strategic partnerships with its suppliers, recognizing that supplier quality levels, management capabilities, and compliance awareness directly impact the stability and sustainability of the supply chain. To this end, the Company continuously empowers its suppliers through multi-dimensional measures such as systematic training, targeted coaching, and targeted improvement initiatives, driving the coordinated enhancement of overall supply chain quality and management capabilities. In terms of integrity and compliance, the Company conducts specialized anti-bribery and anti-corruption training for core suppliers, consolidating the line of defense for honest cooperation. In terms of quality management, it introduces the internationally recognized VDA6.3 process audit standard to enhance suppliers' process control capabilities. In terms of production technology, the Company conducts on-site coaching at supplier facilities, helping solve process difficulties, improving testing methods, and optimizing management processes, enabling suppliers to achieve continuous improvements in product quality, production efficiency, and environmental practices. Through these measures, the Company has effectively strengthened the stability and resilience of its supply chain, with significant improvements in supplier quality performance, laying a solid foundation for building a transparent, fair, and sustainable supply chain ecosystem.

Case

Targeted Empowerment to Drive Collaborative Quality Improvement in the Supply Chain

The Company attaches great importance to supply chain quality management and sustainable development, and continuously provides on-site guidance and capacity building for core suppliers through the Quality Department and Technology Department. In 2025, the Company provided systematic guidance to key suppliers of motors, brake systems, rubber products and other categories, covering production process optimization, improvement of quality control capabilities, enhancement of testing capabilities, as well as improvements in energy conservation, environmental protection and resource utilization. For example, the Company provided special guidance to suppliers on anti-rust standards and processes. By clarifying anti-rust and anti-corrosion requirements for key parts such as appearance quality, seals and diaphragms, the Company effectively reduced the product rust rate and return risks. Through joint training, rectification suggestions, management process optimization and testing method improvement, the Company helped suppliers improve product reliability and production efficiency, and promoted sustainable production practices. In this process, the Company not only strengthened the stability of its own supply chain and guaranteed product quality, but also promoted continuous improvement of suppliers in technology, management and environmental protection, reflecting the Company's continuous attention to and active responsibility for supply chain obligations.

Case

Adopting International Standards to Enhance Process Control Capabilities

In terms of quality and technical empowerment, the Company has systematically carried out initiatives to enhance the quality capabilities of suppliers and continuously strengthened the overall quality control level of the supply chain. In December 2025, the Company invited an internationally authoritative certification body to hold a special training course on VDA6.3 Process Audit. Centered on the 2023 edition of the VDA6.3 standard, the training systematically explained the process audit methodology, requirements of clauses P1-P7, application of audit tools, and key points for enterprise implementation. Through real case analysis, on-site simulation exercises, and group interactive practice, it comprehensively strengthened the practical operation ability and standard application ability of the supplier teams.

This training was organized for the Company's core suppliers, with 23 key cooperative suppliers participating and approximately 50 trainees attending. The training lasted 3 days, with a total of 19.5 teaching hours. The course content was tailored to the actual scenarios of the automotive supply chain, focusing on key aspects such as supplier process management, risk control, audit implementation, and continuous improvement.

Through this systematic and standardized international standard introduction training, all suppliers gained a more comprehensive and in-depth understanding of VDA6.3 process audit requirements, process quality control logic, and implementation methods. It effectively improved the overall process control and compliance capabilities of suppliers, and laid a solid foundation for further deepening supply chain quality collaboration, conducting on-site coaching, and carrying out special improvements in the follow-up.



► **Improving Supply Chain Risk Management to Ensure Supply Continuity**

The Company has established a systematic supply chain risk identification and control mechanism, actively develops alternative suppliers and improves supply chain backup plans to ensure supply stability and resilience.

In terms of risk identification, through quarterly supplier performance evaluations and special risk checks, the Company conducts operational risk assessments for Class A/B suppliers, focusing on order status, financial status, the proportion of the Company's business in suppliers' total revenue, legal dispute records from Tianyancha, and cooperation willingness. In the third and fourth quarters of 2025, the Company conducted a comprehensive risk screening of 158 Class A/B suppliers and formulated corresponding countermeasures according to different risk levels.

► **Upholding Fair Cooperation to Build a Transparent and Win-Win Supply Chain**

Ecosystem

The Company upholds the principles of fairness, transparency and mutual benefit in its treatment of all suppliers, including small and medium-sized enterprises. It maintains consistent standards in terms of cooperation conditions, settlement arrangements and performance evaluation to promote the sustainable development of the supply chain.

Adhering to the core criteria of fair competition, open cooperation and win-win results, the Company treats all partners, including small and medium-sized enterprises, equally throughout the entire supply chain management process, including supplier access, tendering and procurement, contract performance, payment settlement and performance evaluation.

The Company strictly abides by commercial credit, fulfills its payment obligations in accordance with contracts, and avoids acts that harm the legitimate rights and interests of small and medium-sized enterprises such as delaying payments and imposing unreasonable price reductions. It is committed to creating a cooperative environment with balanced rights and responsibilities, integrity in performance and mutual prosperity, and jointly maintaining the stability and sustainable development of the industrial chain with all market participants.

As of the end of the reporting period, the Company's accounts payable balance was RMB 115,189,667.87, of which the balance within 1 year was RMB 100,564,134.92 and the balance over 1 year was RMB 14,625,532.95. The main portion of accounts payable over 1 year consists of material payments payable amounting to RMB 8,322,396.64. The primary reason for this is that the relevant projects have not yet been completed, and the Company will complete the settlement and payment in a timely manner in accordance with the contract terms upon completion of the projects.

In terms of cooperation fairness, the Company puts forward unified initiatives for all suppliers through the Notice on Environmental, Safety Requirements, Human Rights and Working Conditions for Relevant Parties, covering aspects such as environmental protection, health and safety, and human rights protection. These include respecting employees' freedom of association, protecting female workers and minors, and prohibiting discrimination. Suppliers are treated equally regardless of their size. In terms of performance evaluation, the Company adopts a unified quarterly evaluation standard and scoring system, comprehensively assessing suppliers on quality performance (incoming inspection pass rate, customer complaint pass rate), technical performance (first-time sample approval rate), delivery performance, price support, cooperation degree, information security assessment, AEO management, among others. The evaluation results are disclosed transparently and serve as the objective basis for supplier classification, incentives, corrective actions, or exit. In terms of incentives and support, for high-performing suppliers with quarterly performance scores above 85 out of 100, the Company provides priority support in areas such as new product development, purchase share allocation, and payment terms, encouraging them to continuously improve quality and service. For small and medium-sized suppliers facing difficulties but demonstrating a willingness to improve, the Company assists them in enhancing their capabilities through on-site coaching, technical training, and process optimization. For instance, suppliers of pool motors and brake systems have received in-depth coaching and achieved remarkable improvements.

Through the aforementioned measures, the Company has built a high-quality, highly resilient supply chain system, and worked together with its partners to create a fair, transparent, ethical, and sustainable industrial ecosystem.

Metrics and Targets

► **Metrics**

In 2025

The number of suppliers assessed by the Company: **249** companies

The proportion of key suppliers assessed: **100%**

The number of suppliers identified as having significant actual or potential negative ESG impacts: **0**

Major disputes between the Company and suppliers: **0**

Difficulties in the procurement of supplies: **0**

Operational disruptions due to supply shortages or delays, or significant fluctuations in prices: **0**



► **Targets**

Looking ahead to 2026, the Company will continue to deepen the construction of its supply chain management system, further promoting the refinement and standardization of full-lifecycle supplier management. The Company will continuously optimize its supplier structure, steadily improving the overall quality of its supplier base; deepen the dynamic full-lifecycle management of suppliers to ensure full coverage of key supplier assessments, and continuously strengthen the identification and prevention of ESG risks at the supplier level. Through diversified empowerment initiatives, the Company will promote the continuous improvement of suppliers' quality assurance capabilities and compliance awareness. It will also strengthen supply chain risk early warning and emergency response mechanisms, proactively preventing and controlling operational risks such as procurement disruptions and abnormal price fluctuations, effectively ensuring the stability, resilience, and sustainability of the supply chain. Together with its partners, the Company will jointly build a transparent, fair, and green industrial ecosystem.

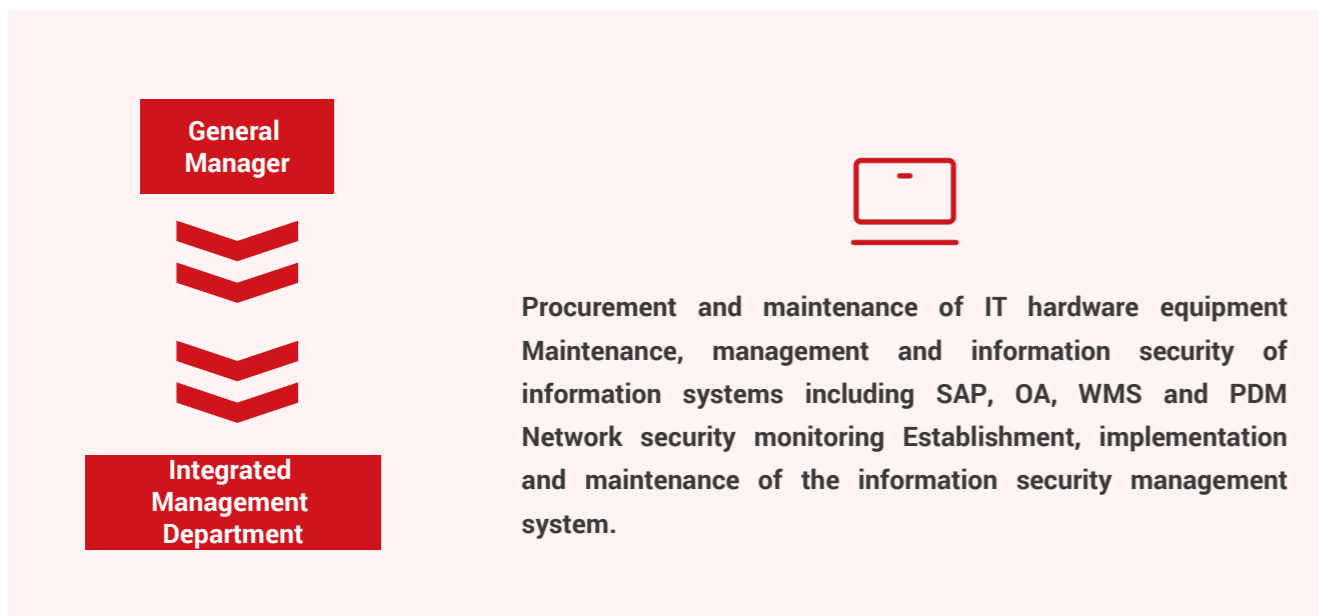
Data Governance Comprehensive Protection of Information Security

Governance

Governance Structure

The Company has established a well-defined hierarchical management framework for data security and customer privacy protection, with the General Manager as the top management core, overseeing the strategic direction and decision-making and deployment of the Company's overall data security and customer privacy protection work.

Under the General Manager, the Integrated Management Department acts as the executive and competent department for data security and customer privacy protection, and assumes full-range information security management duties, specifically: Processing procurement applications and maintaining various IT hardware equipment of the Company to ensure the stable operation of hardware facilities; Performing daily maintenance, operation management and supporting information security protection for the Company's information systems including SAP, OA, WMS and PDM; Conducting regular monitoring of the Company's network security to prevent and handle network security risks in a timely manner; Leading the establishment, implementation and continuous improvement of the Company's information security management system to ensure the systematic and standardized progress of data security and customer privacy protection.



