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1995

1998

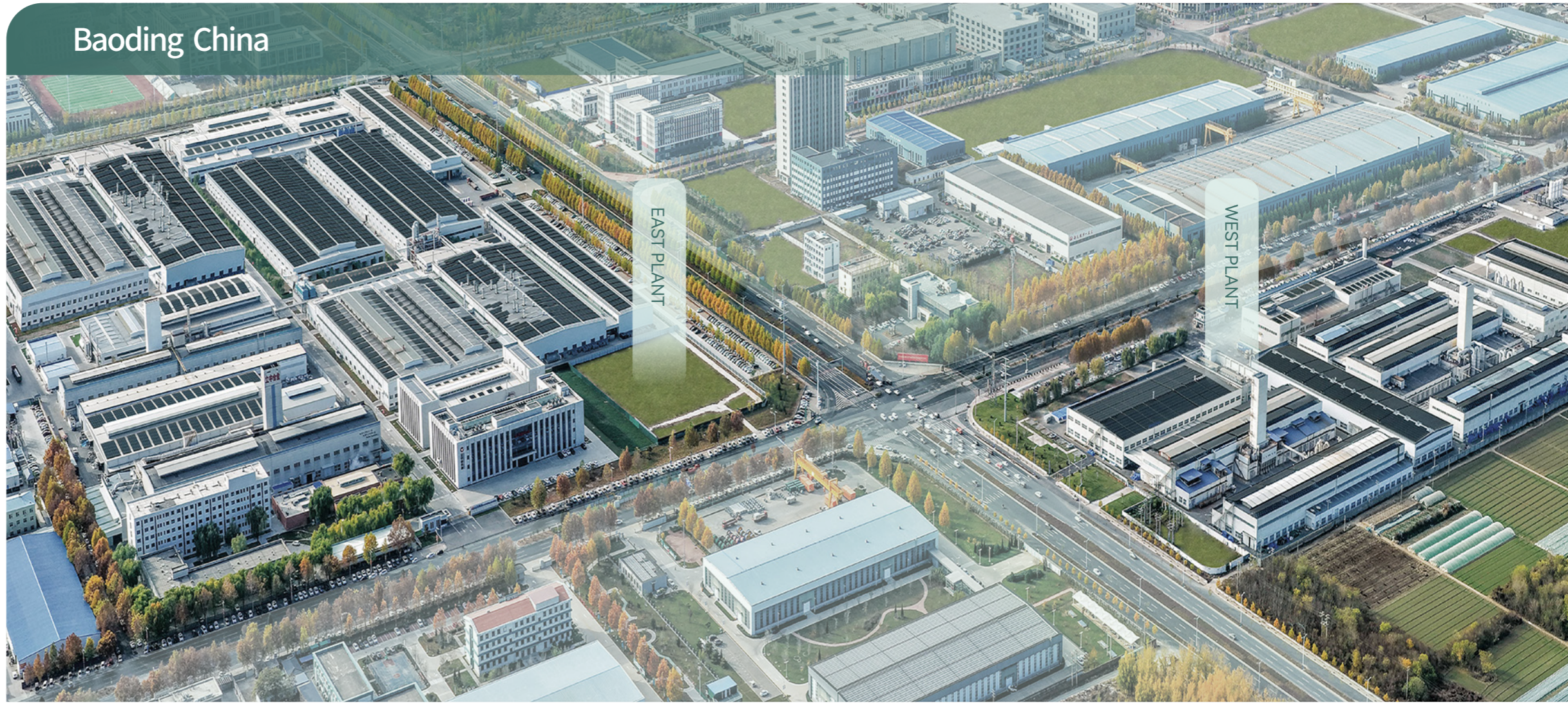


2025 Sustainability Report (ESG)

Strive More Cooperate More . . .

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Regarding This Report

This report is the 2025 annual sustainable development report of Lizhong Sitong Light Alloys Group Co., Ltd. (hereinafter referred to as "Lizhong Group", "the Company" or "We"), aiming to comprehensively present Lizhong Group's practices and performance in sustainable development to society and stakeholders.

■ Time Scope

The time scope of this report is from January 1, 2025 to December 31, 2025 (referred to as the "reporting period"). In order to increase the comparability of the report, some content may be appropriately traced or extended to important years of the development of Lizhong Group.

■ Organizational Scope

Unless otherwise specified, the statistical scope of the data and information in this report is consistent with the scope of Lizhong Group's 2025 annual report.

■ Information Sources and Reliability Assurance

All information in this report comes from Lizhong Group's publicly available information, official documents, financial reports, internal management information systems, monitoring and evaluation data from third-party institutions, as well as data collected by relevant functional departments. Lizhong Group guarantees that there are no false records, misleading statements or significant omissions in the content of this report. Unless otherwise specified, the currency unit in this report is RMB.

■ Reference Standards

- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
- SZSE Self-Discipline Regulatory Guidelines No. 17 for Listed Companies – Sustainability Report (Trial)
- SZSE GEM Listed Companies Self-Discipline Regulatory Guide No. 3 – Compilation of Sustainability Report
- Ministry of Finance of the People's Republic of China Enterprise Sustainable Disclosure Standards – Basic Standards (Trial)
- China Enterprise Reform and Development Research Association China Enterprise Sustainability Reporting Guidelines (CASS-ESG 6.0) General Framework

■ Access

This report is published in both Chinese and English versions and can be accessed on Lizhong Group's official website, the Shenzhen Stock Exchange website (www.szse.cn) and the Juchao Information website (www.cninfo.com.cn). In case of any ambiguity in the understanding of the two texts, please refer to the Chinese version.

Chairman's Message

In today's era, sustainable development has become the common intersection of global consensus, national strategy and market rules. The green and low-carbon transformation of global industrial chains is accelerating, the national green development plan and "Dual Carbon" goals are being advanced in depth, and downstream customers' requirements for carbon footprints in supply chains are becoming increasingly stringent. These three forces define the future competitive dimension of manufacturing. We deeply recognize that proactively responding to and integrating these requirements is an inevitable choice for building long-term competitiveness.

Core Actions: Turning Challenges into New Development Momentum

In response to the global decarbonization trend and the national "Dual Carbon" goals, we have deeply embedded green development into the entire industrial chain. We regard "green" as the fundamental attribute of our products and have built a complete value chain from "green materials" to "green products", focusing on promoting large-scale and high-quality application of recycled aluminum. In the full year, we used nearly one million tons of recycled aluminum, and the product carbon footprint steadily declined. We have built national-level green factories and green supply chains, constructed distributed photovoltaic power stations, and achieved precise accounting and transparent management of carbon data through digital platforms.

To align with the innovation-driven development strategy and industrial upgrading needs, we drive value creation through technological innovation. We have built a systematic innovation system, set strategic goals every year, focused on product technology research and development and green technology innovation, continuously increased R&D investment, and overcome key material technologies such as non-heat-treated aluminum alloys, providing solid basic material support for the lightweight transformation of new energy vehicles and the development of future industries such as humanoid robots. At the same time, we adhere to the people-oriented principle, comprehensively protect employees' rights and interests, build a sound talent development system, emphasize the introduction and cultivation of international talents, respect cultural and religious diversity, create a safe, equal and inclusive working environment, and achieve common growth of employees and the enterprise.

To establish global market trust, we build a solid operational foundation with excellent governance. We have improved the ESG governance structure, implemented compliance disclosure requirements, and have obtained the highest A-level rating in the SZSE information disclosure assessment for many consecutive years; at the same time, we have built a comprehensive ESG risk management and compliance system to strengthen operational guarantees through standardized governance. We have extended due diligence management deeply upstream in the supply chain to cover second-



 Chairman

ary suppliers, strictly abide by business ethics and international standards, ensure unified standards across the global operation network, and work with partners to build a responsible industrial ecosystem.

Future Commitment: Advancing with the Times and Winning Together with Partners

Looking ahead, we will continue to play an active role in the global sustainable development process: act as practitioners of global climate action, lead industry transformation with ambitious emission reduction targets, and contribute to a net-zero world; act as cultivators of new quality productive forces, empower downstream industries with material innovation, and jointly define green product standards; act as demonstrators of responsible global operations, and build more resilient sustainable supply chains through transparent governance and deep cooperation.

Over more than forty years of development, Lizhong has grown from Baoding to the world. Facing the future, we will continue to uphold the corporate spirit of "Strive a little more than others, and cooperate a little more than others", integrating the grand narrative of sustainable development into daily improvement and every cooperation. We firmly believe that through persistent efforts, Lizhong Group will not only achieve commercial success but also contribute a lighter, stronger and greener future for stakeholders and society.

About Lizhong Group

Lizhong Group was founded in 1984 and listed on the Shenzhen Stock Exchange in 2015 (stock code: 300428). The listed company currently operates three major product segments: Lizhong Alloy, Lizhong Wheel and Lizhong Sitong New Materials. It has 58 companies worldwide (including 43 production plants) and is a global supplier of aluminum alloy new materials and automotive lightweight components. Its products are mainly used in automobiles, high-speed rail, electric power and electrical appliances, consumer electronics, communications, aerospace and high-end equipment and other fields.

Lizhong Group carries forward the corporate spirit of "Strive a little more than others, and cooperate a little more than others", and always sticks to the deep cultivation of aluminum alloy new materials and aluminum alloy new products. After 41 years of development, Lizhong Alloy has become a leading enterprise in the industry in China. After 30 years of development, Lizhong Wheel has become the second largest enterprise in the world in the industry. After 27 years of development, Lizhong Sitong New Materials has become the largest enterprise in the world in the industry.

 <p>1984 Founded by Lizhong Group</p>	 <p>58 Global Companies</p>	<p>43 Among them, the production factory</p>
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Corporate Culture and Philosophy

- 

Corporate Spirit
Strive more Cooperate more



Corporate Mission
Committed to technological innovation in aluminum alloy new materials and aluminum alloy products.
- 

Business Philosophy
Operate with integrity and be a respected century-old enterprise; manage with wisdom and lean production, create user value; develop steadily, focus on the main business, and build a globally renowned brand.



Management Philosophy
Diverse cultures: China's traditional culture, America's innovative culture, Germany's rigorous culture, Japan's meticulous culture.
- 

Corporate Values
Learn and innovate, manufacture excellent products, meet market demand, and realize the common interests of employees, customers and shareholders.



Product Market Positioning
Global manufacturer of aluminum alloy new materials and automotive lightweight components.
- 

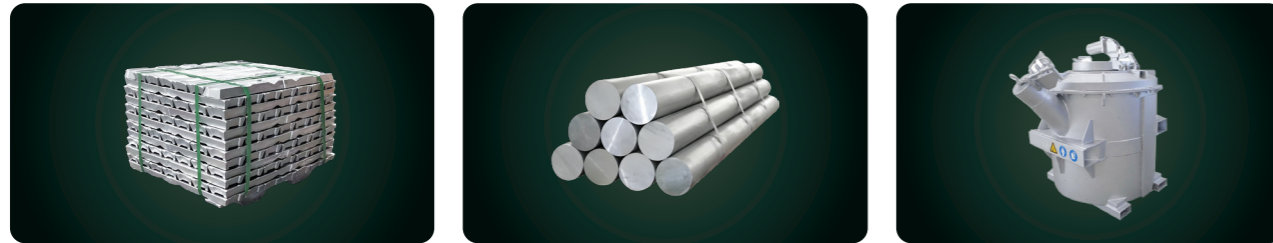
Core Competitiveness
"Two rights separation" model and stable professional manager management team; 40 years of credit accumulation, cultural accumulation and brand value; focused and professional development philosophy; industrial chain synergy advantages.



Core Business

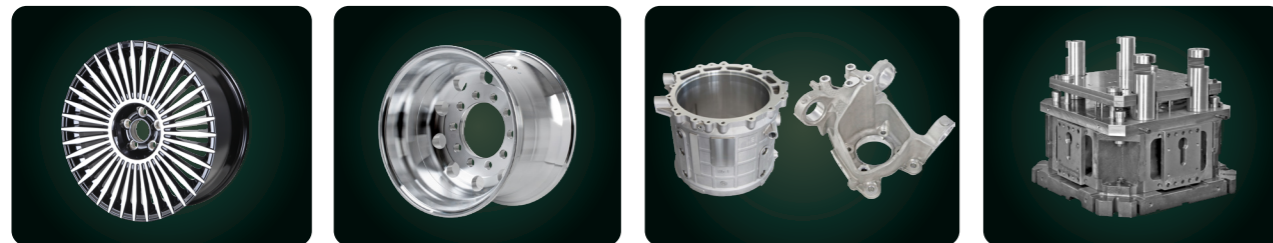
Lizhong Alloy

Since its establishment 41 years ago, it has been committed to the research and development, production and operation of recycled aluminum alloys, providing society with more than 10 million tons of low-carbon recycled aluminum alloy materials, replacing electrolytic aluminum materials and steel materials.