Governance System

In terms of data security and customer privacy protection, the Company continued to deepen the development of its management system, focusing on policy improvement and compliance upgrades to steadily enhance its data security governance capabilities.

In 2025, in light of business development needs and regulatory requirements, the Company completed the revision and upgrade of two core systems: the Information System Backup and Monitoring Management System and the Information Transmission Management System. Additionally, it formulated three new special regulatory documents: the Information Security Management System in Project Management, the Security Requirements for Enterprise Cloud Service Usage, and the Customer Privacy Management System. These efforts have established a full-process system covering data backup, transmission, the entire project lifecycle, cloud service usage, and customer privacy protection, further clarifying security responsibilities, control standards, and operational specifications at each stage, thereby achieving refined and standardized data security management.



At the same time, the Company strictly complied with the ISO/IEC 27001: 2022 standard and successfully renewed its Information Security Management System certification (Certificate No.: CN23/00001387), with its validity extended to March 22, 2029. The certification scope covers R&D and sales of automotive components. Through policy iteration and compliance certification optimization, the Company has further strengthened its defenses for data security and privacy protection, laying a solid foundation for the sustained and healthy development of its business.

Strategy

The Company adheres to the overarching policy of "Safety first, prevention-oriented, equal emphasis on management and technology, and comprehensive prevention", comprehensively enhancing its information security support capabilities and risk prevention and control capacity.

Impact, Risk and Opportunity Management

As digital transformation enters a deeper phase, network security threats are showing a trend toward diversification and intelligence, while data compliance regulatory standards continue to become more stringent. To continuously strengthen the implementation of ESG data security responsibilities, the Company, based on its actual development in 2025, iteratively optimized its data security management system, focusing on two core tasks: the upgrade and revision of the information security management system and refined control over data usage permissions. By deploying innovative and targeted prevention and control measures, the Company continuously improved the effectiveness of information security protection and the standardization of data management.

► Information Security Management System Upgrade

In 2025, the Company carried out a version upgrade of its information security management system, expanding its management scope from traditional information security to a three-in-one framework covering information security, network security and privacy protection, so as to comprehensively enhance the coverage and effectiveness of security management and control.

Guided by risk prevention and control, this upgrade strengthened the four core modules of change management, user permissions, supply chain security and access control. System changes, permission adjustments, architecture optimization and supplier management were all incorporated into the full-process control of risk assessment, approval and verification. Meanwhile, the Company improved mechanisms including full-life-cycle account management, centralized control of privileged accounts, terminal and remote access security, disaster recovery and business continuity. A full range of technical and management measures were integrated into the new system, including firewall control, VLAN partitioning, DLP data leakage prevention, terminal encryption, permission classification, vulnerability scanning, internal security audits, log analysis, system monitoring, data backup and disaster recovery drills. This has achieved full-chain security and control over personnel, systems, data, networks and third-party suppliers, and significantly enhanced the security, stability and management efficiency of the Company's information systems.



► Data Usage Permission Control

In 2025, with data security compliance as its core, the Company rigorously implemented the principle of least privilege, comprehensively promoted the full lifecycle management and refined control of information permissions. It established a full-process data security protection system covering authorization, usage, change, cancellation, and auditing, ensuring that information assets are secure, controllable, and traceable.

In terms of optimizing the permission management system, the Company improved permission management systems and standard processes, standardizing the procedures for permission application, approval, change, and cancellation, strictly implementing a "first approval, then activation" mechanism. Based on departmental and job position classifications, a standardized permission matrix was developed, achieving precise alignment between permissions and roles, eliminating arbitrary permission assignment and over-authorization. Privileged accounts such as server accounts, domain administrator accounts, and system backend accounts were subject to centralized IT management, dedicated use by designated personnel, regular password updates, and full-process auditing, thereby consolidating permission management responsibilities through systems and processes.

In terms of full lifecycle permission control, the Company implemented standardized permission assignment for new hires, dynamic adjustment of permissions during job transfers, and a 100% permission revocation mechanism upon separation: new employees were granted permissions based on their position requirements; for internal transfers, old permissions were revoked before new ones were assigned to eliminate permission redundancy; upon employee separation, domain accounts, email accounts, VPN access, and all permissions in systems including SAP, WMS, OA, PDM, SVN, and encryption systems were immediately disabled and revoked, achieving closed-loop control over permission risks.

In terms of permission auditing and security protection, the IT department conducted quarterly comprehensive permission inventories and reviews, and promptly cleared redundant, idle, and abnormal accounts. Meanwhile, it strengthened controls over data copying and encryption, standardized the approval process for sensitive data copying and ensured full traceability, and implemented encrypted storage and transmission for core data and sensitive information. Combined with regular permission verification and irregular violation checks, this ensured full auditability and traceability of data access, operations, and external distribution, effectively fortifying the defense line for data security and privacy protection.

Metrics and Targets

► Metrics

In 2025

- ✓ The number of functional department employees participating in information security training and examinations: **347**, the participation coverage rate among functional department employees: **100%**, the pass rate: **100%**
- ✓ The unacceptable risk handling rate: **100%** (Calculation formula: the number of unacceptable risks addressed / total number of unacceptable risks)
- ✓ Customer complaints regarding data security and customer privacy protections: **0**
- ✓ The number of business interruptions caused by information system unavailability lasting ≥4 hours: **0**
- ✓ The number of major data security incidents that occurred: **0**
- ✓ The number of customer privacy breach incidents that occurred: **0**



► Targets

Looking ahead to 2026, the Company will continue to deepen the development of its data security and customer privacy protection system, focusing on three core areas: system iteration, technological upgrading, and permission control, to continuously enhance its information security assurance capabilities and compliance levels. The Company will further improve its data security management system to ensure it covers across the entire data lifecycle and all application scenarios. It will advance the optimization and upgrading of its information security management system, and enhance the effectiveness of technical protection and audit monitoring. The Company will rigorously implement refined management of data usage permissions, standardize data copying and encryption processes, and ensure that data is secure, controllable, and traceable. At the same time, the Company will continue to conduct information security awareness training for all employees, to enhance their risk prevention capabilities. It will strive to promptly identify and effectively address various security risks, eliminate major data security incidents and customer privacy breaches, ensure stable and continuous business operation, and provide a solid security support for the Company's sustainable development.

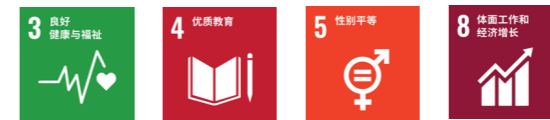


PART 02

Social Responsibility



Putting People First, United for Shared Growth



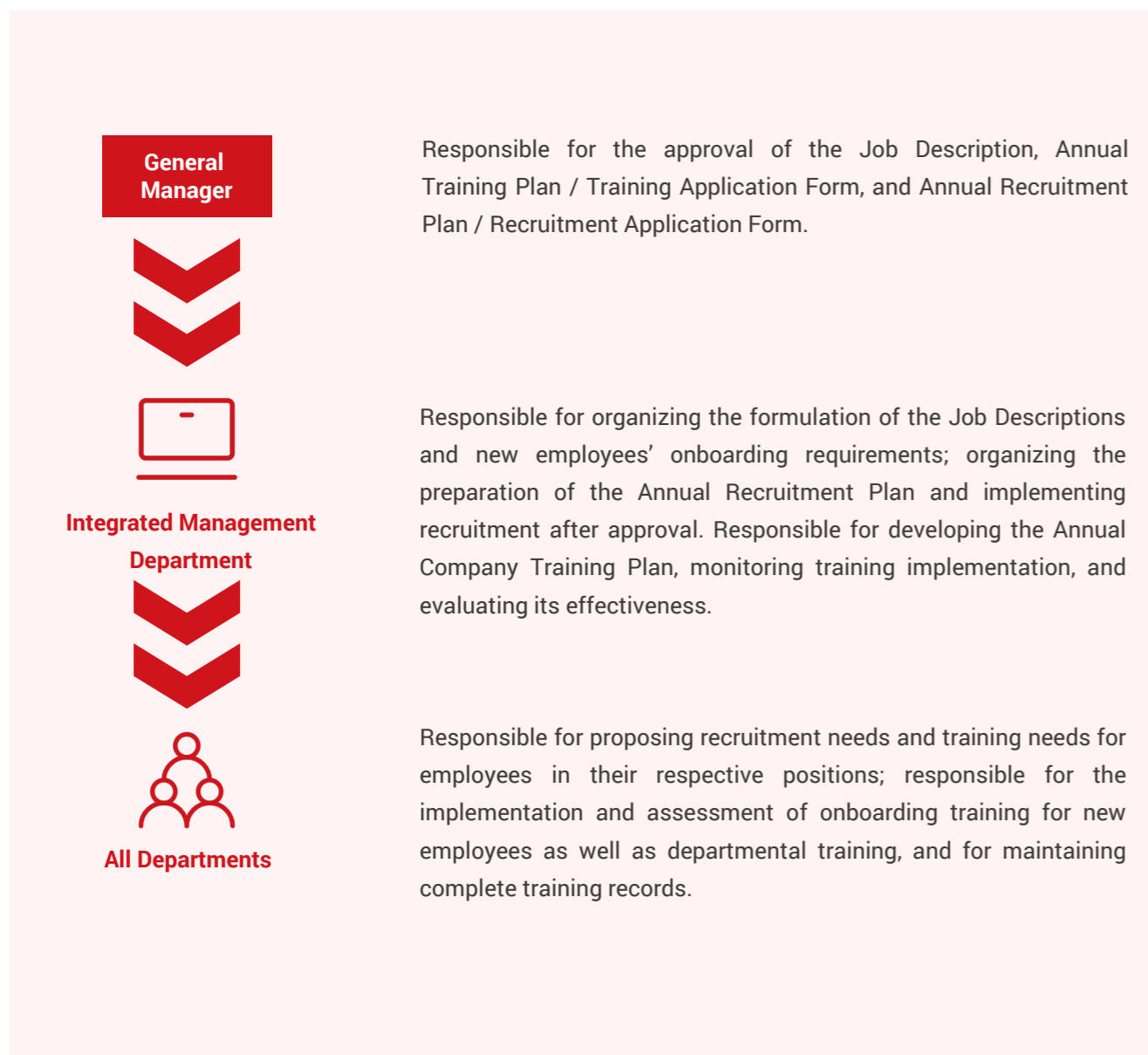
Employees are the core driving force behind the Company's sustainable development. In 2025, the Company continued to deepen the development of its human resources system and enhance governance capabilities. Built on a foundation of standardized systems, supported by systematic training, and guaranteed by diversified incentives, the Company continuously improved full-lifecycle employee management and strived to create a fair, efficient, and supportive career development platform. We remain committed to sustained investment in talent development, compensation and benefits, and occupational health, effectively protecting employees' legitimate interests. At the same time, we actively fulfill social responsibilities, taking concrete actions to promote the collaborative development of the Company, its employees, and society. We firmly believe that only by respecting, developing, and empowering people can we unite the strength for long-term development, achieve the alignment of corporate and social value, and inject lasting momentum into high-quality sustainable development.

- 01 Talent Development
Building a Diverse Growth System
- 02 Acting with Kindness
Continuously Spreading Social Warmth

Talent Development Building a Diverse Growth System

Governance

Governance Structure



Governance System

In 2025, the Company further improved its governance structure and institutional framework, establishing a standardized and normalized personnel management system. Specialized systems such as the Human Resources Management System, Personnel Evaluation System (Pilot Operation), and Employee Handbook were introduced, comprehensively regulating the entire process of employee recruitment and onboarding, labor contract management, compensation and benefits, performance appraisal, training and development, code of conduct, and disciplinary actions. These measures provide a solid institutional foundation for talent team development and the Company's sustainable development.

Strategy

At the strategic level of employee management, the Company adopts a systematic and forward-looking approach to building a comprehensive talent development system.

First, the Company deeply integrates employee management into its overall corporate strategy. Leveraging human resource planning to accurately forecast talent needs, it strategically builds up technical talent reserves and cultivates transnational professionals in line with its digital transformation and overseas business expansion, ensuring that talent supply aligns with business development.

Second, the Company implements differentiated talent management strategies, focusing on core and critical positions. It designs dedicated development paths for the 20% of core talent who create 80% of the Company's value, covering plans such as executive succession and compensation optimization. Concurrently, the Company flexibly utilizes diverse employment models, including full-time, outsourcing, and expatriate support, to achieve scientific optimization of labor costs.

Third, guided by its corporate culture, the Company integrates the values of "Operating lawfully, acting rightly, and benefiting others" into employee codes of conduct, reducing management costs. It consistently upholds the philosophy of "pursuing the material and spiritual well-being of all employees", effectively enhancing employee happiness. By uniting people through culture, the Company drives the shared growth of both the organization and its employees.



Impact, Risk and Opportunity Management

Against the backdrop of intensifying market competition and continuously evolving industry compliance requirements, the Company faces multiple challenges, including the retention of core talent, alignment of employee capabilities with business needs, and occupational health and safety assurance. At the same time, it also encounters opportunities to enhance organizational cohesion and achieve high-quality development through talent empowerment and people-oriented care. To effectively address various risks and seize development opportunities, the Company, grounded in the ESG development philosophy in 2025, has focused on multiple dimensions such as employee training and empowerment, incentive and welfare guarantees, occupational health and safety, and people-oriented care. It has improved the employee rights protection system, optimized the talent development environment, and deeply integrated employee growth with corporate development. Through these efforts, the Company has effectively safeguarded employees' legitimate rights and interests, enhanced organizational cohesion and core competitiveness, and promoted win-win development between the Company and its employees.

► Building a Multi-Level Training System to Strengthen the Foundation for Talent Development

The Company places great emphasis on employee training and capability enhancement, consistently viewing talent empowerment as a core pillar of its sustainable development. In 2025, the Company established a systematic training system covering all levels—new employees, existing employees, and management—and spanning all areas, including technology R&D, functional management, compliance and safety, and cultural competence. With a focus on compliance management, role-based empowerment, and hierarchical development, the Company employed a diverse range of training methods, including customized courses, instruction by internal lecturers, guidance from external experts, regular learning, and assessment and evaluation. These efforts comprehensively enhanced the professional capabilities, overall competence, and performance levels of all employees, continuously solidifying the talent foundation for the Company's high-quality development.



Case

Procurement and Supplier Management Compliance Training – Empowering the Middle-Office Team with Project Outcomes

To standardize the entire procurement and supplier management process and prevent risks in various business areas, the Company conducted special compliance training for its middle-office departments, including the Procurement Department, Quality Department, Technology Department, Legal Department, and Finance Department, focusing on the outcomes of the KPMG project optimization. The training centered on three core dimensions: procurement foundational management, all-category procurement operations, and full-lifecycle supplier management. It provided an in-depth interpretation of the full lifecycle management of procurement systems, division of responsibilities and authorities, procurement process standards for various scenarios, and full-process control requirements for supplier access, performance evaluation, reconciliation, and exit. The training featured in-depth analysis of typical procurement dispute cases in the industry, such as project termination due to delayed sample delivery by suppliers, quality claims arising from mass production initiated without sample acceptance, and inventory loss disputes resulting from forecast-based production planning. These examples helped participants deeply understand the importance of contract clause design, acceptance process standards, and evidence retention. Through systematic learning, employees in relevant roles comprehensively grasped key compliance points in procurement, effectively enhancing their risk identification and prevention capabilities, thereby providing a solid foundation for the stable operation of the Company's supply chain.

Case

E-Commerce Business Compliance Training – Focusing on Legal Risk Prevention and Control in Advertising and Customer Complaint Handling

In response to the need for legal risk prevention and control in e-commerce operations, the Company conducted a special compliance training session on e-commerce business in April 2025 for employees in relevant positions, including e-commerce operations, customer service, and advertising. The training focused on two core modules: advertising and customer complaint handling. In the area of advertising, through the analysis of typical cases, the training clearly stipulated that advertising must be truthful and comprehensive, with citations properly attributed, and explicitly prohibited the use of language that excludes consumer rights, such as “the Company reserves the right of final interpretation”, aiming to avoid legal risks such as false advertising and intellectual property infringement. In the area of customer complaint handling, the training systematically explained the judgment criteria and handling processes for common scenarios, including treble compensation, decuple compensation, and seven-day no-reason returns. This helped customer service personnel accurately distinguish between legitimate customer complaints and malicious claims, establish a robust mechanism to defend against malicious complaints, and comprehensively enhanced the legal risk prevention capabilities and practical compliance competence of employees in e-commerce-related roles.

Case

Management Accounting Training for Management Personnel – Enhancing Cost Analysis Capability and Improving Operational Decision-Making

To comprehensively enhance the operational and management capabilities of the Company's managers and reserve cadres, the Company partnered with the China Europe International Business School (CEIBS) to deliver a specialized training program on management accounting. Focusing on key modules including job costing, activity-based costing, cost allocation, and pricing decisions, the training integrated classic Harvard business cases to strengthen the application of cost-volume-profit (CVP) analysis and basic management decision-making abilities. It helps participants develop a scientific cost mindset, improve their business analysis and decision-making capacity, better support the Company's refined management and efficiency enhancement, and foster a high-caliber management talent pipeline for the Company's high-quality and sustainable development.



Through a systematic training system covering all levels and positions, the Company continuously enhances the professional competence, compliance awareness, and performance capabilities of all its employees. This not only solidifies the talent foundation for the Company's compliant operations and high-quality development, but also demonstrates the Company's firm commitment to prioritizing talent development and fulfilling its ESG responsibility for talent development.

► **Improving Incentive and Welfare Mechanisms to Attract and Retain Core Talent**

The Company has established a comprehensive incentive and welfare system that balances material rewards with people-oriented care, effectively motivating employees and fostering loyalty.

As a key component of the talent incentive system, the Company continued to advance its equity incentive plans in 2025. By establishing a long-term interest-sharing mechanism for shared benefits, the Company promotes the mutual growth of its employees and the organization, further enhancing the cohesion and sense of belonging among its core teams. In 2025, three phases of equity incentive plans remained in effect, with the incentive scope precisely covering the Company’s directors, senior management, and core employees. Focusing on the development of core talent, the Company employs equity-based incentives to deeply engage its core teams in corporate development, enabling them to share in the Company’s development outcomes and jointly assume operational risks.

As of the end of 2025, the Company had 308,000 restricted shares granted but not yet vested, and 855,750 stock options granted but not yet exercised. The Company strictly complied with relevant laws, regulations, and the terms of its equity incentive plans to advance various incentive activities in a standardized manner, ensuring compliance and transparency throughout the process. Through a scientific and reasonable incentive mechanism, the Company guides its core employees to focus on long-term development and dedicate themselves to their roles, supporting the steady achievement of its strategic goals.

Alongside improving long-term incentive mechanisms, the Company also focuses on enhancing employees’ sense of gain and belonging in their daily work. For domestic employees, the Company has established a multi-dimensional welfare subsidy system covering living, transportation, and meals, effectively improving employees’ quality of life and job security. For employees working in Jiaozhou from other regions, a monthly rental subsidy of RMB 400 is provided, along with a winter heating subsidy of RMB 500, achieving full coverage for eligible out-of-town employees. A monthly transportation subsidy of RMB 200 is provided for employees whose one-way commute exceeds 22 kilometers outside Jiaozhou, with five commuter shuttle buses deployed in Shibei District, Licang District, Chengyang District, and Jimo District to facilitate daily travel. A seniority allowance has been established: employees receive RMB 60 per month after two years of service, with an annual increase of RMB 25 per month. High-temperature subsidies are strictly paid in accordance with national statutory standards, and employees traveling on business outside the province receive a daily communication subsidy of RMB 15. Standard working meals priced at RMB 14 are provided three times per week to reduce employees’ meal costs. For employees assigned to the Thailand factory, the Company has developed a special support program, systematically providing accommodation, commuting, and dining support to effectively alleviate the living pressure of working abroad. At the same time, the Company actively organizes cross-cultural exchange activities to help expatriate teams better understand and integrate into the local environment, deepen their understanding and respect for Thai customs and traditions, and improving cross-cultural adaptability. Guided by the principle of “support at work, warmth in life”, the Company effectively addresses the challenges faced by expatriate employees in foreign countries, enhancing team stability and cohesion, and ensuring that every overseas employee feels the Company’s care and support.

► **Occupational Health and Safety**

The Company consistently places the occupational health and life safety of its employees at the forefront. In 2025, it continued to enhance its occupational health and safety management system, strictly implemented various protective measures, and fostered a safe and healthy working environment.

In terms of system development, the Company has maintained the operation of its occupational health and safety management system and completed the annual surveillance audit for the ISO 45001 certification, ensuring the effective operation of the system and orderly and standardized management.

Regarding health and safety training and inspections, the Company conducts at least one fire safety training session and practical drill annually, enhancing employees’ capabilities for emergency evacuation, self-rescue, and mutual assistance. Additionally, the Company organized multiple rounds of special safety production inspections, promptly eliminating potential hazards to ensure a safe and controllable production environment.



In terms of employee health care, the Company organizes annual health check-ups for all employees, establishes personal health records for employees, and provides considerate health support through tracking check-up results and offering health recommendations.

Through the above measures, the Company effectively fulfills its occupational health and safety responsibilities, continuously improves its safety management level and employee health protection capabilities, and creates a secure, reassuring, and comfortable working atmosphere for employees, contributing to the healthy and sustainable development of both the Company and its employees.



► **Employee Development and Care**

The Company consistently adheres to a “people-oriented” development philosophy, committed to fostering a positive, warm, and harmonious working atmosphere. In 2025, the Company carefully planned and organized a variety of diverse and engaging employee activities, integrating people-oriented care into daily operations. This effectively enhanced employees’ sense of belonging and well-being, while strengthening team cohesion.

Meanwhile, the Company has established an employee satisfaction survey mechanism, collecting employee feedback through multiple channels including online questionnaires, covering key dimensions such as career development, compensation and benefits, training systems, and the work environment. The results of the 2025 employee satisfaction survey show that employees’ overall satisfaction with position system optimization, training resource provision, and welfare security is sound.

Case

Annual Gala: Working Together, Forging Ahead

On January 17, the Company successfully held its annual gala. The event fully reviewed the development achievements and operational performance of the past year, and clearly defined the strategic layout and development direction for the new year. The Company commended outstanding individuals and benchmark teams at the gala, set role models, promoted exemplary spirit, fully boosted the motivation of all employees, and continuously enhanced their professional honor and sense of belonging.

The gala broke down cross-departmental communication barriers. Diverse interactive activities strengthened connections among colleagues in different positions, and deepened collaboration and team cohesion. Meanwhile, the annual gala served as a platform to convey the corporate core culture and values, express gratitude to all employees for their dedication throughout the year, foster a warm, harmonious and united family atmosphere, and gather concerted strength for all staff to join hands and embrace a new journey.



Case

“Beach Camping Party” Inspires Team Vitality

On the evening of September 26th, the Company successfully hosted a themed camping party titled “The Best Us, the Brightest Future” at Silver Beach in Qingdao. A vibrant scene unfolded with barbecue, a bonfire, fireworks, and a live band performance. Employees enjoyed relaxed and pleasant conversations, effectively promoting cross-departmental communication and collaboration. The event showcased the energetic and uplifting spirit of the QI Automotive team, further enhancing team cohesion and solidarity.