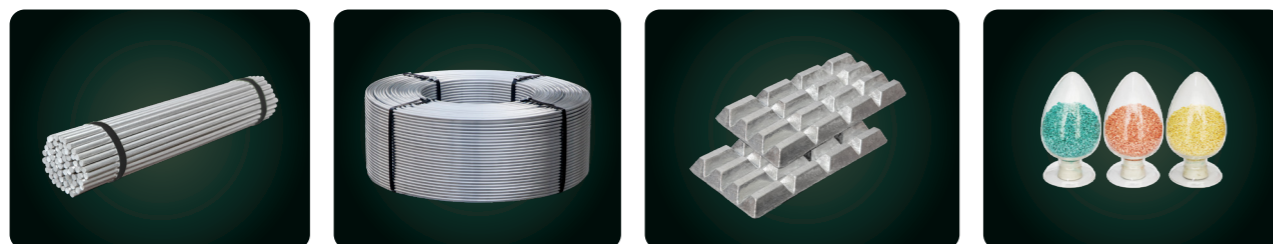
Lizhong Wheel

Since its establishment 30 years ago, it has been committed to replacing steel with aluminum and promoting the research and development and manufacturing of automotive lightweighting, providing society with more than 260 million lightweight aluminum alloy wheels, enabling 52 million vehicles worldwide to reduce approximately 2.3 million tons of greenhouse gas emissions.



Lizhong Sitong New Materials

Since its establishment 27 years ago, it has been committed to improving the mechanical strength and service life of aluminum alloy materials and aluminum products through research and development and production, providing society with more than 1 million tons of aluminum-based functional intermediate alloys, and promoting the high-quality development of the world's aluminum-for-steel, aluminum-for-steel and aluminum-for-wood undertakings.



Global Major Customers

Passenger Cars



Commercial Vehicles



Rail Transit, Aerospace, Ships

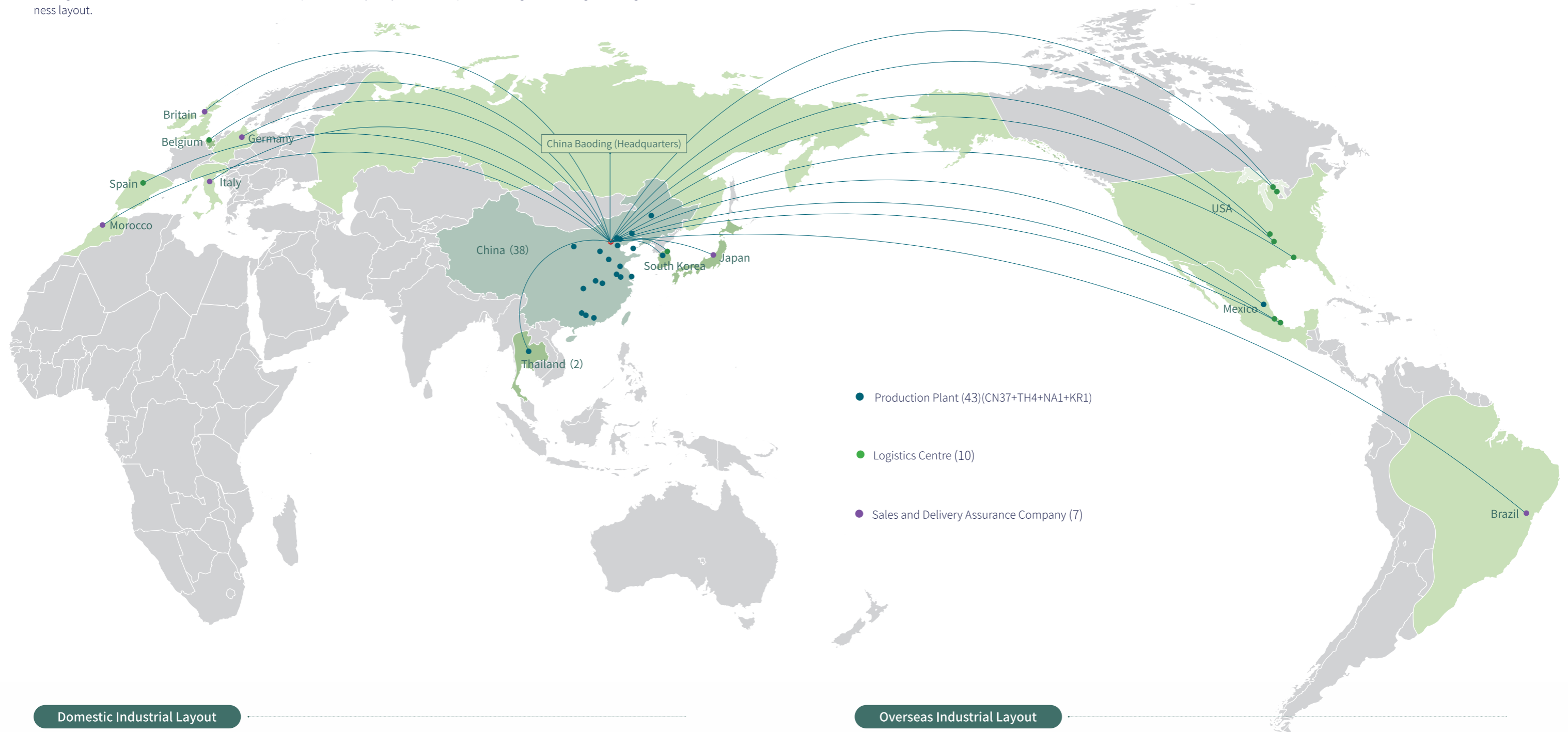


Power Electronics, Food & Pharmaceutical Packaging, High-end Manufacturing



Industrial Layout

As a globalized enterprise, Lizhong Group has advanced production bases and business networks spread across 20 provinces and cities in China, ensuring efficient coverage of products and services and market response. In addition, the company actively expands into international markets and has established business institutions in 12 countries and regions including the United States, the United Kingdom, Thailand, Mexico, Brazil, South Korea, Japan, Germany, Italy, Morocco, Spain and Belgium, forming a stable global business layout.



Domestic Industrial Layout

- China Baoding (Headquarters)
- Guangdong Guangzhou
- Hubei Huangshi
- Jiangsu Huaian
- Jiangsu Zhenjiang
- Shandong Yantai
- Tianjin
- Anhui Lu'an
- Guangdong Qingyuan
- Hubei Wuhan
- Jiangsu Xuzhou
- Inner Mongolia Baotou
- Shanxi Taiyuan
- Hong Kong
- Beijing
- Hebei Qinhuangdao
- Jilin Changchun
- Jiangsu Yangzhou
- Shandong Binzhou
- Shanghai
- Chongqing

Overseas Industrial Layout

- United States
- Germany
- Thailand
- Mexico
- South Korea
- Italy
- United Kingdom
- Morocco
- Japan
- Spain
- Brazil
- Belgium

Honors and Awards

In 2025, Lizhong Group won a total of 45 national, industry, customer and other honors and awards. Representative awards include:



<p>All-China Federation of Industry and Commerce 2025 China Top 500 Private</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>Joined the Global Aluminium Stewardship Initiative (ASI)</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>A-level Rating in SZSE Information Disclosure Assessment for Four Consecutive Years</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>Reed Exhibitions Group Aluminium Industry Era Pioneer Award</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	<p>China Association of Automobile Manufacturers China Automotive Supply Chain Innovation Achievement Award</p> <p>Baoding Lizhong Wheel Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China 5G Factory</p> <p>Baoding Lizhong Dongan Light Alloy Parts Manufacturing Co., Ltd.</p> <p>★★★★★</p>
<p>Wind China Listed Companies ESG Best Practice 100 (Small and Medium Market Cap)</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>CDP B (Climate Change B, Water Security B)</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>EcoVadis Copper Medal</p> <p>Lizhong Wheel Segment</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Science and Technology-based Small and Medium-sized Enterprise</p> <p>Baoding Lizhong High-end Intelligent Manufacturing Technology Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Specialized, Sophisticated, Distinctive and New "Little Giant" Enterprise</p> <p>Tianjin Xinlizhong Alloy Group Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Factory</p> <p>Baotou Shengtai Automotive Parts Manufacturing Co., Ltd.</p> <p>★★★★★</p>
<p>Responsible Business Alliance (RBA) Silver Medal</p> <p>Baoding Lizhong Dongan Light Alloy Parts Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>Social Responsibility Practice Honor Commendation</p> <p>New Thai Wheel Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>General Motors Excellent Quality Supplier for Nine Consecutive Years</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Factory</p> <p>Tianjin Lizhong Wheel Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Factory</p> <p>Tianjin Lizhong Light Alloy Forging Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Supply Chain</p> <p>Tianjin Lizhong Wheel Co., Ltd.</p> <p>★★★★★</p>
<p>General Motors Annual Supplier for Six Consecutive Years</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>NIO Partner Blue Sky Award</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>SAIC Maxus Best Quality Performance Award</p> <p>Lizhong Group</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Factory</p> <p>Guangdong Longda Aluminum Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Factory</p> <p>Tianjin Xinlizhong Alloy Group Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China National Green Supply Chain</p> <p>Tianjin Lizhong Wheel Co., Ltd.</p> <p>★★★★★</p>
<p>Volvo Sustainable Long-term Partner Award</p> <p>Baoding Lizhong Wheel Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>Volvo Asia-Pacific Energy Action Award</p> <p>Baoding Lizhong Wheel Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>SAIC-GM 2024~2025 Excellent Supplier Award</p> <p>Tianjin Lizhong Wheel Co., Ltd.</p> <p>★★★★★</p>	<p>China Machinery Industry Federation, Chinese Mechanical Engineering Society China Machinery Industry Science and Technology Award</p> <p>Tianjin Lizhong Light Alloy Forging Co., Ltd.</p> <p>★★★★★</p>	<p>Ministry of Industry and Information Technology of the People's Republic of China Ninth Batch of National Manufacturing Single Champion Enterprises</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	
<p>XPeng Motors Supply Chain Management Center XPeng Motors Thank-you Letter</p> <p>Baoding Lizhong Wheel Manufacturing Co., Ltd.</p> <p>★★★★★</p>	<p>Machinery Industry Information Research Institute Automotive Industry Fulun Award</p> <p>Hebei Lizhong Alloy Group Co., Ltd.</p> <p>★★★★★</p>	<p>World New Automobile Technology Cooperation Ecological Association Lingxuan Gold Award</p> <p>Hebei Lizhong Alloy Group Co., Ltd.</p> <p>★★★★★</p>	<p>Novelis Excellent Supplier Award (Sustainability Category) – the only domestic enterprise selected in the same batch</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	<p>China Nonferrous Metals Industry Association Recycled Metals Branch China Recycled Aluminum Alloy Industry Ranking No. 1</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	
<p>China Nonferrous Metals Industry Association Nonferrous Metals Industry Science and Technology Award First Prize</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	<p>National Nonferrous Metals Standardization Technical Committee National Nonferrous Standard Second Prize</p> <p>Lizhong Sitong Light Alloys Group Co., Ltd.</p> <p>★★★★★</p>	<p>National Standards Sample Technical Committee Nonferrous Metals Subcommittee Standards Sample Excellent Award Third Prize</p> <p>Hebei Xinlizhong Nonferrous Metals Group Co., Ltd.</p> <p>★★★★★</p>	<p>FAW-Volkswagen "Green Partner Project – Energy Saving and Carbon Reduction Review" China Automobile Carbon "Five-Star Low-Carbon Supplier"</p> <p>Tianjin Lizhong Wheel Co., Ltd.</p> <p>★★★★★</p>		



Theme

Metals Change the World, We Change Metals
—Reshaping the Future of the Aluminum
Industry with Technology and Full Industrial
Chain Advantages

Metals are the core basic materials for industrial manufacturing, scientific and technological development, and social construction, empowering world development in all dimensions and changing human production and life. Aluminum, as the most widely used light metal material, has become a key support for innovation and upgrading in various fields with its core advantage of lightweight. As an enterprise in the field of metal materials, Lizhong Group is committed to endowing aluminum with the sustainable attributes of low-carbon, circular, and high-performance through "changing metals" innovation actions, relying on leading alloy technology innovation, building full industrial chain green advantages, reconstructing the production and application model of aluminum, continuously upgrading the value of metals, and thereby enabling metals to change the world more deeply and comprehensively.

■ Changing Alloy Technology: Defining a New Technological Core with Innovation

The starting point of our change lies in the "rebirth" method of aluminum. Lizhong Group focuses on alloy technology revolution, committed to minimizing the "carbon footprint" of each ton of aluminum and maximizing resource value.

■ Building a Globally Leading Recycled Aluminum Graded Utilization Technology System

Primary Utilization	Multi-Stage Utilization
<p>Primary recycled aluminum follows the principle of "same grade recycling and regeneration". For products such as automotive wheels, a precise scrap traceability and sorting system has been established. Relying on independently developed micro-alloying and high-calcium-fluoride low-temperature refining technology, scrapped A356 wheels can be purified and directly regenerated into high-quality aluminum alloys that meet the original standards. The Company currently plans production lines with a 75% recycled aluminum application ratio; compared with using 100% thermal power aluminum, the product carbon footprint can be reduced by about 55%.</p>	<p>Multi-stage utilization breaks through the limitation of single-grade recycling. Through remelting market-recovered 3-series, 6-series and other multi-grade scrap aluminum, multi-stage aluminum ingots are prepared; and scrap aluminum from different sources is "upgraded and recreated" into new aluminum alloys with performance up to standard, increasing the application ratio of recycled aluminum in some products to 60%-100%, significantly broadening the circular utilization boundary of scrap aluminum resources.</p>

■ Researching and Developing Future-Oriented Low-Carbon High-End New Materials

Low-Carbon Non-Heat-Treated Aluminum Alloys (e.g., LZHM-05 Alloy)

Not only does it meet the high-strength and high-toughness requirements of integrated die-casting for new energy vehicles, but also, thanks to its high tolerance for impurity elements, it can incorporate 90%-100% scrap aluminum raw materials, achieving the dual goals of product performance and carbon emission reduction. It has passed certification by leading automakers and achieved mass production.

Integrated Low-Pressure Cast Aluminum Alloys (e.g., LZHM-04 Alloy)

Specially developed for key high-strength and high-toughness structural parts such as rear floors, battery packs and subframes in automotive integrated low-pressure casting, it possesses excellent strength-toughness matching and forming performance, enabling significant lightweight weight reduction of components.

Solderable Die-Cast Aluminum Alloys (e.g., LZHM-10 Alloy)

It can replace forged aluminum alloys or aluminum brazing composite materials, using vacuum die-casting to replace forging or stamping, bringing flexibility and convenience to complex flow channel design, while offering the advantages of short process flow, light part weight and low production cost. This material can be used in liquid cooling systems for automotive thermal management, computing power centers, energy storage and other fields, and has been certified by multiple leading enterprises.

High-Conductivity Die-Cast Aluminum Alloys (e.g., LZTH-HTC01 Alloy)

Targeting the industry challenge of developing high-conductivity cast aluminum alloys, in collaboration with Tsinghua University and using the Company's proprietary "three-super one-micro two-ratio" technology, it successfully breaks through the balance problem between high conductivity and strength, raising the material's conductivity to a new level. It can be used in high-conductivity fields such as new energy vehicle electric drive systems to achieve weight reduction and energy saving.

Special Functional Intermediate Alloys

Targeting the industry challenge of easy segregation of high-melting-point elements, the ultra-fine dispersed aluminum-molybdenum intermediate alloys and other products we developed significantly improve the homogeneity and performance of aluminum materials and are widely used in new energy battery packs and high-end equipment fields.

Technological breakthroughs in the alloy and materials fields are the hard-core foundation of our "changing metals".

■ Changing Industrial Circulation: Building a Symbiotic Ecosystem of the Full Industrial Chain

Technology reshapes metal performance, while a complete full industrial chain layout is the key to amplifying and long-term sustaining green value. Lizhong Group upholds a global vision and builds full industrial chain advantages from "green materials" to "green products", allowing every piece of aluminum to continuously radiate green vitality in circulation.

"Green Materials": Global Layout, Building a Solid Resource Foundation

With recycled aluminum as the core, through the global network of "building factories by distribution and local procurement", we have built a recycled aluminum resource guarantee system covering major markets in 23 factories at home and abroad. With advanced sorting and processing capabilities, we efficiently aggregate regional scrap aluminum resources. In 2025, the aluminum usage volume reached 940,000 tons, converting recycled scrap aluminum into high-quality recycled aluminum raw materials and promoting the green transformation of the industrial chain from the source.

"Green Manufacturing": Digital Empowerment for Efficient and Low-Carbon Operations

In 2003, Lizhong Alloy took the lead in China in promoting the molten aluminum direct supply model, effectively reducing remelting energy consumption. In 2025, molten aluminum sales accounted for 45% of total sales, with 30 existing direct supply customers, making it the largest molten aluminum direct supply alloy enterprise in China. At the same time, it collaborates with customers to develop more than 30 new aluminum alloys such as large-scale integrated die-casting non-heat-treated, high-conductivity and high-thermal-conductivity, and solderable alloys.

Lizhong Group relies on the "Smart Carbon Star" platform for precise carbon emission control and uses the BMW recycled aluminum block management system to achieve efficient utilization of raw materials. It has 5 national-level, 8 provincial-level green factories, and 2 national-level and 2 provincial-level green supply chain enterprises, setting a benchmark for green manufacturing.



Commissioning Ceremony of the Molten Aluminum Melting and Holding Project Jointly Built by New Technology Group and Lizhong Group

"Green Products": Lightweight Leadership, Empowering Customers to Reduce Carbon

We provide certified low-carbon lightweight wheels that directly help automotive customers reduce emissions; we supply key materials including low-carbon A356 and non-heat-treated alloys to support advanced manufacturing such as integrated die-casting for new energy vehicles; the high-performance aluminum-based intermediate alloys we develop act as "powerful agents" for materials, promoting the "aluminum replacing steel" process. The three major segments work synergistically to drive green upgrading in transportation, communications, and high-end equipment fields.

■ Conclusion

"Metals change the world" is a tribute to the historical contribution of the great material aluminum; "we change metals" is Lizhong Group's firm oath to the future. We endow aluminum with a greener soul through alloy technology innovation and reshape and extend its green life through industrial circulation. Lizhong Group is willing to become a leading global low-carbon aluminum material supplier through continuous technological innovation and open industrial chain collaboration, and is committed to becoming an enabler that promotes the green transformation of industrial civilization, allowing aluminum, this "green metal", to continue shining with immortal brilliance in the future of sustainable development.

Sustainable Development Management

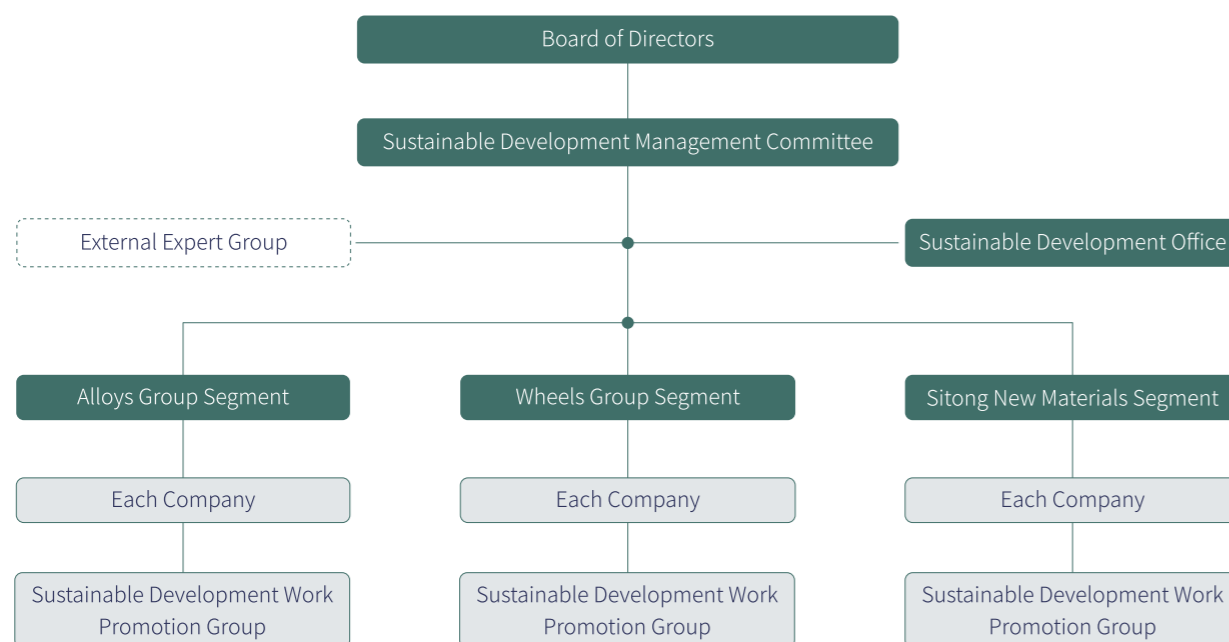
Lizhong Group upholds the concept of sustainable development, relies on a sound governance structure to strengthen execution effectiveness, anchors sustainable development strategic goals, links all stakeholders to advance collaboratively, deeply integrates ESG system construction into the full process of operation and management, due diligence and compliance risk control, steadily enhances long-term investment value, and empowers the global sustainable development process.



Organizational Structure

Lizhong Group has established a full-chain ESG management system of "top-level decision-making – layered execution – institutional guarantee – closed-loop supervision", constructing a governance structure with clear rights and responsibilities in which the Board of Directors provides overall coordination, the Professional Committee and the Sustainable Development Department take the lead, external experts provide support, and cross-segment departments collaborate in execution. The Company simultaneously issues ESG management processes, establishes self-evaluation and on-site audit mechanisms, and achieves systematic control of risks in the three major dimensions of environment, society and governance through ESG risk identification and assessment; it also deeply integrates international standards such as ASI, ISO and GRI to create an ESG risk management model that combines industry characteristics with an international perspective. The Sustainable Development Committee has three lines under it: safety, environmental protection and sustainable development management, equipped with approximately 113 professional personnel, fully supporting the efficient implementation of ESG governance work.

• Lizhong Sitong Light Alloys Group Co., Ltd. (Listed Company) Sustainable Development Management Committee Organizational Chart



Responsibility Division

Level	Subject Toliability	Duties and Working Mechanisms
Decision-making Level	Board of Directors	Based on the overall situation, formulate sustainable development strategic plans and coordinate the integrated development of environment, society and governance
	Sustainable Development Committee	Responsible for coordinating and advancing key initiatives for the Company sustainable development, implementing relevant performance evaluation and assessment, and regularly reporting progress to the Board of Directors
Management Level	Sustainable Development Department	Responsible for coordinating and advancing specific sustainable development work and matters
Support Level	External Experts	Provide guidance on Lizhong Group sustainable development work
Execution Level	Heads of Each Segment	Subsidiaries establish sustainable development teams led by the General Manager to organize the implementation of various sustainable development tasks


Management Implementation

- Institutional Processes**
 Benchmarking domestic and international sustainable development information disclosure requirements, the Company formulated and issued the Lizhong Group ESG Data Collection and Report Preparation Management Process, clarifying key stages such as information disclosure, review and optimization, and management improvement; it continues to improve ESG core rights and responsibilities of various departments and subsidiaries, driving all-round quality upgrading of ESG management.
- Organization of ESG Training**
 The Sustainable Development Management Committee organizes 1-2 sustainable development management training sessions each year for all segments and subsidiaries, requiring each subsidiary to be equipped with at least one carbon management specialist; it holds sustainable development summary meetings every year to urge all segments to report on relevant work progress, and participates in ESG supply chain training organized by customers from time to time upon invitation.
- Supervision of ESG Risks**
 The Company has built a self-evaluation and on-site audit system, implementing monthly self-evaluations and annual audits for subsidiaries. Monthly self-evaluations drive subsidiaries to conduct self-inspection and self-correction; annual audits issue rectification reports and follow up with closed-loop tracking to ensure the implementation of sustainable development risk management goals. Relying on the reporting mechanism, the Board of Directors fully incorporates ESG risk factors into the decision-making process.
- Participation in ESG Organizations**
 Lizhong Group actively integrates into the global sustainable development network. At the international level, it has joined the Global Aluminium Stewardship Initiative (ASI) and participated in Global Environment Facility (GEF) projects, and was selected as a demonstration enterprise in its "Green Production and Sustainable Development Project for China's Recycled Aluminum, Cobalt, Zinc and Lithium Industries"; at the domestic level, it has joined the Recycled Metals Branch of the China Nonferrous Metals Industry Association, participated in industry policy formulation and standard revision, and led the participation in the preparation of the China Nonferrous Metals Standardization Technical Committee's Greenhouse Gas Product Carbon Footprint Quantification Methods and Requirements – Aluminum Alloy Die Castings for Automotive Use carbon emission accounting method, promoting the green transformation of the automotive materials industrial chain.

Sustainable Development Goals


Responsible Governance

Built a penetrating ESG governance system with the Board of Directors as the core, taking transparent compliance and risk control as the cornerstone to drive the implementation of sustainable development strategies




Green Production

Created a full industrial chain carbon reduction path of "low-carbon materials – green manufacturing – green products", empowering low-carbon development with green technology and improving resource efficiency




Industrial Chain Collaboration


Empowered the industrial ecosystem through open cooperation, driving full-chain green transformation and sustainable development through technology sharing, standard co-construction and supply chain empowerment



Employee Care

Regard employees as the foundation of development, fully protect their rights and interests, create a safe, equal and inclusive growth environment, and achieve common achievements for employees and the enterprise





Due Diligence

Lizhong Group has established a sound ESG due diligence governance system. At the governance level, the Company systematically incorporates it into core policies such as the Code of Conduct for Business Ethics, Conflict Minerals Management Regulations and Supplier Management Regulations. In 2025, it issued and implemented the Management Process for Due Diligence of Mineral Supply Chains in Conflict-Affected and High-Risk Areas for Customers, forming a governance closed loop covering the entire process of management system establishment, risk control, audit disclosure, etc. At the same time, it strictly follows international standards such as the OECD Guidelines for Multinational Enterprises, the Responsible Minerals Initiative (RMI) and the United Nations Guiding Principles on Business and Human Rights to ensure standardized and orderly work. In addition, the Company takes respect for human rights, environmental protection and adherence to business ethics as its core commitments, establishes a closed-loop management approach of "identification – assessment – integration – tracking – communication", and integrates ESG risk control throughout the entire business chain.

We conduct due diligence on major raw material suppliers. Through supplier database screening and stakeholder feedback, we accurately identify core issues such as human rights, environment and business ethics, adopt a combination of qualitative and quantitative methods to classify risk levels, and incorporate the results into procurement decisions. Relying on ERP and SRM systems, we monitor key supply chain indicators in real time, regularly disclose progress to the Board of Directors, investors and suppliers, and build a two-way feedback mechanism. At the same time, we optimize the supplier audit system by adding Global Aluminium Stewardship Initiative (ASI) audit content, evaluating and scoring from multiple dimensions such as corporate integrity, greenhouse gas emissions, pollutant control and occupational health, strengthening supply chain ESG control, and promoting the green compliance upgrading of the industrial chain through full-process practices.