“BOSS Special Blend” Bridges the Distance



On October 24th, a unique event titled “QI BOSS Special Blend Aromatic Latte Tasting Session” was held at the Company. Several company leaders stepped into the role of baristas, personally crafting custom coffee for employees. Employees also had the opportunity to express their creativity at the DIY counter, experiencing the joy of handcrafting their own drinks. Amidst the rich aroma of coffee, everyone paused from their busy schedules, savoring the flavor while strengthening bonds between colleagues feeling the warmth of being “at home” within the Company.

“Christmas Joy Gathering” Spreads Holiday Warmth

On December 24th, the Company hosted a “Christmas Joy Gathering: Fun Games with Prizes” themed event in the exhibition hall on the first floor of the headquarters. The venue was festively decorated, with a Christmas tree and boxes of “peace apples” creating a warm holiday atmosphere. A surprise appearance by Santa Claus delighted attendees, handing out gifts to employees. While receiving their holiday greetings, employees enthusiastically participated in interactive games such as Christmas trivia quizzes, “Pick Up Marbles with Left Hand”, and Digital Klotski. Amidst laughter and joy, employees relaxed and enjoyed the warmth and care from the Company.

Through this series of creative and heartfelt activities, the Company not only enriched employees’ cultural and leisure experiences but also brought its “people-oriented” philosophy to life. This allows every employee to enjoy their work while feeling the warmth of the QI family, fostering the shared growth of both individuals and the Company.

Metrics and Targets

Metrics:

In 2025

- ✓ As of December 31, 2025, the employee labor contract and employment agreement signing rate: **100%**, and the employee social insurance and housing provident fund contribution rate: **100%**
- ✓ Total number of free health check-ups for employees:
 - Total number of free health check-ups for new employees: **83 person-times**, coverage rate: **100%**
 - Total number of free health check-ups for employees who have been employed for more than one year: **237 person-times**, coverage rate: **100%**
- ✓ Number of major safety accidents : **0** times, occupational injury rate: **0%**

Targets

Looking ahead to 2026, the Company will continue to deepen its talent development strategy, systematically advancing the development of a full lifecycle employee management system across four core areas: institutional improvement, rights protection, training and empowerment, and people-oriented care. The Company will further refine its human resources management systems, regularly conduct Employee Satisfaction Surveys, accurately identify employee needs, and drive the implementation of corrective actions. In terms of training, the Company will continue to optimize its training system covering all levels and positions, focusing on compliance management, job-specific skills, and hierarchical development, providing targeted resource support for employee growth. Regarding incentives and benefits, the Company will steadily advance its equity incentive plans, optimize its compensation and benefits system, ensure full coverage of social insurance and housing provident funds, and provide comprehensive living support for overseas employees. In terms of occupational health and safety, the Company will continue to conduct health and safety training and special inspections, strictly implement the health check-up system, and strengthen employee safety defenses. At the same time, through a variety of employee activities, the Company will foster a positive and uplifting corporate culture, effectively safeguard employees' legitimate rights and interests, enhance organizational cohesion and core competitiveness, and promote win-win development between the Company and its employees.

Acting with Kindness Continuously Spreading Social Warmth

The Company has always embedded social responsibility deeply into its corporate development DNA, persistently practicing the philosophy of “acting with kindness” through concrete actions, continuously advancing public welfare initiatives and social care, and conveying the Company’s warmth through tangible efforts.

On August 12, 2025, the Company organized a “One-Day Charity Donation Campaign” for all employees, raising a total of RMB 22,216. The Company has conducted the One-Day Charity Donation Campaign for many consecutive years, consistently adhering to the principles of anonymity, voluntariness, and joyful giving. To date, it has donated a cumulative total of RMB 94,064.7 to the Jiaozhou Charity Federation, supporting local public welfare initiatives through regular charitable actions.

In terms of resource mobilization and public welfare implementation, the Company actively collaborates with external charitable resources, supports special charitable donations with the Chairman and Independent Directors, and partners with the Jiaozhou Red Cross to organize 26 employees to participate in door-to-door household visits and assistance efforts. Over the course of the year, it conducted a total of 4 visits and donation activities, reaching out to grassroots communities to deliver warmth and care to those in need. The Company encourages employees to actively participate in volunteer services, integrating public welfare actions into daily life, forming a virtuous cycle of “corporate leadership, employee participation, and social collaboration”.

Through sustained charitable practices and social engagement, the Company not only conveys warmth and care but also promotes the development of a culture of shared social good. This effectively extends the Company’s influence within the realm of social responsibility, contributing enduring strength to the creation of a harmonious and inclusive social environment.



PART 03

Environmental Responsibility



Green Leadership, Building a Sustainable Future Together



QI Automotive regards environmental protection as the cornerstone of sustainable development. Guided by the principles of the circular economy, we integrate green and low-carbon practices throughout the entire process of R&D, production, and the supply chain, strictly adhering to regulatory requirements and continuously optimizing resource utilization and emissions management. By deepening our presence in the automotive parts remanufacturing sector, we are committed to reducing resource consumption at the source, working with partners across the industrial chain to explore pathways for green transformation. In doing so, we strive to achieve business value while taking concrete actions to protect the ecological environment.

- 01** Circular Innovation
Exploring Pathways to Resource Recycling
- 02** Green Development for Long-Term Success
Building a Foundation for Compliant Growth
- 03** Resource Efficiency
Strengthening the Foundation for Green Development
- 04** Reducing Emissions and Enhancing Efficiency
Improving Environmental Management Performance
- 05** Addressing Climate Change
Proactively Managing Risks and Opportunities

Circular Innovation Exploring Pathways to Resource Recycling

Governance

At the governance level, the Company has deeply integrated the concept of circular economy into the entire process of its remanufacturing business, and established a standardized product circular system and management mechanism.

► Circular-Driven Philosophy: Building an Environmentally Friendly Factory

As the Group’s first overseas production base, Q-Thai has adopted "Green Global Expansion" as its core development philosophy since its establishment. It integrates circular economy and sustainable development into factory construction, production operations and long-term strategies, and systematically builds a green operation system that complies with international standards and local requirements. We strictly abide by Thailand’s local environmental protection regulations and the management rules of the industrial park, laying a solid foundation for environmental management from the source. The Company has completed all construction permit approvals and carried out stringent acceptance inspections on all production equipment and environmental protection facilities to ensure their compliance before commissioning.

► Remanufactured Product Circular System

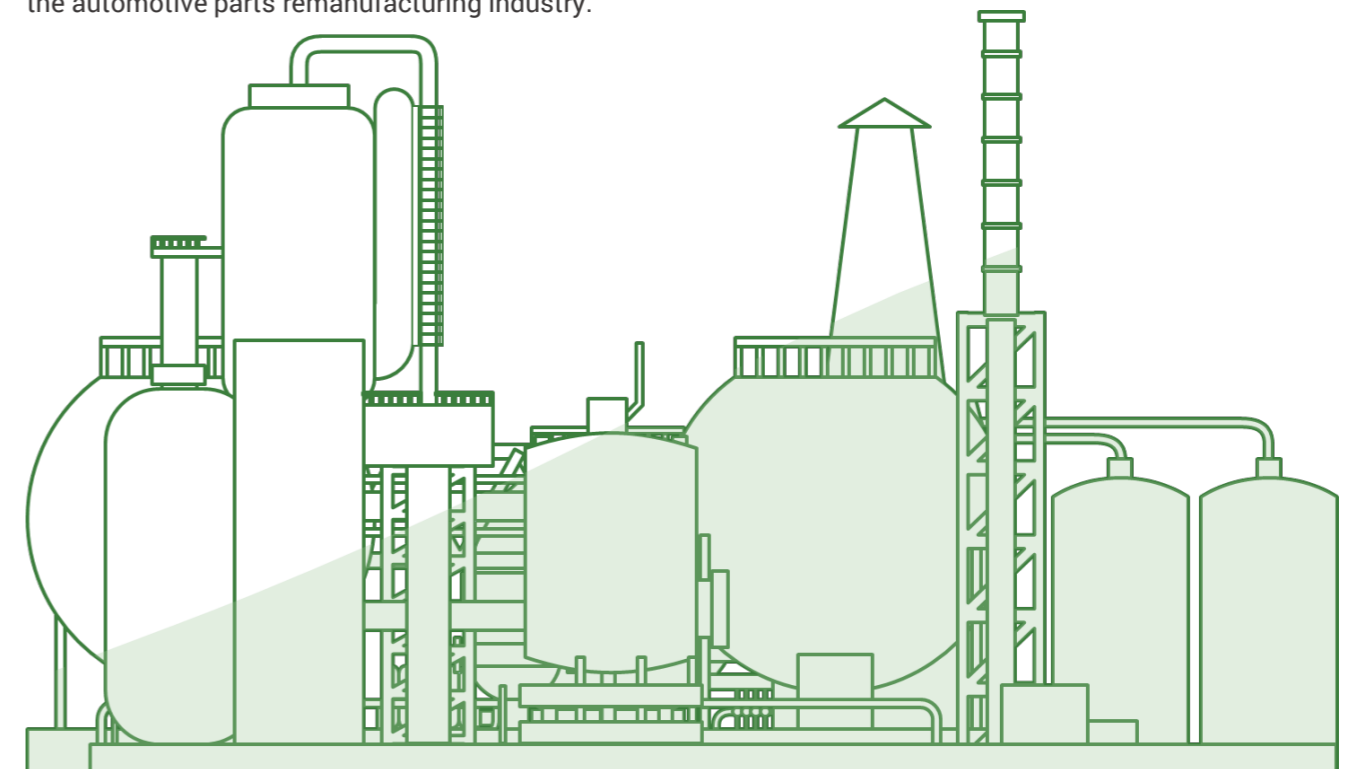
QI Automotive Remanufacturing Co., Ltd.(hereinafter referred to as "QI Automotive Remanufacturing") is deeply engaged in the field of automotive parts remanufacturing. Leveraging its self-built used parts collection channels, it has established a complete circular chain of "used parts collection – remanufacturing production – finished product sales", with products covering remanufactured brake calipers, wiper motors, and more. Through a diversified supply system and direct sourcing from upstream dismantling channels, the Company ensures the stability and traceability of its supply of used parts, further expanding its supplier network in 2025. While obtaining certification for its remanufacturing management system, the Company continues to promote industry standardization and, through institutionalized means, integrates green and low-carbon principles throughout the entire process, including used parts traceability, production processes, and quality testing. This approach reduces vehicle owners’ maintenance costs while simultaneously decreasing resource consumption and carbon emissions.

Strategy

At the strategic level, the Company integrates the concept of sustainable development throughout its operational management and remanufacturing business, taking green circularity as the core driving force while continuously increasing resource investment and industrial expansion.

In the field of operational management, since the establishment of Q-Thai, the Company has embedded the circular economy into the entire chain of factory construction and production operations, ensuring the green operation and compliant development of its overseas production base.

In terms of remanufacturing, the Company regards its remanufacturing business as a core measure to practice the concept of sustainable development and advance green transformation, and continues to increase resource input and industrial layout. On the one hand, we will keep strengthening technological innovation and process optimization to improve the quality stability and performance reliability of remanufactured products. On the other hand, we actively cooperate with research institutes and industry associations to promote the formulation and promotion of group standards for remanufacturing, leading the standardized development of the industry with standards. By building a development model driven by the "product + standard" dual engines, the Company is committed to meeting the green maintenance demand of the automotive aftermarket, while contributing practical experience and solutions to the overall upgrading of the automotive parts remanufacturing industry.