At the same time, customers also conduct ESG due diligence on the Company, focusing on verifying the governance system, supply chain control, compliant operations and supporting materials. The Company has built a complete response system and fully cooperates with the verification. The investigation results show that customers highly recognize the Company's ESG due diligence work, and all verifications have been successfully passed.











Stakeholder Communication

Lizhong Group has established a comprehensive stakeholder communication mechanism, accurately identifying stakeholders and conducting regular communication through forms such as meetings and discussions, regular visits, survey questionnaires and satisfaction surveys to gain insight into their expectations and demands, and implementing measures in combination with actual operations to effectively respond to reasonable demands.

Main Stakeholders	Main Communication Methods	Communication Frequency	Main Communication Content	Lizhong Response/Action	Communication Effect
Shareholders/ Investors	<ul style="list-style-type: none"> Online performance exchange meetings Organize on-site research Roadshows and answering online interactive questions 	Regular/ Irregular	<ul style="list-style-type: none"> Sustainable profitability Standardized corporate governance Improved information disclosure Shareholder returns 	<ul style="list-style-type: none"> Regularly publish financial reports and sustainability reports to ensure true and accurate information disclosure Establish a standardized corporate governance structure and improve the internal control system Formulate reasonable dividend policies to ensure shareholder returns Actively respond to investor questions and provide research support 	Enhanced shareholder and investor confidence, stable share price, continued attention from institutional investors, and smooth financing channels
Government/ Regulatory Authorities	<ul style="list-style-type: none"> Stock exchange meetings Government meetings Lawful information disclosure Organize science popularization/visit activities 	Regular/ Irregular	<ul style="list-style-type: none"> Compliance with laws and regulations Lawful tax payment Environmental protection Driving local economic development 	<ul style="list-style-type: none"> Strictly comply with laws, regulations and regulatory requirements, and conduct business activities in compliance Complete tax declaration and payment on time and in full, with no tax violation records Invest funds to implement environmental protection measures such as energy saving, emission reduction and waste resource utilization Expand production to drive employment and deeply participate in local industrial upgrading 	Recognized by government and regulatory authorities, successfully obtained local environmental protection and industrial support policy support
Customers/ Potential Customers	<ul style="list-style-type: none"> Customer complaint platform Satisfaction surveys Professional training After-sales service Regular visits Emails Telephone 	Regular/ Irregular	<ul style="list-style-type: none"> Honest performance Product quality High-quality service Responding to demands Data privacy and security Product promotion Customer demand survey 	<ul style="list-style-type: none"> Actively respond to customer needs, prepare materials and provide timely feedback Honest performance, provide high-quality products and services, and proactively develop low-carbon products 	In 2025, 130 new projects were added, covering more than 350 product types, and 6 new customers were developed
Public/ Society	<ul style="list-style-type: none"> Public welfare activities Science popularization and visit activities Regular visits/reception of visitors 	Irregular	<ul style="list-style-type: none"> Charitable public welfare Environmental protection Support for community development 	<ul style="list-style-type: none"> Carry out public welfare donations and volunteer activities, covering education assistance, poverty alleviation, disaster relief and other fields Publicly release corresponding reports and accept social supervision 	Significantly improved corporate social image and enhanced community collaboration stickiness
Employees	<ul style="list-style-type: none"> Employee representative congress Employee satisfaction surveys Leadership interviews Company internal OA system Employee training and special meetings 	Regular/ Irregular	<ul style="list-style-type: none"> Basic rights protection Training and development Health and safety Employee care 	<ul style="list-style-type: none"> Lawfully sign labor contracts, pay social insurance and housing provident fund in full, and protect employees' legitimate rights and interests Build a "layered and classified" training system and provide dual promotion channels for management and technology Upgrade workplace safety protection facilities and implement annual physical examinations and occupational disease prevention measures Carry out holiday benefits, team-building activities, assistance for employees in difficulty and other care work 	Enhanced team cohesion and improved employees' sense of ownership
Suppliers/ Business Partners	<ul style="list-style-type: none"> On-site visits Reception of visitors Supplier qualification review Supplier communication platform Supplier empowerment training 	Regular/ Irregular	<ul style="list-style-type: none"> Sunshine procurement Industry exchange and cooperation Supply chain management 	<ul style="list-style-type: none"> Establish a fair and transparent procurement mechanism and implement "sunshine bidding" Build a supplier communication platform and regularly organize industry technology and management experience sharing sessions Carry out empowerment training on quality control and technological upgrading 	Established stable cooperative relationships and achieved mutual benefit and win-win results

Response to Customer Sustainability Requirements

Lizhong Group actively responds to customer sustainability requirements and fully implements 16 special requirements. Around dimensions such as recycled aluminum application, green electricity use, carbon footprint management, ESG information reporting, carbon accounting certification and CBAM reporting, it meets the sustainable development standards of global customers.

Customer	Requirement Type	Lizhong Group Action
 BMW	<ul style="list-style-type: none"> Recycled aluminum usage ratio requirement Production and supplier green electricity usage ratio requirement Annual CDP questionnaire completion requirement 	<ul style="list-style-type: none"> Products have been produced using 70% recycled aluminum as required by the customer Production plants and corresponding electrolytic aluminum suppliers have purchased green certificates to meet customer requirements Complete the CDP questionnaire every year; Lizhong Group's CDP Climate Change and Water Security scores are B
 Mercedes-Benz	<ul style="list-style-type: none"> Unit product carbon emission year-by-year reduction and carbon neutrality requirements Total carbon emission reduction and carbon neutrality requirements Cofinity-X carbon footprint platform reporting requirement 	<ul style="list-style-type: none"> By planning the ratio of green aluminum and recycled aluminum for Mercedes-Benz product raw materials, and purchasing carbon sinks and carbon credits as appropriate, to meet customer carbon footprint requirements Has completed the customer's total carbon emission requirements Has reported on the carbon footprint platform as required by the customer
 Volvo	<ul style="list-style-type: none"> Product aluminum ratio and plant green electricity requirements Designated green electricity aluminum supplier procurement requirement 	<ul style="list-style-type: none"> Has planned to use 75% recycled aluminum + 25% green electricity aluminum; plant electricity is green electricity Green electricity aluminum procurement is from green aluminum suppliers designated by Volvo
 Volkswagen	<ul style="list-style-type: none"> Product carbon footprint accounting and carbon platform reporting requirement 	<ul style="list-style-type: none"> Has reported on the carbon footprint platform as required by the customer
 Fiat	<ul style="list-style-type: none"> Annual EcoVadis questionnaire completion and scoring requirements New project product carbon footprint accounting and ratio adjustment requirements 	<ul style="list-style-type: none"> Lizhong Wheel segment EcoVadis Copper Medal, total score 64 points; EcoVadis Business Ethics score 68 points Has provided timely feedback on product carbon footprint estimation reports as required by the customer, and by planning the ratio of green aluminum and recycled aluminum for product raw materials, and purchasing carbon sinks and carbon credits as appropriate, to meet customer carbon footprint requirements
 Opel		
 NIO	<ul style="list-style-type: none"> Product carbon footprint limit and carbon platform reporting requirement 	<ul style="list-style-type: none"> Has reported on the carbon footprint platform as required by the customer
 Geely	<ul style="list-style-type: none"> Sustainability platform regular reporting requirement 	<ul style="list-style-type: none"> Has reported on the sustainability platform as required by the customer
 General Motors	<ul style="list-style-type: none"> EcoVadis reporting and specific module scoring requirements Annual CDP questionnaire completion requirement 	<ul style="list-style-type: none"> Lizhong Wheel segment EcoVadis Labor and Human Rights score 63 points; EcoVadis Business Ethics score 68 points; EcoVadis Sustainable Procurement score 66 points Complete the CDP questionnaire every year; Lizhong Group's CDP Climate Change and Water Security scores are B
 Hyundai	<ul style="list-style-type: none"> Organizational-level carbon emission annual accounting and certification requirements Annual CDP questionnaire completion requirement Annual QESG questionnaire completion and scoring requirements 	<ul style="list-style-type: none"> Designated plants conduct organizational-level carbon inventory and obtain certification statements every year Complete the CDP questionnaire every year; Lizhong Group's latest CDP Climate Change and Water Security scores are B Complete the QESG questionnaire every year; the latest score is 78.8 points
EU Traders	<ul style="list-style-type: none"> Requirement to report EU Carbon Border Adjustment Mechanism (CBAM) statements 	<ul style="list-style-type: none"> Requirement to report EU Carbon Border Adjustment Mechanism (CBAM) statements Timely report EU Carbon Border Adjustment Mechanism (CBAM) statements as required by the customer, and plan to add a CBAM module to the Lizhong Group carbon management platform

Materiality Assessment

Lizhong Group systematically carried out the identification and assessment of material issues through the following 4 processes to determine the material issues related to sustainable development work and make focused disclosures in the report.

1 Understand the background of Lizhong Group's activities and business relationships

Understand activities and business relationships, understand the external objective environment, and understand the main affected stakeholders.

2 Establish an issue list

Based on the 21 issues set out in the SZSE Self-Discipline Regulatory Guidelines No. 17 for Listed Companies – Sustainability Report (Trial) (hereinafter referred to as the "Guidelines"), and identify other potential material issues. Identify issue-related impacts, risks and opportunities, and summarize to form the Company's issue list.stakeholders.

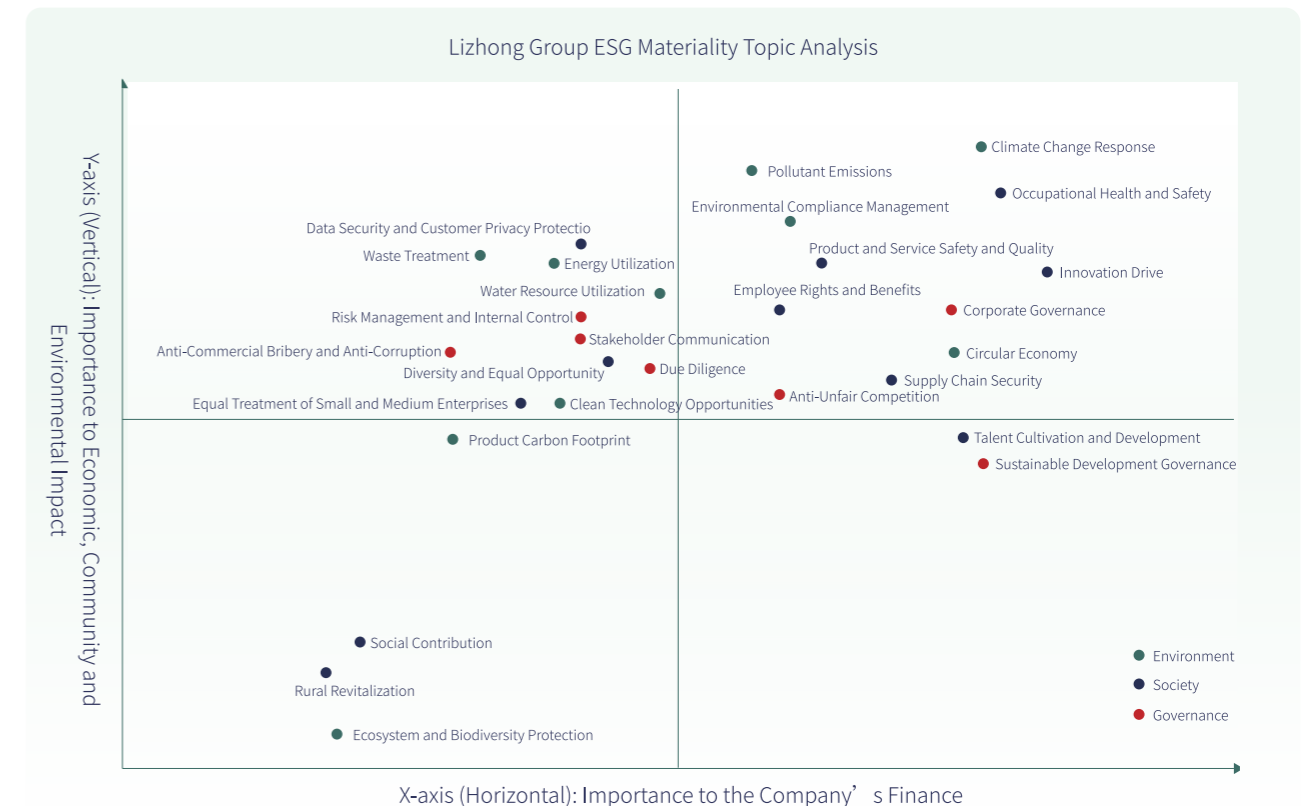
3 Assessment and confirmation of issue materiality

Impact materiality assessment: Sort out the potential or actual positive or negative impacts of each issue on the external environment, society and economy, and conduct survey analysis on stakeholders through questionnaires.

Financial materiality assessment: Through analysis of impact, dependence and other factors, combined with expert judgment and questionnaire surveys by various departments of the Company on the likelihood of issues occurring and the potential degree of financial impact, assess issues with financial materiality. Integrate impact and financial materiality results.

4 Issue reporting

Summarize the process, methods and conclusions of the dual materiality analysis of issues. Disclose relevant content in accordance with the requirements of the "Guidelines".



Note: Technology ethics is a specific subject disclosure issue, and the Company is not involved for the time being.



Company Governance

Lizhong Group takes improving the governance structure, strengthening risk control, and protecting the rights and interests of stakeholders as its core objectives. By optimizing supervision mechanisms, improving the institutional system, standardizing the operation of the Board of Directors, and deepening stakeholder participation, the Company enhances governance transparency and the scientific nature of decision-making.

Optimizing the Supervision Mechanism

On October 14, 2025, the Company held the 30th meeting of the Fifth Board of Directors and the 25th meeting of the Fifth Board of Supervisors, deliberating and approving the Proposal on Revising, Formulating and Abolishing Some Corporate Governance Systems. On October 30, the second extraordinary general meeting of shareholders in 2025 was held, deliberating and approving the Proposal on Revising the Articles of Association and the Proposal on Abolishing the Rules of Procedure of the Board of Supervisors. The Company decided to abolish the Board of Supervisors, with its original functions and powers taken over by the Audit Committee of the Board of Directors, and simultaneously abolished the relevant systems, realizing efficient connection between the supervision function and the professional committees of the Board of Directors.

Improving the Institutional System

The Company systematically revised and supplemented governance-related systems. During the reporting period, it completed the revision of 31 core systems such as the Rules of Procedure of the Shareholders' Meeting, and added supporting documents such as the Market Value Management System and the Information Disclosure Suspension and Exemption Management System, covering key areas such as information disclosure, internal control, risk management, senior management, and market value maintenance, forming a full-dimensional institutional matrix and providing clear institutional support for governance work.

Standardizing the Operation of the Board of Directors

The Company's Board of Directors has four special committees, all members of which are directors. Independent directors constitute the majority and serve as conveners in the Audit, Nomination, and Remuneration and Appraisal Committees, strengthening decision-making independence and professionalism. At the same time, employee representatives elected by the employee representative congress join the Board of Directors, focusing on employee rights and career development in decision-making and building communication bridges. As of the end of the reporting period, the Board of Directors has 7 members, including 3 independent directors, with diverse professional backgrounds in finance, law, etc. The Company incorporates age and professional background into director selection criteria and conducts annual "quantitative + qualitative" evaluations of Board effectiveness; the 2025 evaluation result was "up to standard".



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Governance Chapter Excellent Governance, Building a Solid Foundation for Development

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Name	Category	Core Position	Professional Background / Core Responsibilities
Zang Yong-xing	Non-independent Director	Chairman, President	Oversees overall strategy and operations, chairs the Board of Directors and Strategy Committee, and leads major investment decisions and capacity expansion.
Zang Yong-jian	Non-independent Director	Vice Chairman	Assists the Chairman, participates in the Strategy and Nomination Committee, and coordinates internal governance and external cooperation.
Zang Yongyi	Non-independent Director	Director	Participates in the Remuneration and Appraisal Committee, focuses on incentives and performance, and ensures alignment between incentives and results.
Sun Jiewu	Employee Representative Director	Director	Represents employee demands and bridges human resources, administration and governance.
Tang Xuan	Independent Director	Convener of the Audit Committee	Expertise in finance/audit; supervises financial reporting and internal control, and reviews related-party transactions and guarantees.
Lu Da	Independent Director	Convener of the Nomination Committee	Expertise in law/regulations; independently reviews nominations of directors and senior executives, and promotes market-oriented and professional talent pipelines.
Zhang Jian-hang	Independent Director	Convener of the Remuneration and Appraisal Committee	Expertise in finance/taxation; participates in the Strategy and Audit Committee, provides independent professional opinions, and strengthens the linkage between compensation and performance.

During the Reporting Period



Protection of Investor Rights and Interests

The Company attaches great importance to the protection of investor rights and interests. It has formulated the Investor Relations Management System, which clearly defines work content, responsibility allocation and procedures to ensure smooth communication channels. During the reporting period, the Company held 4 performance briefings to interpret operations and strategy, organized 10 on-site research visits to invite investors to participate, and responded to various inquiries via the "Interactive Easy" platform, building a positive interaction mechanism through multiple measures to safeguard investors' right to information.

ESG Risk Management

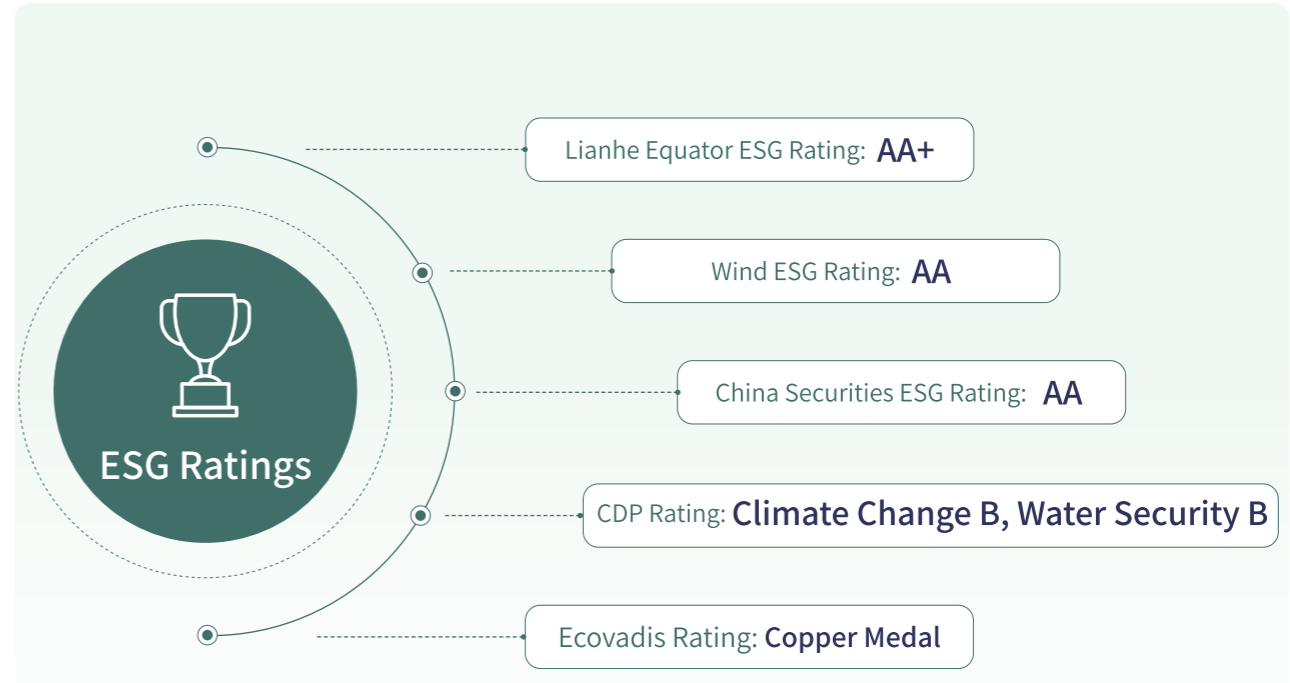
The Board's Audit Committee leads ESG risk management. Every meeting treats environmental compliance, supply chain social responsibility and other ESG risks as key focus areas. It regularly reviews the risk inventory, response plans and rectification progress, incorporating ESG risks into the overall risk control system.

Information Disclosure

The Company strictly follows core systems such as the Information Disclosure Management System and the Environmental Information Insider Registration Management System, standardizing information disclosure practices and enhancing governance transparency. It has established and improved the information disclosure system. At the same time, it continuously optimizes the information disclosure working mechanism, strictly follows listing rules and relevant regulatory requirements to carry out decision-making processes, ensuring that important information regarding the Company's operations, management and strategic layout is disclosed in a timely, accurate and complete manner.

Case Obtained SZSE Information Disclosure A-level Rating for Four Consecutive Years

On October 31, 2025, Lihong Group once again received the highest rating for information disclosure work — A-level. This is the fourth consecutive year the Company has won this honor. On the same day, the Shenzhen Stock Exchange issued the Notice on the Evaluation Results of Information Disclosure Work of GEM Listed Companies in the Shenzhen Market for 2024-2025. The Company won high recognition from regulatory authorities and the capital market through its high-quality information disclosure, standardized corporate governance, in-depth investor communication and consistently stable shareholder returns.



(Note: The EcoVadis rating was awarded to the Lihong Wheel segment)

Risk Management and Internal Control

The Company takes risk controllability and compliant operation as the core, strictly follows relevant laws, regulations and regulatory requirements, and integrates and builds an integrated institutional system covering risk management and compliance management. It implements graded control of risks and establishes a full-process compliance execution system, providing a solid foundation and guarantee for the Company's sustained and healthy development.



The Company formulated the Lizhong Group Risk Identification and Response Management Process, established a top-down risk control and reporting mechanism, and built a standardized assessment system with reference to the ISO 31000 Risk Management Guidelines. It clearly defines risk grading (high, medium, low), standards and departmental responsibility boundaries. At the same time, it requires all business departments to formulate special prevention, control and response plans for risks of different levels to ensure that risks are preventable and controllable. For tax risks, the Company has specially established a dedicated control system, strictly complies with tax policies and lawfully fulfills tax payment obligations; it accurately identifies risk points through monthly financial statement analysis and formulates rectification measures, works with professional tax institutions to track policy updates and optimize management strategies, thereby building a solid line of defense against tax risks.



The Company has formulated a series of documents such as the Internal Control System and the Internal Audit System to unify management standards, standardize management processes and clarify management responsibilities, consolidating the foundation of compliance management. It has built a full-process compliance execution system of "system + training + inspection", strengthening the compliance awareness and performance capabilities of all employees through regular compliance training and full-business-chain special inspections; it deeply embeds compliance review into all key links of business decision-making and execution, making up for control shortcomings and building a solid compliance defense line.

Anti-Commercial Bribery and Anti-Corruption

Lizhong Group is led by the Audit Committee in coordinating anti-commercial bribery and anti-corruption work. It continuously improves control procedures and governance systems, takes the ISO 37001 Anti-Bribery Management System as the guideline, and builds a comprehensive integrity risk prevention and control mechanism. The Company formulated the Code of Business Ethics and completed the revision of the Sunshine Agreement in April 2025. At the same time, it organized all employees to participate in special internal training on the Code of Business Ethics and the publicity and implementation of the Sunshine Agreement, achieving full coverage of compliance education and solidifying the foundation of integrity awareness among all employees.

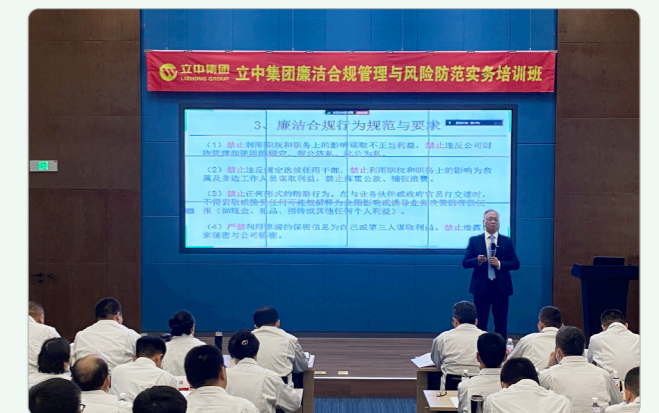
The Company carries out special assessments of commercial bribery and corruption risks, focusing on key links prone to corruption such as marketing, procurement and quality. It improves supporting management systems, clarifies clauses for employee conflict-of-interest avoidance, and establishes declaration and verification mechanisms for relationships between employees and important stakeholders such as suppliers and partners. Through institutional standardization of process operation, it prevents internal corruption risks at the source.

The Company formulated documents such as the Regulations on Supplier Selection and Business Cooperation with Suppliers and the Regulations on Relevant Personnel in Dealing with Suppliers, strengthening full-process control over bribery and corruption. It strictly promotes the training and signing of the Sunshine Agreement, requiring business departments to send the Sunshine Cooperation Letter to Suppliers to suppliers to urge both parties to fulfill contracts compliantly. At the same time, it advances the establishment and application of an electronic bidding and procurement platform to standardize procurement behavior through digital means, and establishes anti-corruption and anti-bribery supervision mechanisms for business partners to consolidate the integrity responsibilities of partners.

During the Reporting Period

The Company's anti-commercial bribery and anti-corruption training covered	including	management personnel	directors	No commercial bribery or corruption incidents occurred.
12,730		894	7	

To ensure the implementation of the supervision mechanism, the Company has established multiple channels such as reporting hotlines and mailboxes to accept reports of business fraud, duty-related violations and crimes from employees, third-party partners and the general public. It conducts investigations in accordance with regulations on all reported content and provides timely feedback on results. The Company places the privacy and safety protection of reporters first: the identity and content of reporters are accessible only to authorized department personnel, relevant information is encrypted and stored, and leakage is strictly prohibited. Standardized investigation procedures are also implemented for anonymous complaints to ensure fair and objective handling results, thereby building a trustworthy supervision and feedback environment.





Responding to Climate Change

Climate Governance

Lizhong Group has incorporated the climate change issue into the sustainable development governance scope of the Board of Directors. The Sustainable Development Management Committee under the Board serves as the dedicated management body for addressing climate change, leading the construction of a comprehensive climate change management system, supervising and assessing the performance of each execution team, effectively improving climate risk management effectiveness, and systematically planning the implementation path for the "carbon peaking and carbon neutrality" goals. In the area of climate-related cost control, the Company proactively cooperates with audit planning and standardizes the disclosure of climate-related financial information.