Management of Impacts, Risks and Opportunities

► Green Q-Thai: Building a Circular Production System

During the establishment and commissioning of Q-Thai, we have systematically planned and steadily implemented a series of green initiatives. In response to waste sand and sprue-and-riser scrap generated from the casting process, the Company has introduced a sand recycling and regeneration system to conduct classified collection and regeneration treatment of production waste sand, realizing the circular reuse of foundry sand. Meanwhile, smelting scrap is remelted and reused to achieve internal recycling of metal resources. As of the end of the Reporting Period, Q-Thai has preliminarily achieved the recycling and reuse of resin-coated sand used for core making.

► Innovation in Remanufacturing Models: Exploring Pathways for Circular Value Addition

QI Automotive Remanufacturing continuously explores business model innovation and actively builds differentiated competitive advantages on the basis of consolidating its existing aftermarket channels. Relying on its self-built used parts supply network integrating "model-specific recycle channels and auto dismantlers", the Company has formed a stable closed-loop resource system. Through remanufacturing processes, it converts used brake calipers into cost-effective products with performance equivalent to new parts, enabling more end consumers to enjoy high-quality products at a lower cost. In the future, based on its existing products such as remanufactured brake calipers and wiper motors, the Company will continue to expand its remanufacturing product categories. By leveraging product competitiveness and service capabilities, it will build a commercially sustainable path for the circular economy and achieve a win-win situation between environmental and economic benefits.

► Supply Channel Expansion: Building a Circular Supply Chain Network

QI Automotive Remanufacturing has actively expanded its upstream supply channels, establishing a stable and diversified system for used parts collection and accessory supply, thereby laying a solid foundation for the large-scale development of the circular economy. As of the end of the Reporting Period, the Company had cooperated with a total of 119 used parts and raw material suppliers, representing an increase of 23 compared to 2024, covering the entire chain including used parts collection, core accessories, raw materials, and auxiliary materials. Among them, the number of caliper used parts suppliers reached 41, an increase of 11 over the previous year; tooling and fixture suppliers reached 6, an increase of 6 over the previous year; and other accessory suppliers reached 54, an increase of 3 over the previous year. Through the establishment of long-term and stable cooperative relationships with suppliers, the Company has gradually opened up the resource circulation chain of "used parts collection – remanufacturing – product sales", supporting the large-scale development of its remanufacturing business through channel construction, and achieving efficient resource utilization and value enhancement. Looking ahead, the Company will continue to expand its used parts supply channels and optimize its supplier structure, providing solid support for the further deepening of the circular economy model.

Metrics and Targets

► Metrics

Key Indicators of Q-Thai Since Its Official Commissioning in 2025

Amount of casting scrap processed: **29.8** tons

Amount of casting scrap recycled: **29.8** tons

2025 Remanufactured Product-Related Metrics

2025 sales volume of remanufactured products: **24,979** units

2025 year-on-year growth rate of remanufactured product sales: **4.67%**

Electricity saved from producing remanufactured products in 2025: approx. **249,790** kWh



► Targets

In the future, Q-Thai will continue to deepen the implementation of circular economy principles at its overseas production base, further improving the resource utilization rate of waste foundry sand and optimizing production processes to reduce resource consumption throughout the entire production cycle. At the same time, the Company will steadily promote the deep integration of various green initiatives with production operations, striving to achieve sustainable operations and compliant development for its overseas base.

Additionally, the Company will continuously enhance the utilization rate of used parts and the production efficiency of remanufactured products, reducing resource consumption while steadily driving growth in sales volume of remanufactured products, and establishing a paradigm for the circular utilization of used parts.

Green Development for Long-Term Success Building a Foundation for Compliant Growth

Governance

We uphold the concept of green development and regard environmental protection as a vital cornerstone of the Company's sustainable development. The Company has established a systematic, efficient, and well-functioning environmental governance framework. Through continuous optimization of institutional systems and coordinated management across all processes, we steadily improve environmental performance and strive to become an active practitioner of green transformation in the industry.

The Company has established a management system covering multi-dimensional environmental issues, deeply integrating environmental compliance requirements into strategic decision-making and daily operations, thereby providing solid institutional support for the Company's green and low-carbon transition.

To deepen environmental awareness among all employees, we continuously carry out various forms of environmental promotion and training activities, integrating the concept of sustainable development into the core of our corporate culture. The training content covers the interpretation of environmental management system standards, key points of environmental regulatory compliance, and emergency response practices, effectively enhancing employees' environmental literacy and their ability to respond to environmental emergencies.

Strategy

We integrate the concept of sustainable development into the Company's top-level strategic design, using green transformation as a guiding principle to drive the deep integration of environmental management and business development. The Company continuously optimizes environmental protection requirements across all aspects of production and operations, incorporating goals such as resource conservation, pollution prevention, and carbon emission control into its strategic planning. This approach continuously enhances the systematic and forward-looking nature of environmental management, injecting green momentum into the Company's high-quality development.

Impact, Risk and Opportunity Management

The Company has established a routine mechanism for environmental risk identification and assessment, continuously improving the effectiveness of environmental risk prevention and control through tiered and categorized management, dynamic monitoring and early warning, and continuous improvement and optimization. We consistently enhance the environmental risk control system covering all business processes, integrating the concept of preventive management into all aspects of production and operations. Through standardized institutional development and standardized operational processes, we systematically identify and prevent potential environmental risks, ensuring that operational activities consistently meet environmental regulatory requirements and laying a solid foundation for sustainable development.

At the same time, we focus on enhancing employees' awareness of environmental risks, continuously improving the environmental emergency response plan system, strengthening the emergency response linkage mechanism, and effectively enhancing our capacity to respond to environmental emergencies. We are committed to establishing a systematic, efficient, and long-term mechanism for environmental risk management.

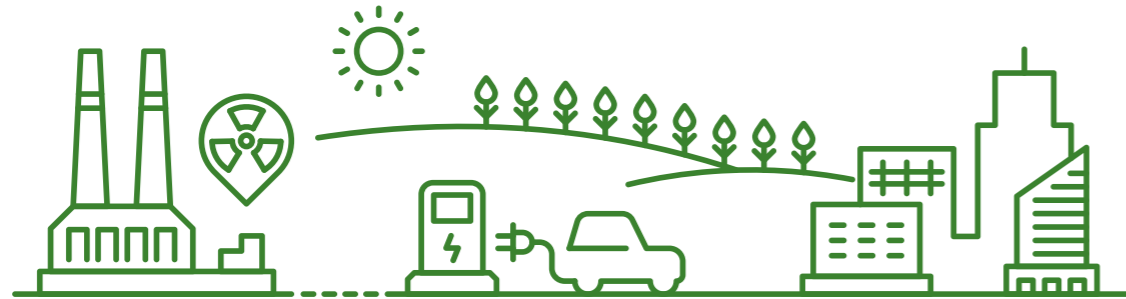


Metrics and Targets

► Metrics

2025 Environmental Compliance-Related Metrics:

- ✓ Obtained ISO 14001: 2015 Environmental Management System certification, ensuring that its management system continuously meets international standards
- ✓ The environmental credit rating of its subsidiary QI Automotive Remanufacturing assessed as Green Level by the Department of Ecology and Environment of Shandong Province in January 2025
- ✓ **0** major environmental pollution incidents and **0** environmental violations or non-compliance incidents
- ✓ **2** environmental protection training sessions conducted by the Company



► Targets

The Company will continue to adhere to comprehensive compliant operations, ensuring that all business activities strictly comply with national and local environmental protection regulations. It will continuously consolidate environmental management performance, prevent major environmental violations, and fulfill its commitment to green development through concrete actions.

Resource Efficiency Strengthening the Foundation for Green Development

Governance

The Company has established a comprehensive energy and resource management system, formulating and implementing a series of normative documents such as the Energy Efficiency Policy, Renewable Energy Policy, and Water Quality, Water Consumption and Management Policy to ensure that energy and resource management work is carried out in a standardized and orderly manner. In terms of energy management, in accordance with the Energy Efficiency Policy and Renewable Energy Policy, the Company has established an Energy Conservation and Consumption Reduction Leading Group, systematically advancing energy conservation and consumption reduction efforts through measures such as setting annual energy-saving targets, implementing equipment energy efficiency management, establishing a full-process monitoring system, and promoting energy-saving technologies. Concurrently, the Company has established a Renewable Energy Management Department, responsible for the planning, procurement, utilization, and monitoring of renewable energy sources, establishing a data recording and analysis system for renewable energy usage, and conducting regular assessments and analyses of energy consumption.

In terms of water resource management, in accordance with the Water Quality, Water Consumption and Management Policy, the Company has established a dedicated department responsible for water conservation to oversee water usage in a coordinated manner. Through the development of systems for planning management, statistical monitoring, quota assessment, and standardized management, it systematically advances the improvement of water resource utilization efficiency. With regard to specific measures, the policy emphasizes water conservation demonstration for fixed-asset investment projects, whole-process monitoring of water usage, and the promotion of multi-purpose water use and reuse technologies, while setting clear water-saving requirements for all departments and suppliers. Meanwhile, the policy establishes a mechanism for rewards, penalties and accountability to ensure the implementation of water conservation targets.

Strategy

In terms of energy and resource management, we are committed to balancing business development with sustainable operations, achieving an efficient and low-carbon operational model by optimizing resource utilization and energy structure. We focus on improving the efficiency of resource and energy use, exploring circular solutions where feasible. We prioritize the selection of environmentally friendly materials, increase the proportion of renewable energy used, and continuously explore energy-saving and consumption-reduction measures to reduce resource and energy intensity in our operations. We also encourage supply chain partners to jointly focus on resource and energy efficiency and explore more sustainable models of collaboration.



Impact, Risk and Opportunity Management

► Green Operations: Lean Management in Water and Energy Conservation

In 2025, the Company continued to deepen lean management of energy and resources, actively promoting energy-saving and consumption-reduction measures in the production process. QI Automotive (Qingdao) optimized its production organization model for wave soldering equipment by implementing off-peak power usage and centralized production, effectively reducing unnecessary equipment start-ups. This resulted in an annual cumulative electricity saving of 3,000 kWh and a reduction of approximately 2.88 million grams of carbon dioxide emissions. In terms of water conservation management, the Company focused on enhancing employee awareness of conservation, routinely promoting water conservation education through morning meetings and weekly meetings, and publicly criticizing wasteful behavior, strengthening both positive guidance and negative reinforcement. At the same time, a regular inspection mechanism for the water pipeline system was established to promptly address leaks and potential hazards, effectively reducing water waste and promoting the implementation of green operational concepts.

► Community Collaboration: Supporting the Development of a Green Energy Ecosystem

In 2025, we continued to promote the use of clean energy. QI Automotive (Qingdao), our subsidiary located in LianDo-U-Valley Qingdao High-Tech International Enterprises Port, launched a rooftop photovoltaic power station project. Electricity for QI Automotive (Qingdao) is allocated by the park. According to data provided by the park for 2025, approximately 19% of the electricity consumed by QI Automotive (Qingdao) came from solar photovoltaic power. The stable operation of this project has not only effectively increased the proportion of renewable energy used but also substantially reduced indirect carbon emissions from operations, demonstrating the Company's concrete actions in energy conservation and emission reduction. In the future, the Company will invest in solar photovoltaic panels to explore diversified applications of green energy such as Photovoltaic (PV) Power Generation, further optimizing its energy structure and contributing to the achievement of the national "dual carbon" goals.

► Green Office: Multi-Pronged Approach to Low-Carbon Operations

In 2025, we continued to promote the in-depth development of the green office concept, reducing the carbon footprint of daily operations through multi-dimensional energy-saving measures. The Company actively advanced the new energy transition of official vehicles to reduce fuel consumption and exhaust emissions. At the same time, the Company focused on reducing the use of disposable items by replacing disposable chopsticks with reusable tableware, utilizing biodegradable trash bags and meal containers in daily operations, and using second-hand office furniture, embedding low-carbon principles into office details. The Company also enhanced environmental awareness among all employees and fostered a green, low-carbon office culture through initiatives such as free vegetarian lunches and energy-saving campaigns.

► Green Production: Technology Upgrades Driving Water Conservation and Efficiency Gains

In 2025, the Company continued to increase environmental protection investment, achieving significant water conservation results at its overseas production base through the introduction of advanced water-saving equipment and technologies. Taking Q-Thai as an example, in the area of domestic water use, sensor-activated faucets were comprehensively upgraded to eliminate water waste at the source. In terms of production processes, the introduction of a pure water recirculation system for electric furnaces effectively prevented pipeline scaling, ensured heat exchange efficiency, and significantly reduced fresh water intake through closed-loop circulation. These combined measures enabled Q-Thai to theoretically reduce water consumption by 5% in 2025, achieving dual benefits of resource conservation and production stability.



Metrics and Targets

► Metrics

Reducing Emissions and Enhancing Efficiency Improving Environmental Management Performance

2025 Energy and Resource Consumption Metrics

Resource Use	Key Performance Indicator	Unit	2025 Total	2025 Intensity
Non-Renewable Energy	Gasoline	Liters	57,676.8	/
	Diesel	Liters	10,528.95	/
	Purchased Electricity	kWh	2,084,253	/
	Comprehensive Energy Consumption	Tons of standard coal equivalent	331.69	0.0043 tons of standard coal equivalent / RMB 10,000 revenue
Water	Water	m ³	7,590.23	0.0973 tons / RMB 10,000 revenue

► Targets

In the future, the Company will continue to strive to reduce water consumption at the foundry and increase the utilization rate of recycled water; reduce comprehensive energy consumption per unit casting, and optimize the energy mix.

Governance

To implement the concept of green development, we continuously optimize emissions and waste management. In accordance with the Company's internal Corporate Waste Reduction Management System, the Integrated Management Department and the Logistics Department are responsible for the overall management of the waste warehouse, while each generating department is responsible for the sorting, collection, temporary storage, and transfer of waste. The composition of scrapped products is monitored, with the Logistics Department responsible for related management. In terms of classification, waste is divided into two major categories: general management and special management, further refined based on recyclability, with visual identification management implemented to ensure accurate classification. In terms of process control, differentiated storage is implemented for various types of waste, and standardized handover procedures and records are established. Regarding disposal pathways, recyclable waste is fully recycled; non-recyclable general waste is regularly landfilled by a waste treatment facility; general waste requiring entrusted disposal is handled by qualified contractors engaged by the relevant departments. Special management waste, regardless of recyclability, must be disposed of by qualified contractors, with documentation submitted to the environmental protection bureau to ensure compliance. Additionally, each department conducts routine monitoring of waste management on a monthly basis. In addition, the Company has established policies such as air quality solutions and chemical management regulations to continuously reduce the environmental impact of its operations.

In 2025, Q-Thai was engaged in designing and constructing its production line, strictly adhering to Thailand's local environmental protection laws, regulations, and other applicable requirements to ensure that waste disposal and pollutant emissions during both construction and operation remained lawful and compliant.

Strategy

We strictly comply with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and other relevant laws and regulations, as well as the relevant regulations in the locations of our overseas subsidiaries. Through source reduction, process control, and end-of-pipe treatment, we reduce waste generation and pollutant emissions, minimize the environmental impact of production and operation activities, and promote a green and low-carbon transformation.

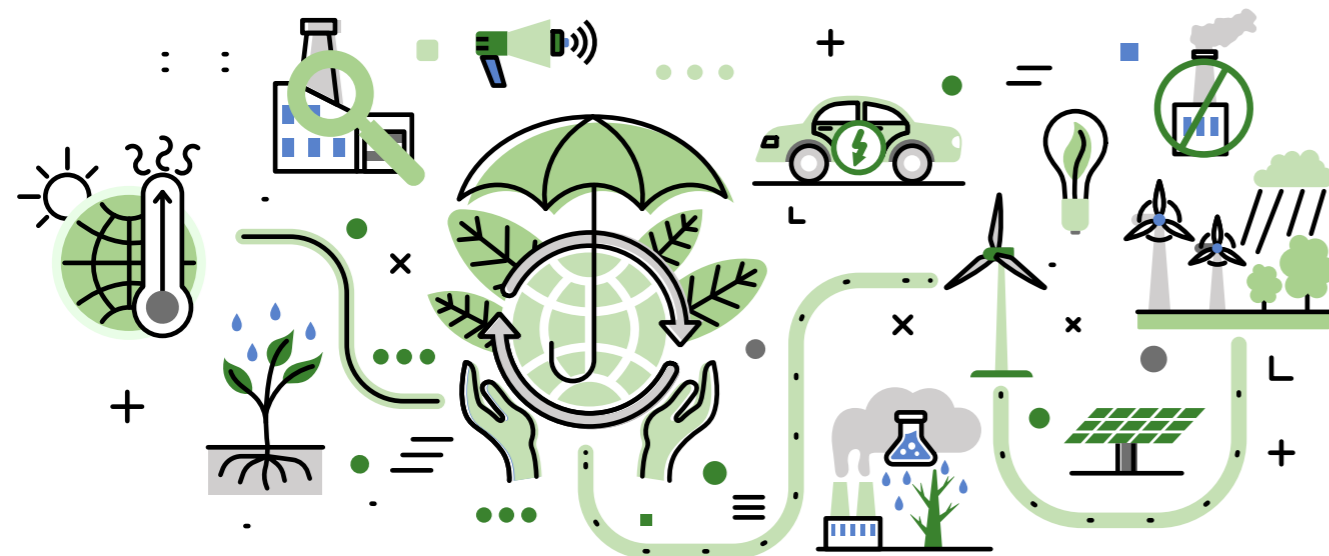
Impact, Risk and Opportunity Management

► Waste and Pollutant Management in 2025

Waste disposal and pollutant emissions management is a core aspect of corporate environmental responsibility. Improper handling exposes the Company to threefold pressures: first, violation of environmental regulations may lead to administrative penalties and potential production disruptions; second, inefficient resource utilization significantly increases operating costs; more importantly, environmental incidents can have profound negative impacts on brand image and market trust. To this end, we have established a comprehensive management system for waste disposal and pollutant emissions, and continue to explore solutions for the resource utilization of waste.

In 2025, the Company actively implemented various measures in waste disposal. Regarding hazardous waste generated from operations (mainly printer toner cartridges), we achieved a 100% recycling rate through authorized original channel recycling. Regarding packaging waste generated from operations, we encouraged nearby suppliers to reuse packaging materials, such as recycling cardboard boxes and switching to reusable plastic trays, resulting in a reduction of approximately 1.5 tons of packaging waste. In 2025, the Company achieved 100% compliance in waste disposal, with no environmental pollution-related violations or incidents.

In 2025, in terms of pollutant treatment, the Company invested RMB 45,000 to upgrade the welding fume collection pipeline and install a new activated carbon purification unit, upgrading the treatment of welding fumes from direct discharge to secondary purification before emission, further reducing the impact on the atmospheric environment. Regarding domestic wastewater generated from operations, all wastewater is discharged through the municipal sewage network. The Company also strengthened water-saving awareness through morning and weekly meetings, continuously promoting water conservation among all employees.



► Waste Management at Q-Thai

From the time Q-Thai commenced production in August 2025 through the end of 2025, the following measures were implemented in waste management, with corresponding progress achieved:



Solid Waste Resource Utilization: A third party was engaged to process waste foundry sand for regeneration, with a cumulative total of 400 tons of waste foundry sand processed. Additionally, qualified professional companies were commissioned to handle the waste ash generated during production.

Packaging Reuse: The use of standardized wooden boxes and pallets was promoted, enabling the reuse of pallets and wooden boxes up to two times. As a result, all pallets and wooden boxes currently in inventory have been fully utilized.

Casting Scrap Recycling: During the melting process, casting scrap was returned to the furnace for remelting at a ratio of 15% for subsequent casting production. As of the end of 2025, this recycling method had yielded a cumulative total of 23.5 tons of gray iron and 6.3 tons of ductile iron.

Industrial Oil Recycling: Kerosene and anti-rust oil were filtered to remove impurities, yielding purified oil. A cumulative total of 20 liters of clean oil have been recovered and fully reused in production processes.

Metrics and Targets

► Metrics

2025 Waste and Wastewater Discharge Indicators

Non-hazardous waste disposal: **661.72** tons

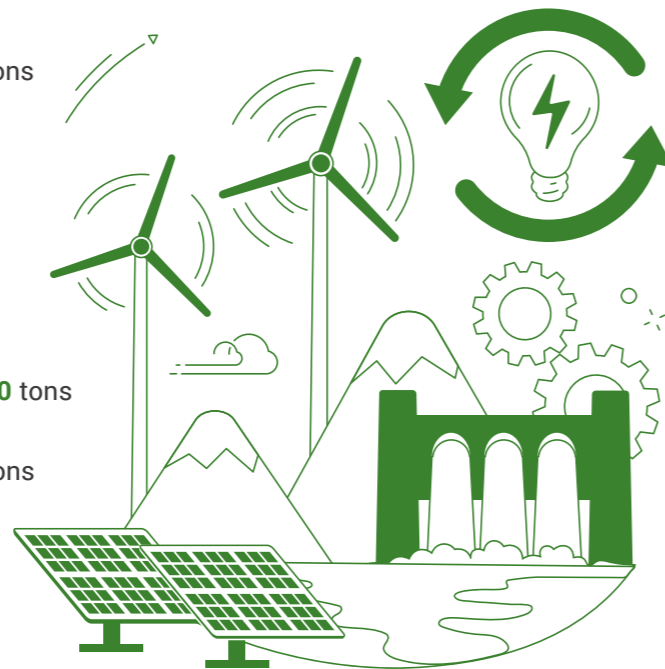
Hazardous waste disposal: **0.11** tons

Total waste disposal: **661.83** tons

Waste compliance disposal rate: **100%**

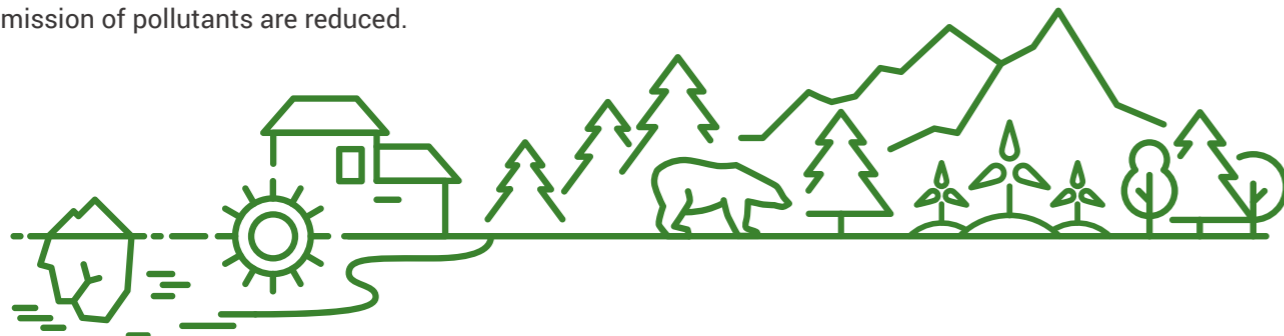
Domestic wastewater discharge: **3,579.80** tons

Hazardous wastewater discharge: **0.02** tons



► Targets

In the future, we will ensure that the disposal of major waste streams continues to meet regulatory standards, the resource utilization rate of general industrial solid waste keeps increasing, and the generation and emission of pollutants are reduced.