Relying on the TCFD (Task Force on Climate-related Financial Disclosures) framework, Lizhong Group has established a full-process climate risk management system of "identification – assessment – monitoring – response". Combining industry practical experience with the self-developed carbon management platform tools, the Company conducts regular climate risk identification, assessment and classification every year, formulates targeted risk control strategies, and implements precise governance for high-priority risks. At the same time, it proactively addresses indirect climate risks in the upstream and downstream of the supply chain, building a comprehensive safety barrier for the Company's steady development.

Lizhong Group has completed carbon inventories and product carbon footprint certifications for multiple factories for four consecutive years in accordance with ISO 14064 and ISO 14067 standards and obtained certificates.

Risk Identification and Strategy

Risk/ Opportunity Type	Main Category	Specific Risk/Opportunity	Frequency	Impact Magnitude	Time Horizon	Impact on Value Chain	Priority Ranking	Potential Financial Impact
Transition Risk		Some subsidiaries have been included in local government carbon markets. With the tightening of dual-carbon policies, more subsidiaries will be included in carbon markets, leading to higher compliance requirements and costs.	High	Medium	Short-term / Long-term	Operations	Medium	Increase in operating costs
	Policy and Legal Risk	National and local carbon market carbon quota prices continue to rise, potentially affecting production costs and competitiveness.	Medium	Medium	Medium-term	Operations	Medium	Increase in operating costs
		The EU Carbon Border Adjustment Mechanism (CBAM) has begun implementation. If the CBAM reporting process cannot be effectively standardized and product carbon emissions cannot be reasonably controlled, additional carbon tariff costs will be incurred.	High	High	Short-term	Operations	High	Increase in operating costs and decrease in operating revenue
	Technology Risk	Facing further R&D and investment in low-carbon technologies.	Medium	Medium	Medium-term / Long-term	Operations	Medium	Increase in operating costs
	Market Risk		OEMs have successively put forward carbon reduction requirements to Lizhong Group to achieve vehicle carbon reduction targets.	High	High	Short-term / Medium-term	Downstream	High
		Increase in procurement costs of low-carbon raw materials and renewable energy.	Medium	High	Short-term / Medium-term	Upstream	High	Increase in operating costs

02

Environment Chapter Green Intelligence Drives Circular Symbiosis

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Risk/ Opportunity Type	Main Category	Specific Risk/Opportunity	Frequency	Impact Magnitude	Time Horizon	Impact on Value Chain	Priority Ranking	Potential Financial Impact
Transition Risk	Reputation Risk	Investors and stakeholders place increasing importance on climate change actions.	Medium	High	Short-term / Medium-term	Upstream / Operations / Downstream	High	Decrease in operating revenue
Physical Risk	Acute Physical Risk	Typhoons, heavy rain, flooding and blizzards may affect production facilities, raw material storage and logistics transportation, resulting in supply chain disruptions.	Medium	High	Short-term / Medium-term	Upstream / Operations / Downstream	Medium	Depreciation of fixed assets and increase in operating costs
	Chronic Physical Risk	Rising average temperatures may lead to increased energy consumption and additional operating costs, as well as reduced outdoor work efficiency.	Low	Medium	Medium-term / Long-term	Operations	Low	Increase in operating costs
Opportunity	Policy and Legal	The state has issued a series of green project subsidy policies to encourage industrial enterprises to transform and upgrade, and proactively embrace the policy dividends of green transformation.	High	Medium	Short-term / Medium-term	Operations	High	Decrease in operating costs
		The China Certified Emission Reduction (CCER) mechanism has been launched, along with the national carbon market, promoting the progress of low-carbon industries and bringing new economic benefits.	Medium	High	Medium-term / Long-term	Operations	Medium	Decrease in operating costs and increase in operating revenue
	Product and Service	Vigorously carrying out energy-saving and emission-reduction work; the surplus carbon quotas can bring economic benefits to Lizhong Group.	Medium	Medium	Short-term / Medium-term	Operations	Medium	Increase in operating revenue
		The market for low-carbon emission products and services is expanding. Regularly simulate the carbon footprint of products corresponding to different raw materials (thermal power aluminum, recycled aluminum, green aluminum) and their impact on production costs.	High	High	Medium-term / Long-term	Operations / Downstream	High	Decrease in operating costs and increase in operating revenue
Energy Source	Using low-carbon energy improves resource efficiency and reduces operating costs.	Medium	Medium	Medium-term / Long-term	Operations	Medium	Decrease in operating costs	

Notes:

- 1.Occurrence probability: Refers to the frequency and likelihood of risks or opportunities occurring. Judged through historical data, external scenarios, progress of policy implementation and expert forecasts; probability ranges from low to high.
- 2.Impact magnitude: Refers to the size of the impact once a risk or opportunity occurs, taking into account business model, value chain, financial position and other factors; impact ranges from low to high.
- 3.Time horizon: The time range in which different risks or opportunities affect the Company, divided into short-term (1-2 years), medium-term (3-5 years) and long-term (more than 5 years).
- 4.Impact on value chain: Refers to upstream (procurement, raw materials), operations (production, manufacturing, assembly, testing) and downstream (marketing, sales, customer service).
- 5.Priority ranking: Considering occurrence probability, impact magnitude, time horizon and other factors in combination with the Company's actual situation, priority is ranked as low, medium or high.

Dynamic Monitoring

Transition Risk Dynamic Monitoring

Lizhong Group cooperated with Lianhe Equator Environmental Assessment Co., Ltd. to successfully launch the Smart Carbon Star carbon management platform, which features five core functions: organizational carbon inventory, product carbon footprint, carbon emission analysis and statistics, carbon asset management and carbon market. It enables precise accounting and business empowerment. The platform monitors the total carbon emissions and emission intensity of subsidiaries on a monthly basis and builds a dynamic perception system for climate-related risks and opportunities.



Physical Risk Dynamic Monitoring

Lizhong Group has established a physical risk dynamic monitoring mechanism. Relying on real-time data from meteorological departments, it achieves 72-hour early warning response for extreme weather events such as typhoons and floods.

Climate Risk Response Measures

Transition Risk Response Measures

Sound Carbon Management Audit System

The Sustainable Development Management Committee, with reference to ISO 14064 and ISO 14067 standards, has built a carbon management system adapted to Lizhong Group. It evaluates each subsidiary monthly, prepares annual assessment reports and commends outstanding subsidiaries, promoting continuous optimization and improvement of the Company's carbon management capabilities.

Carbon Inventory

In 2025, in accordance with the Carbon Inventory Management Process, the Company continued to organize subsidiaries to independently conduct carbon inventories and issued the Lizhong Group Carbon Inventory Monthly Summary Analysis Report every month. Through this report, internal energy-saving and carbon-reduction management highlights were collected, and external new technologies, new products and new equipment were introduced to reduce carbon emission intensity.

Carbon Quota Compliance

In 2025, in accordance with the Lizhong Group Carbon Quota Management Process, unified control of carbon quota business was realized. On the basis of meeting national and local environmental protection regulatory requirements, carbon asset trading was leveraged to create additional economic benefits for the enterprise. The Company's Tianjin Lizhong Wheel Co., Ltd. and Tianjin Xinlizhong Alloy Group Co., Ltd. have completed the 2024 carbon quota compliance work.

Use of Recycled Aluminum, Recycled Silicon, and Green Aluminum

Lizhong Group established a recycled metal raw material procurement and utilization center, built and improved the recycled metal procurement, storage, utilization and sales management system, and continuously increased the usage of recycled aluminum, recycled silicon and other materials. Currently, the maximum addition ratio of A356 recycled aluminum wheel segment can reach 75%. According to customer requirements, raw material ratio combinations can be customized to meet carbon emission requirements and enhance the Company's core competitiveness. In the future, we will focus on increasing the primary utilization of green aluminum and recycled aluminum, accelerate the development of low-carbon high-end aluminum alloy products, and reduce the carbon emissions across the full product life cycle.

Digital Carbon Management Platform Upgrade

To deepen digital transformation, the upgrade of the Smart Carbon Star carbon management platform was initiated to strengthen whole-process energy consumption monitoring and optimization and realize refined carbon emission management. The platform added multi-language functions to adapt to the Group's internationalized and diversified business layout. Through horizontal comparative analysis of product carbon footprint data, supplier rankings are identified, and raw material suppliers are reasonably selected according to customer carbon reduction requirements, realizing unified management of real-scenario carbon emission data and carbon footprint data for raw materials.

Physical Risk Response Measures

- In factories located in high flood-risk areas, drainage systems are renovated, flood-prevention floors are set up in storage areas, sunshade facilities are added in high-temperature areas and other measures.
- A diversified procurement management system is built, and multi-regional supplier reserve lists are established for key raw materials to effectively avoid the agglomeration effect of climate risks in a single region; climate risk assessment indicators are fully incorporated into the supplier admission audit system, and upstream partners are promoted to formulate targeted climate disaster mitigation plans.
- Extreme weather emergency drills are conducted regularly to enhance the risk awareness of all employees.
- The climate adaptation system is continuously improved, with scientific and technological innovation and open collaboration to build a solid risk defense line, contributing the value of supply chain resilience to the global carbon neutrality goal.

Metrics and Targets

Lizhong Group actively responds to the transformation requirements of the Paris Agreement's global climate governance from "consensus shaping" to "implementation testing", proactively aligns with the country's Nationally Determined Contributions (NDC) targets, deeply fits the core policy orientation of leading industrial green transformation with "dual carbon" in the "15th Five-Year Plan", and deeply embeds carbon emission reduction and full-chain green upgrading into the Company's core development strategy. The Company promises to ensure the achievement of the national grand goal of "carbon peaking before 2030 and striving to achieve carbon neutrality before 2060", and has systematically planned and formulated short-term, medium-term and long-term carbon reduction targets.

Short-term Target

By 2026, carbon emission intensity will decrease by 3% compared with 2025.

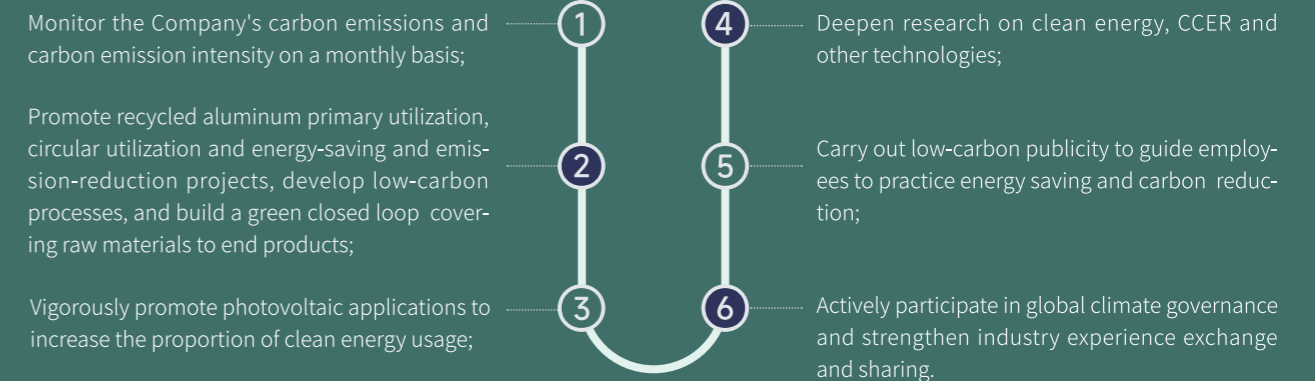
Medium-term Target

On the basis of achieving the short-term target, analyze the carbon emission sources across the Company's entire business chain, precisely implement emission reduction strategies, and achieve the peak of product carbon emission intensity in 2028.

Long-term Target

Continue to deepen green and low-carbon transformation, coordinate efforts from multiple dimensions such as organizational structure, technological innovation and corporate culture, work hand in hand with upstream and downstream partners in the industrial chain to jointly build a low-carbon ecosystem, and ultimately realize the carbon neutrality vision.

To achieve the established targets and regularly track target progress, we have formulated the following implementation paths



Set Target

By 2025, carbon emission intensity will decrease by

3% compared with 2024

Actual Situation

In 2025, carbon emission intensity decreased by more than

3% compared with 2024

Completion Status

Completed



During the Reporting Period

Lizhong Group's total carbon emissions

0.759 million tons

Scope 1 emission

0.404 million tons

Scope 2 emissions

0.355 million tons



Accounting Standard

ISO 14064-1:2018

Accounting Method

- **Determine organizational boundaries and operating boundaries:** Clearly define which activities and facilities belong to the accounting scope.
- **Identify emission sources:** Determine direct and indirect greenhouse gas emission sources within the organization boundaries, including fixed combustion emissions, mobile combustion emissions, process emissions and fugitive emissions.
- **Data collection and processing:** Collect activity data and emission factors related to emission sources.
- **Emission calculation:** Use appropriate calculation methods to calculate greenhouse gas emissions. Calculation methods include calculation factor method, mass balance method and actual measurement method.
- **Report preparation and verification:** According to the requirements of ISO 14064-1 standard, generate enterprise carbon emission inventory reports, and conduct internal and external verification to ensure the accuracy and reliability of the reported data.

Product Carbon Footprint

Lizhong Group attaches great importance to product carbon footprint management, systematically builds an accounting system and promotes third-party certification of core products, relies on industrial advantages such as recycled aluminum to effectively reduce product carbon footprints, meets customers' low-carbon and transparent supply chain requirements, promotes collaborative carbon reduction and standard building in the industrial chain, and provides feasible solutions for the industry's green transformation.