Addressing Climate Change Proactively Managing Risks and Opportunities

In November 2025, the 30th Conference of the Parties (COP30) to the United Nations Framework Convention on Climate Change was held in Belém, Brazil. The conference reached multiple consensus on key issues such as the global adaptation goal framework, forest protection, and nature-based solutions, further clarifying the implementation mechanisms for the new round of Nationally Determined Contributions (NDCs) and providing new momentum for accelerating global climate action. As a committed participant in global climate governance, China has always actively promoted the multilateral process on climate change. During COP30, China reaffirmed its determination to achieve carbon peak and carbon neutrality goals, emphasizing that it will advance a comprehensive green transformation of its economy and society through concrete actions. No matter how the international landscape may evolve, China's resolve and actions in addressing climate change will not waver.

As a responsible corporate citizen, we deeply recognize that addressing climate change is not only a global consensus but also an essential path for corporate sustainable development. To comprehensively respond to the national "dual carbon" strategy and the important outcomes of COP29 international cooperation, we have systematically built a climate response framework from three levels: governance and strategy, impact and risk management, and metrics and targets, contributing to the global green and low-carbon transition through concrete actions.

Governance

► Governance Structure

At the governance level, addressing climate change remains a core focus in our implementation of the sustainable development strategy. The Company continues to improve its climate governance framework, which involves the deep engagement of the Board of Directors. In 2025, the ESG Management Committee further strengthened its strategic leadership role, analyzing development trends in climate issues and fully integrating climate factors into the Company's long-term strategic planning and major operational decision-making, ensuring that climate governance remains highly aligned with the Company's development direction.

► Governance System

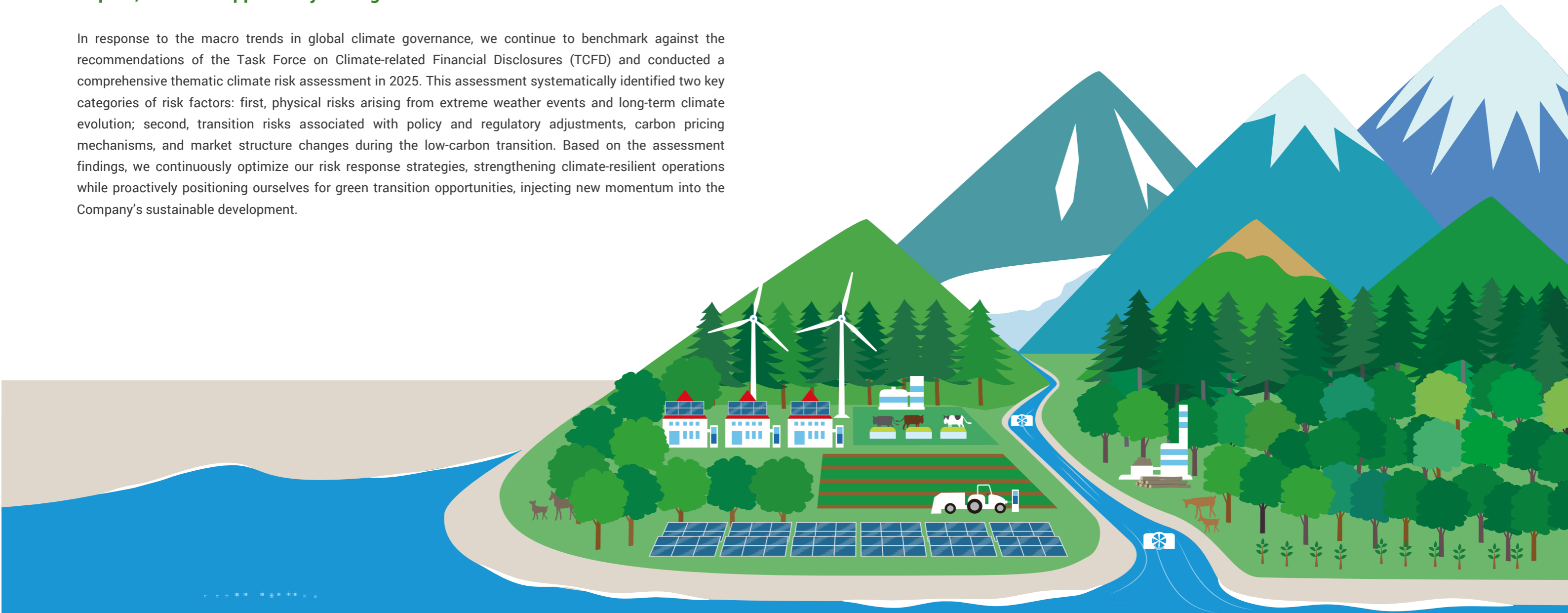
Meanwhile, the Company has continuously consolidated the institutional foundation for climate governance. On the basis of existing regulations such as the Greenhouse Gas Emission Policy, it further improved the environmental management system in 2025 to promote the systematization and standardization of institutional development. As the executive layer of the ESG Management Committee, heads of all departments coordinate and advance various emission reduction initiatives in accordance with the relevant institutional framework, forming a sound governance structure featuring vertical linkage and coordinated progress, which provides solid support for the Company's green and low-carbon transformation.

Strategy




At the strategic level, closely aligning with the characteristics of the automotive aftermarket parts industry in which the Company operates, we continue to conduct climate change-specific analyses, systematically assessing the multi-dimensional impacts of climate change on supply chain stability, market demand evolution, and policy and regulatory trends. In 2025, we further deepened our risk and opportunity identification mechanism, utilizing comprehensive assessment and prioritization to provide a scientific basis for optimizing resource allocation and adjusting strategic planning. Based on the assessment results, we will continue to optimize our operational models and investment decisions, continuously enhancing climate resilience, effectively addressing transition risks while actively seizing opportunities in green and low-carbon development, thereby laying a solid strategic foundation for the Company's long-term stable development.

Impact, Risk and Opportunity Management

In response to the macro trends in global climate governance, we continue to benchmark against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a comprehensive thematic climate risk assessment in 2025. This assessment systematically identified two key categories of risk factors: first, physical risks arising from extreme weather events and long-term climate evolution; second, transition risks associated with policy and regulatory adjustments, carbon pricing mechanisms, and market structure changes during the low-carbon transition. Based on the assessment findings, we continuously optimize our risk response strategies, strengthening climate-resilient operations while proactively positioning ourselves for green transition opportunities, injecting new momentum into the Company's sustainable development.





Type	Risk/Opportunity	Specific Manifestations and Potential Impacts	Measures
 Physical Risk	Acute Risk	Extreme weather events caused by climate change, such as floods, droughts, and blizzards, may cause physical damage to our production equipment and factory infrastructure, leading to production interruptions or shutdowns. In extreme cases, employee safety may also be compromised. These impacts will ultimately translate into direct economic losses, including asset damage, revenue reduction from business interruption, and indirect costs such as potential compensation liabilities.	<ul style="list-style-type: none"> ➤ Emergency Response Capacity Building Systematically organize specialized training on meteorological disaster prevention to enhance employees' risk identification and self-rescue capabilities; equip necessary specialized emergency rescue equipment.
	Chronic Risk	Climate change may lead to events such as drought, high temperatures, and high humidity, as well as environmental changes like rising sea levels. These factors may affect the storage conditions of automotive parts and lead to increased energy consumption and reduced efficiency for suppliers, thereby pushing up product costs and potentially affecting the market competitiveness of our products.	<ul style="list-style-type: none"> ➤ Supply Chain Resilience Building Diversify the geographical distribution of suppliers and establish alternative supply networks to mitigate the impact of single-source climate risks. ➤ Emergency Reserves and Response Dynamically maintain safety stock levels for products and develop contingency plans for supply interruptions caused by extreme weather.
 Transition Risk	Policies and Regulations	As international carbon regulation intensifies, low-carbon transition is becoming a new threshold for international competition. We may face higher compliance costs related to policies such as carbon tariffs and product carbon footprint labeling, thereby increasing product production costs.	<ul style="list-style-type: none"> ➤ Accelerate Low-Carbon Transition of the Supply Chain We will gradually establish a supplier carbon emission assessment mechanism, prioritize cooperation with low-carbon suppliers under equal conditions, and assist key suppliers in energy efficiency retrofits. ➤ Establish A Dedicated Carbon Policy Monitoring Team Track regulatory changes in major markets in real-time, gradually establish and improve a carbon data management system.
	Market	As global environmental policies tighten and the New Energy Vehicle (NEV) market expands rapidly, demand for parts supporting traditional fuel vehicles may face a downward trend. If the Company fails to adjust its product structure in a timely manner, it may face risks such as shrinking market share and declining operating revenue.	<ul style="list-style-type: none"> ➤ Expand Customer Types and Transform/Upgrade Product Structure ➤ Expand customer base to include New Energy Vehicle (NEV) Manufacturers and the aftermarket; accelerate R&D of products compatible with new energy vehicles
 Opportunity	Products and Services	Actively develop green and low-carbon innovative products to gain first-mover advantages, establishing stronger industry competitive barriers in an increasingly stringent environmental policy environment.	<ul style="list-style-type: none"> ➤ Integrate green and low-carbon principles into core strategy, promote the development of green products, achieving a win-win situation for both economic and environmental benefits
	Operations and Energy Efficiency	Integrate green operations into daily management, promote the substitution of clean energy and the internalization of low-carbon practices, achieving synergistic benefits in resource conservation and carbon emission reduction.	<ul style="list-style-type: none"> ➤ Clean Energy Structure Leverage rooftop photovoltaic projects in industrial parks to reduce Scope 2 emissions from purchased electricity, while tracking innovative mechanisms such as energy storage and green power trading to steadily increase the share of clean energy in operations. ➤ Low-Carbon Office and Lifestyle Promote vegetarian meals, eliminate single-use tableware, and encourage reusable tableware to integrate carbon reduction concepts into employees' daily lives, establishing a quantifiable office carbon reduction model.

► Green Innovation and Carbon Reduction Effectiveness

The Group continues to promote the deep integration of product innovation and green design. By developing highlight products with low-carbon attributes, it helps downstream customers and end users achieve carbon reduction.

Products

QI Automotive Remanufacturing Products: Closed-Loop Remanufacturing Driving Resource Circulation

QI Automotive Remanufacturing products represent one of the Company's core achievements in green innovation. Compared to the production of new parts, the remanufacturing process for QI Automotive Remanufacturing products significantly reduces energy consumption and carbon emissions. Each remanufactured products saves 10 kWh of electricity and reduces carbon dioxide emissions by approximately 7.6 kg. In 2025, a total of 24,979 remanufactured products were sold, cumulatively reducing carbon dioxide emissions by approximately 194,836.2 kg, achieving the dual value of resource circulation and low-carbon development.



Products

Damper Control Module

As an innovative product independently developed by the Company, the damper control module not only fills a market gap with its high performance, low cost, and high reliability, but also demonstrates significant carbon reduction benefits throughout its entire product lifecycle. Compared to replacing the complete assembly, the unit repair cost of the damper control module is reduced by approximately 50%, effectively extending the service life of the original shock absorber system and reducing resource consumption and manufacturing carbon emissions caused by premature component scrappage.



► Green Energy for Carbon Emission Reduction

The Qingdao Transfar Logistic Park, where our Company is located, continues to promote the application of clean energy. In 2025, the photovoltaic power generation system in the park operated stably, supplying a cumulative total of 561.67 million kWh of green electricity to the national grid. Among this, the rooftop photovoltaic system installed on the warehouse leased by the Company generated 168.5 million kWh of electricity over the year, corresponding to a reduction of approximately 1,679.95 tons of CO₂ equivalent in carbon emissions. Through the ongoing implementation of the rooftop photovoltaic project, we have reduced indirect carbon emissions from purchased electricity and further increased the share of clean energy in our operations. In the future, we will continue to explore opportunities for expanding green energy sources such as distributed photovoltaics, steadily optimizing our operational carbon intensity, and contributing tangible efforts toward achieving the national carbon neutrality goals.

► Low-Carbon Diet and Plastic Reduction in the Office

The Company continues to advocate a green and low-carbon office lifestyle. In 2025, it continued to provide vegetarian boxed meals to employees three times per week through external procurement, requiring suppliers to use biodegradable meal containers. A total of 40,283 vegetarian meals were provided throughout the year, corresponding to a reduction of approximately 32,226.4kg CO₂ equivalent in greenhouse gas emissions. At the same time, the Company actively expanded carbon reduction initiatives in office settings. Starting in July 2025, it completely eliminated the supply of disposable chopsticks, replacing them with reusable stainless steel tableware. This saved approximately 19,927 pairs of disposable chopsticks, corresponding to a reduction of approximately 948,525.2 g CO₂ equivalent in greenhouse gas emissions, further reducing waste-related carbon emissions from office operations. Through the combined promotion of dietary adjustments and plastic reduction in the office, we continue to lower the carbon footprint of daily operations, embedding low-carbon principles into the everyday work and life of our employees.



Metrics and Targets

► Metrics

2025 Greenhouse Gas Emission Indicators

Direct greenhouse gas emissions (Scope 1): **151.16** tons of CO₂ equivalent

Indirect greenhouse gas emissions (Scope 2): **1,118.41** tons of CO₂ equivalent

Total greenhouse gas emissions: **1,269.57** tons of CO₂ equivalent

Greenhouse gas emission intensity: **0.0163** tons of CO₂ equivalent / RMB 10,000 revenue

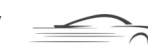


Note: The data covers entities within the Company's consolidated financial statements, including 5 domestic subsidiaries and 2 overseas subsidiaries.

► Targets

We continue to advance the development of our low-carbon development system. Building upon the existing greenhouse gas management mechanisms, we will further explore the optimization of carbon emission data monitoring and accounting processes to enhance data accuracy and the level of management refinement. We will gradually integrate climate factors into daily operations and strategic decision-making, focusing on opportunities relevant to our actual business during the green transition. Through pragmatic actions, we will respond to stakeholders' concerns regarding sustainable development and promote the steady integration of environmental management with business operations.





Appendix I: Key Performance Indicator Table

Indicator	Unit	2025	2024
Economic Performance			
Total Assets	10,000 CNY	88,503.34	85,463.51
Operating Revenue	10,000 CNY	78,012.48	75,223.52
Net Profit (Attributable to Parent Company)	10,000 CNY	8,559.46	10,650.25
Basic Earnings per Share	CNY	1.29	1.65
Total Tax Paid	10,000 CNY	5,517.27	3496.36
Corporate Governance			
Proportion of Independent Directors	%	57	42.86
Proportion of Female Directors	%	42.86	28.57
Board Member Attendance Rate	%	100	100
Anti-corruption Training Sessions	Sessions	2	1
Number and Rate of Directors Trained in Anti-corruption	Persons (%)	3(42.86)	2 (28.57)
Number and Rate of Management Trained in Anti-corruption	Persons (%)	40(93.02)	10 (50)
Number and Rate of Employees Trained in Anti-corruption	Persons (%)	92(24.60)	71 (21.58)
Environmental Management Performance			
Total Environmental Protection Investment	10,000 CNY	39.7	6
Major Environmental Pollution Incidents	Cases	0	0
Environmental Compliance Violations	Cases	0	0
Environmental Training Sessions	Sessions	2	4
Environmental Training Participants	Person-times	30	15
Environmental Training Hours	Hours	2	6
Energy Usage Performance			
Gasoline	Liters	57,676.8	51,367.04
Diesel	Liters	10,528.95	4,300.22
Purchased Electricity	kWh	2,084,253	444,600
Total Comprehensive Energy Consumption	Tons of Standard Coal	331.69	115.57
Comprehensive Energy Intensity	Tons of Standard Coal/10,000 CNY Revenue	0.0043	0.0015

Indicator	Unit	2025	2024
Resource Usage Performance			
Total Water Consumption	Tons	7,590.23	1,360
Water Intensity	Tons/10,000 CNY Revenue	0.0973	0.0181
Packaging Materials	Tons	94.58	221.97
Packaging Material Intensity	Tons/10,000 CNY Revenue	0.0012	0.0030
Greenhouse Gas Emissions Performance			
Direct Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	151.16	148.13
Indirect Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	1,118.41	238.57
Total Greenhouse Gas Emissions	tCO ₂ e	1,269.57	386.70
Greenhouse Gas Emission Intensity	tCO ₂ e/10,000 CNY Revenue	0.0163	0.0051
Waste and Wastewater Management Performance			
Non-Hazardous Waste Generated	Tons	661.72	75.83
Hazardous Waste Generated	Tons	0.11	2.24
Total Waste Generated	Tons	661.83	78.07
Recycled/Reused Waste	Tons	0	0
Rate of Recycled/Reused Waste	%	0	0
Waste Compliance Disposal Rate	%	100%	100%
Wastewater Discharge	Tons	3,579.82	1,200
R&D Innovation Performance			
R&D Investment	10,000 CNY	2,066.48	2,367.17
R&D Investment as a percentage of Operating Revenue	%	2.65	3.15
Total Valid Patents	Items	122	112
Total R&D Personnel	Persons	76	70
Proportion of R&D Personnel	%	20.32	21.28
Supply Chain Management Performance			
Total Suppliers	Suppliers	522	525
Localized Procurement Ratio*	%	16.67	16.7

*Localized procurement refers to suppliers located within Shandong Province.



Indicator	Unit	2025	2024	
Product Quality Performance				
Major Safety/Quality Liability Incidents Related to Products/Services	Cases	0	0	
Product Recalls	Cases	0	0	
Employees Trained in Quality (Person-times)	Person-times	149	157	
Customer Complaints	Cases	69	223	
Customer Complaint Resolution Rate	%	94.41	100	
Employee Employment Performance				
Total Employees	Persons	374	329	
Employees by Gender	Male	Persons	254	232
	Female	Persons	120	97
Proportion of Female Employees	%	32.09	29.48	
Labor Contract Signing Rate	%	100	100	
Social Insurance Coverage Rate	%	100	100	
Employee Training Performance				
Total Employee Training Investment	10,000 CNY	91.85	72.11	
Employee Training Coverage Rate	%	100	100	
Total Employee Training Sessions	Sessions	146	211	
Total Employee Training Hours	Hours	16,105	5,278	
Average Training Hours per Employee	Hours	43.06	16.55	
Occupational Health & Safety Performance				
Investment in Work Injury Insurance & Safety Liability Insurance	10,000 CNY	34.2861*	35.9539	
Coverage Rate of Work Injury Insurance & Safety Liability Insurance	%	100	100	
Major Safety Incidents	Cases	0	0	
Work-Related Fatalities	Persons	0	0	
Work Injury Rate	%	0	0	
Total Safety Training Participants	Person-times	429	235	
Total Safety Training Hours	Hours	459	249	

*The premiums for work-related injury insurance and work safety liability insurance for employees of the subsidiary QI Automotive Germany GmbH are to be calculated uniformly by the local authorities, and a payment notice is required before such premiums can be paid. As the Company has not yet received the relevant notice for that subsidiary for the year 2025, the amount does not include the data of that subsidiary.

Indicator	Unit	2025	2024
Social Contribution Performance			
Total Social Contribution Investment	10,000 CNY	3.9216	46.4507
Employee Volunteer Participation (Person-times)	Person-times	26	25
Total Employee Volunteer Hours	Hours	182	200



Appendix II: Index of Indicators

Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation)

Chapter	Disclosure Item	Article		Corresponding Report Section
Chapter I General Provisions	/	Articles 1-10		Preface: (I) Introduction
Chapter II Sustainability Disclosure Framework	/	Articles 11-19		Preface: (IV) Sustainability Management
Chapter III Environmental Information Disclosure	Section 1: Climate Change Response	Climate Change Response	Articles 20-28	Addressing Climate Change Proactively Managing Risks and Opportunities
	Section 2: Pollution Control and Ecosystem Protection	Pollutant Emissions	Article 30	Reducing Emissions and Enhancing Efficiency Improving Environmental Management Performance
		Waste Management	Article 31	Reducing Emissions and Enhancing Efficiency Improving Environmental Management Performance
		Ecosystem and Biodiversity Conservation	Article 32	Not Applicable (During the reporting period, none of our production and operation sites were located in key protected areas, and our operational activities did not generate significant negative impacts on ecosystems or biodiversity)
		Environmental Compliance Management	Article 33	Green Development for Long-Term Success Building a Foundation for Compliant Growth
	Section 3: Resource Utilization and Circular Economy	Energy Utilization	Article 35	Resource Efficiency Strengthening the Foundation for Green Development
		Water Resource Utilization	Article 36	Resource Efficiency Strengthening the Foundation for Green Development
		Circular Economy	Article 37	Circular Innovation Exploring Pathways to Resource Recycling

Chapter	Disclosure Item	Article		Corresponding Report Section	
Chapter IV Social Information Disclosure	Section 1: Rural Revitalization and Social Contribution	Rural Revitalization	Article 39	Not Applicable	
		Social Contribution	Article 40	Social Responsibility: Chapter II (II) Acting with Kindness: Continuously Spreading Social Warmth	
	Section 2: Innovation-Driven Development and Technology Ethics	Innovation-Driven Development	Article 42	Social Responsibility: Chapter I (I) Innovation Engine: Driving Sustained Development Momentum	
		Technology Ethics	Article 43	Not Applicable (The Company is not engaged in research involving life sciences, AI or other ethically sensitive fields.)	
	Section 3: Suppliers and Customers	Supply Chain Risk Management	Article 45	Social Responsibility: Chapter I (III) Responsible Sourcing: Building a Robust Supply Chain Together	
		Equal Treatment of Small and Medium Enterprises (SMEs)	Article 46	Social Responsibility: Chapter I (III) Responsible Sourcing: Building a Robust Supply Chain Together	
		Product/Service Safety and Quality	Article 47	Social Responsibility: Chapter I (II) Quality First: Building a Cornerstone of Safety and Trust	
		Data Security and Customer Privacy	Article 48	Social Responsibility: Chapter I (IV) Data Governance: Comprehensive Protection of Information Security	
		Section 4: Employees	Employees	Articles 49-50	Social Responsibility: Chapter II (I) Talent Development: Building a Diverse Growth System
		Chapter V Sustainability Governance Information Disclosure	Section 1: Sustainability Governance Mechanisms	Corporate Governance	Article 51
Due Diligence	Article 52			Governance: (III) Ethical Leadership: Driving Industry Progress	
Stakeholder Engagement	Article 53			Governance: (IV) Shared Value: Building a Multi-Stakeholder Engagement Platform	
Section 2: Business Conduct	Anti-bribery and Anti-corruption		Article 55	Governance: (III) Ethical Leadership: Driving Industry Progress	
	Anti-unfair Competition		Article 56	Governance: (III) Ethical Leadership: Driving Industry Progress	
Chapter VI Supplementary Provisions and Interpretations	/	Article 57	Index of Indicators		

QI Automotive

Stock Name: **QI Automotive** Stock Code: **920242**

Contact Tel: 0532-86626982

Contact E-mail: chenrugang@qi-auto.com

QI Automotive Headquarters Address:

No. 1 Luanhe Road, Economic and Technological Development Zone, Jiaozhou City, Shandong Province