Product Carbon Footprint Accounting and Certification

Lizhong Group requires its subsidiaries to regularly select representative products and use the Smart Carbon Star carbon management platform for carbon footprint accounting. Accounting results must be approved by the department head and general manager of the Company before being submitted to the Sustainable Development Department for archiving. Subsidiaries, in combination with customer carbon footprint requirements, systematically assess and optimize carbon emission performance in each link from the full life-cycle perspective of raw material procurement, production, transportation, use to final disposal. As of the end of the reporting period, Lizhong Group has completed carbon footprint accounting for 74 series/models of typical products. The accounting process strictly follows the ISO 14067 methodology and has passed on-site verification by a third-party certification company, obtaining certification certificates.

Product Full Life-Cycle Carbon Emission Reduction Pathway

Lizhong Group takes the product full life cycle as the core to build a full industrial chain carbon emission system and systematically reduces product carbon footprints:

Product Design Stage 1

Plan recycled aluminum application production lines (including 35% in-house scrap and 40% purchased scrap wheel regenerated material). The recycled aluminum solution reduces carbon by about 55% compared with thermal power aluminum raw materials. At the same time, aluminum alloy wheel lightweight technology is developed to achieve energy saving and carbon reduction.

Supply Chain Link 2

By formulating systems such as the Sustainable Procurement Process, carbon footprint is incorporated into supplier assessment, procurement contracts and annual social responsibility reviews to build a green supply chain.

Production End 3

A 33.0 MW distributed photovoltaic project has been put into operation and connected to the grid for power generation from 2025 (annual average power generation approximately 19.429 million kWh). Green electricity is prioritized, and energy efficiency is improved through equipment renovation and waste heat utilization.

Recycling Link 6

Increase the use of recycled materials and promote the full-chain closed-loop implementation of carbon reduction targets.

Transportation Link 5

Shorten transportation distance through localized procurement, building factories in industrial concentration areas and the molten aluminum "door-to-door" sales model, saving energy consumption of remelting plants. At the same time, low-carbon transportation methods such as water transport are preferred.

Packaging Link 4

Promote recyclable materials and reduce the use of single-use packaging.

Pollutant Prevention and Ecosystem Protection

Lizhong Group upholds the concept of green development, integrates environmental protection into the strategic core, builds a dual system of "external compliance + internal control", strictly controls the emission of waste gas, waste water and solid waste throughout the entire process, focuses on pollutant reduction and resource utilization, and simultaneously practices ecological protection measures, building a solid foundation for green development with systematic practices.

Environmental Compliance Management

Lizhong Group takes environmental protection as the core cornerstone of sustainable development and establishes a systematic and standardized environmental management system. The Company builds a three-level management structure of Board of Directors – Management Level – Execution Level, clearly defining the responsibilities of each level to provide solid organizational guarantee for the efficient implementation of environmental management work.



The Board of Directors assumes the ultimate responsibility for environmental management and reviews and approves the overall environmental strategy and major issues.

The Safety and Environmental Protection Management Committee formulates annual target plans, supervises the operation of the system and reports performance.

Each business segment and subsidiary establishes dedicated environmental management positions to implement frontline work such as daily monitoring, pollution control and emergency response.

The Company strictly complies with national and local environmental protection laws and regulations such as the Environmental Protection Law of the People’s Republic of China and the Law on the Prevention and Control of Atmospheric Pollution of the People’s Republic of China, benchmarks against international environmental standards and conventions, and has formulated a series of internal systems including the Environmental Protection Management System to establish a dual safeguard system of "external compliance + internal control". At the same time, the Company incorporates issues such as resource conservation and pollution reduction into its medium- and long-term development plans, sets quantifiable environmental performance targets, and drives the implementation of strategies through target decomposition and regular assessments. The Company’s core production units have all passed ISO 14001 Environmental Management System certification and maintain effective operation of the system along with annual audits, continuously promoting dynamic optimization. The Company regularly engages third-party institutions to conduct environmental compliance audits, carbon emission verifications, and other relevant certifications (such as environmental protection standards required by customers) to ensure that its management practices meet and exceed regulatory requirements as well as stakeholder expectations.

During the Reporting Period

The company organizes emergency drills

71 times

Participating employees

2,400 person-times

The Company attaches great importance to the improvement of all employees' environmental protection capabilities, establishes a regular environmental protection training mechanism, and simultaneously carries out various activities such as the "World Environment Day" themed activities, energy-saving and environmental protection knowledge competitions, and green creative proposal collection activities to create a cultural atmosphere for all employees to participate in environmental protection.



During the Reporting Period

The company conducts multi-dimensional environmental protection training

216 times

Total duration exceeds

648 hours

cover

3,126 person-times

Situation Explanation

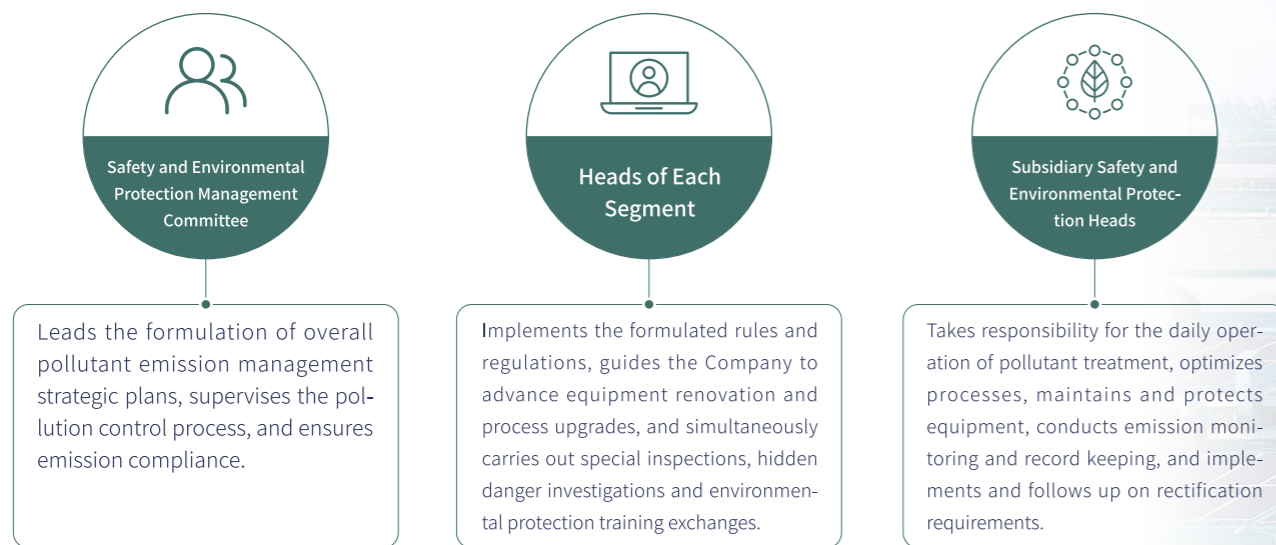
On February 19, 2025, the Company’s subsidiary Jiangsu Lizhong New Materials Technology Co., Ltd. received the Administrative Penalty Decision issued by the Yangzhou Municipal Bureau of Ecology and Environment due to excessive nitrogen oxide emissions and was fined RMB 232,000. After receiving the administrative penalty decision, the subsidiary immediately carried out rectification and promptly purchased nitrogen oxide emission allowances. The incident has now been fully rectified and does not constitute a serious environmental violation.

On August 27, 2025, the Company’s subsidiary Baotou Shengtai Automotive Parts Manufacturing Co., Ltd. received the Administrative Penalty Decision issued by the Baotou Municipal Bureau of Ecology and Environment due to the newly built paint stripping process not having been approved by the ecological environment department, and was fined RMB 99,000. After the incident, the subsidiary actively carried out rectification regarding the relevant issues by dismantling the main structure of the paint stripping process. The technological upgrade and renovation project of the aluminum alloy wheel production line has been filed for record, the approval of the environmental impact report form has been obtained, and it has now entered the acceptance stage.



Pollutant Emissions

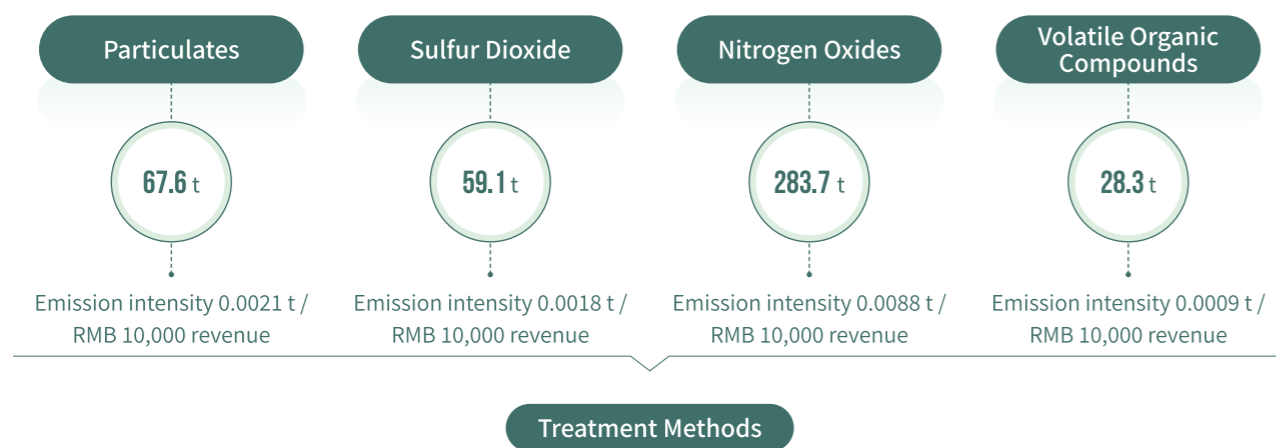
Lizhong Group has built a three-level pollutant emission management system of "Group strategy coordination – segment collaborative execution – factory precise implementation", clearly dividing the management responsibilities of each level and promoting the standardized and systematic implementation of pollutant emission control.



The Company strictly complies with national and local pollutant emission laws and regulations, formulates a series of internal documents such as the Pollutant Emission Platform Management Specification, the Waste Gas and Waste Water Management System and the Sewage Station Management Specification, and establishes waste gas, waste water and solid waste management mechanisms. At the same time, the Company sets annual emission reduction targets scientifically. From the source control and end-of-pipe treatment dual dimensions, it promotes process optimization and clean production on one hand, actively promotes energy-saving technologies and improves production processes to reduce pollutant generation at the source; on the other hand, it implements pollution control facilities upgrades, increases investment in new or renovated high-efficiency end-of-pipe treatment facilities, and improves the Company's pollutant treatment capacity and governance efficiency.



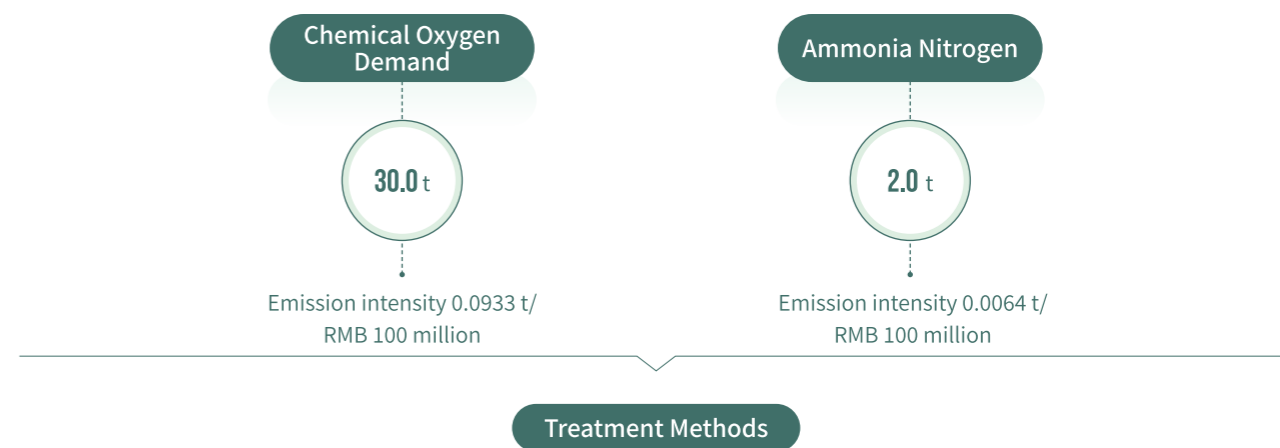
Waste Gas Prevention and Control



Targeted treatment is adopted for various air pollutants: after baghouse dust removal and purification, particulates are discharged through 15 m high chimneys that meet standards; for organic exhaust gas, the "quartz sand dry rotary RTO" process is used, with treatment through 15 m high chimneys that meet standards; sulfur dioxide and nitrogen oxides are treated with pre-denitration and desulfurization, and all waste gas treatment facilities have established online monitoring systems that operate continuously. The configuration ensures real-time monitoring of emission indicators to meet environmental protection requirements.

2026 Annual Target: Strictly control major waste gas pollutants, achieve compliant and total-amount-controlled emissions, and implement emission reduction and open information disclosure.

Waste Water Prevention and Control



For various water pollutants, a professional wastewater treatment station is built and operated in compliance. A combined physical, chemical and biological treatment process is adopted. Full-process water purification treatment is carried out for production and domestic wastewater; at the same time, a complete online monitoring system for water pollutants is configured to monitor the entire wastewater treatment process and post-treatment water quality indicators in real time. Strict management ensures that the treated wastewater meets national and local relevant emission standards, achieving compliant discharge or resource-based reuse.

2026 Annual Target: Focus on major waste water pollutants, achieve compliant discharge or reuse, and implement emission reduction and open information disclosure.

Lizhong Group attaches great importance to the potential health impacts of pollutant emissions on employees and surrounding communities. On one hand, it equips employees exposed to potential pollutants with compliant labor protection equipment and conducts regular occupational health examinations to ensure that workplace air quality, noise and other indicators meet national standards. On the other hand, it builds regular community communication channels, regularly discloses environmental information, and proactively accepts social supervision.

Waste Treatment

The Company strictly follows relevant laws and regulations such as the Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China, and builds a scientific closed-loop waste management system. Under the Company's overall deployment, each subsidiary fully implements waste classification, collection, temporary storage and compliant disposal work, strictly implements the Waste Management Regulations and Hazardous Waste Management System, ensuring that the entire process operates compliantly, records are traceable, and final disposal is legal and compliant.

The Company anchors the core goals of waste reduction, resource utilization and harmless treatment. Through measures such as promoting lean production, strengthening the in-plant recycling and regeneration of metal scraps, and linking with upstream and downstream supply chains to achieve reusable packaging materials, it systematically reduces the total amount of waste generated and improves resource recycling efficiency. At the same time, it establishes a dynamic control mechanism of monthly data statistics and quarterly performance reviews, optimizes management strategies based on tracking and evaluation results, and continuously improves management effectiveness.



Hazardous Waste

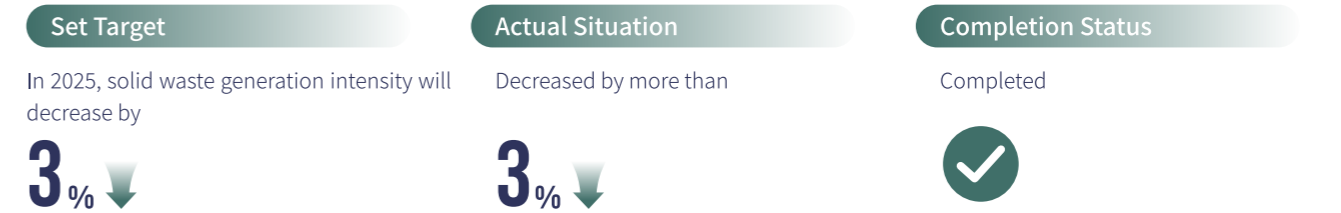
For hazardous wastes such as waste mineral oil, waste paint, waste acid/alkali barrels, etc., the Company strictly implements classified collection, standardized packaging and clear labeling processes, and entrusts all of them to compliant disposal units with hazardous waste operation licenses for safe disposal. In the transfer link, the hazardous waste transfer manifest management system is strictly implemented to ensure that the entire process of hazardous waste disposal is compliant, controllable and traceable.



2026 Annual Target: Maintain the hazardous waste disposal rate at 100%.

Solid Waste

For recyclable materials (such as scrap metal, waste paper, waste plastics, etc.), the Company hands them over to professional units with corresponding qualifications for recycling and reuse, maximizing resource recycling. For non-recyclable waste, it strictly follows relevant national laws and regulations and entrusts compliant institutions to carry out sanitary landfill or incineration disposal, ensuring that the disposal process is safe, environmentally friendly and legally compliant.



Ecosystem and Biodiversity Protection

None of Lizhong Group's operating sites are located in key ecological protection areas, and its production and business activities have not caused significant impacts on ecosystems or biodiversity.

Lizhong Group has formulated regulations such as the Biodiversity Protection Management Regulations and the Invasive Species Management Regulations, and conducted biodiversity assessments to form the Biodiversity Assessment Report. The Company reduces dependence on primary mineral resources by building a recycled aluminum resource recovery network covering multiple locations at home and abroad, indirectly reducing the damage to biological habitats caused by mineral mining. It actively promotes recyclable packaging materials to reduce the consumption of forest resources by single-use packaging. At the same time, it carries out greening projects within the factory area to create small ecological spaces and promote regional micro-ecological balance. In addition, it proactively participates in ecological public welfare activities such as tree planting and afforestation and beach cleaning.



Rayong Province Thailand

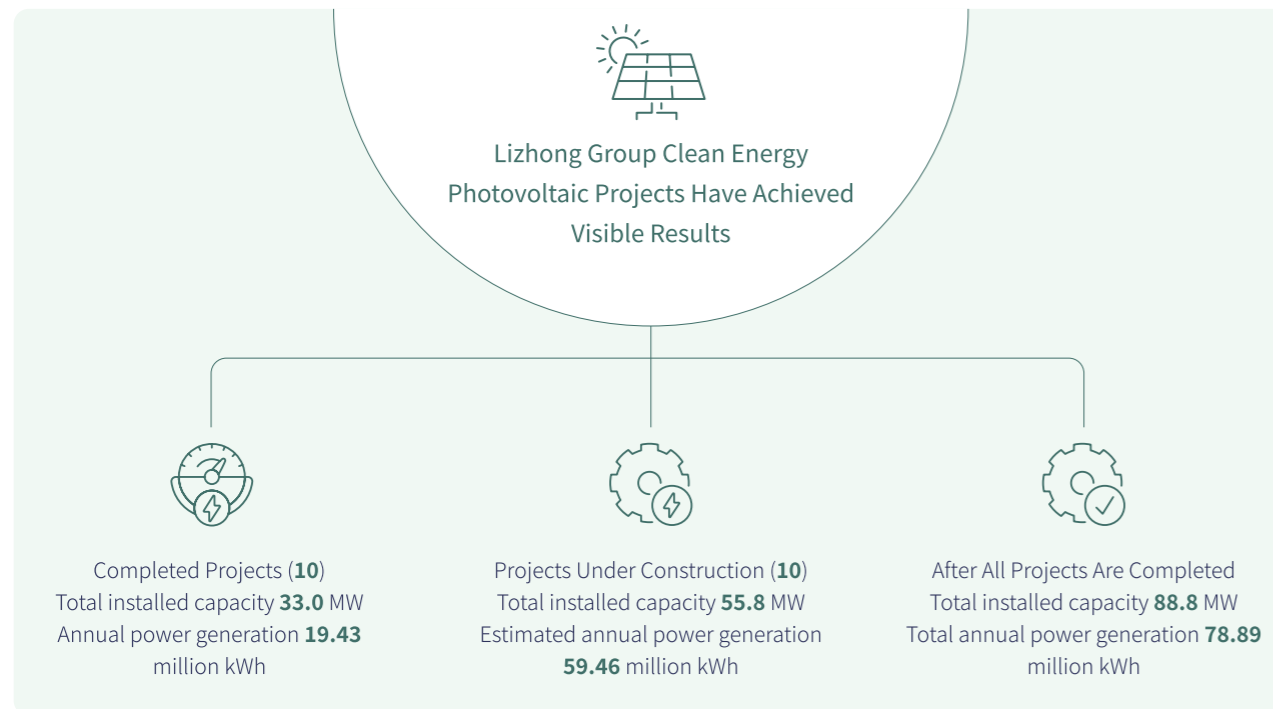
Sustainable Resource Utilization

Lizhong Group's Sustainable Development Management Committee coordinates and advances various work related to energy, water resources, packaging material control and circular economy development, anchoring the strategic orientation of "energy saving, consumption reduction and continuous improvement". The Company's equipment department strictly follows standardized management documents such as the Energy and Resource Control Procedures to systematically optimize the entire process of energy and resource utilization; it vigorously promotes energy-saving and efficiency-enhancing technologies such as recycled water use, energy management systems and variable frequency control, simultaneously strengthens normalized monitoring of equipment energy efficiency, and accelerates the elimination of outdated production capacity.

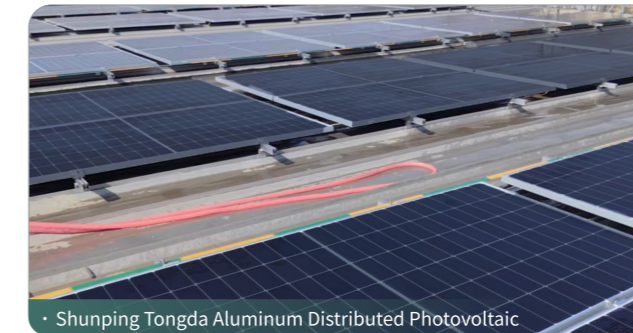
Energy Utilization

Lizhong Group attaches great importance to energy management work and builds a solid foundation for energy saving and consumption reduction. The Company's major subsidiaries have all passed ISO 50001 energy management system certification and formulated documents such as the Energy Use and Statistical Analysis Management Process and the Energy Operation Management Procedures, establishing a complete energy management system.

The Company optimizes the energy use structure from two dimensions: clean energy promotion and traditional energy efficiency improvement. On one hand, it vigorously deploys photovoltaic power generation projects to continuously increase the proportion of clean energy in the energy consumption structure. On the other hand, it improves energy utilization efficiency through measures such as renovating high-energy-consuming equipment, introducing new energy-saving equipment and comprehensively promoting waste heat recovery and utilization, reducing consumption of traditional energy sources such as gas and electricity, and implementing energy-saving projects such as elimination of high-energy-consuming motors, replacement of energy-saving transformers, replacement of low-temperature waste heat lithium bromide equipment with ice water machines, replacement of air-loss-free dryers and factory solar lighting renovation. At the same time, it comprehensively promotes waste heat recovery and utilization work across the entire process such as air compressor cooling water, heat treatment clean water pool and melting process.



In addition, the Company carries out publicity and training work related to efficient energy utilization and conservation to strengthen the energy-saving awareness of all employees and ensure the implementation of energy management work.



Case Waste Heat Utilization – Low-Temperature Waste Heat Lithium Bromide Equipment Replacing Ice Water Machine Project

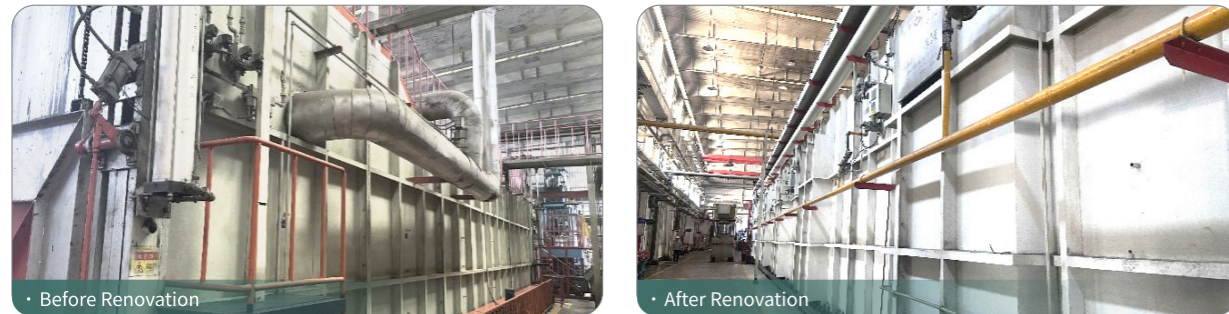
Lizhong Wheel (Hubei) Co., Ltd. painting workshop pretreatment acid pickling tank process water cooling, drop room channel cooling, transfer line, transfer line dust removal, online grinding room and other workstations require cooling for personnel. Currently, it is supported by 2 ice water machines with a cooling capacity of 45 W each. The equipment produces 12°C low-temperature water, which is delivered by air coolers to provide cold air for cooling, resulting in high energy consumption. To reduce energy consumption costs, the workshop adjusts the cold air temperature in combination with ambient temperature and controls the ice water temperature at 22°C and above. The 2 ice water machines operate for 11 months throughout the year, still creating significant energy consumption pressure.

In 2025, the Company adopted low-temperature waste heat lithium bromide equipment to replace the original ice water machines. Given that the workshop's cooling demand is mainly concentrated from May to October, based on an average monthly energy saving of 15,000 kWh, the cumulative energy saving over 6 months can reach 90,000 kWh, corresponding to a carbon reduction of 48.6 tCO₂e. The lithium bromide unit used in this replacement uses low-temperature hot water as the driving heat source. It generates water vapor by heating the lithium bromide solution, and the water vapor condenses to form refrigerant water. Relying on the characteristic that the boiling point of water decreases in a vacuum environment, the refrigerant water absorbs heat and evaporates in the evaporator, thereby producing chilled water to meet the workshop's cooling needs.

Case Energy Saving Transformation – Heat Treatment Furnace Heat Energy Recovery Energy Saving Transformation

Baotou Shengtai Automotive Parts Manufacturing Co., Ltd. implemented the heat treatment furnace spray insulation material energy saving transformation project. Before the transformation, the average natural gas consumption per wheel hub was 0.7 m³; after the transformation was completed, the natural gas consumption per wheel hub dropped to 0.66 m³, a decrease of 5.7% in natural gas consumption per unit.

According to the post-transformation results, the Company can reduce natural gas consumption by 36,000 m³ per month, corresponding to a monthly carbon reduction of 21 tCO₂e.



Water Resource Utilization

Lizhong Group anchors the goal of building a water-saving enterprise, strictly complies with national laws and regulations such as the Water Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China, as well as local supporting policies, and comprehensively promotes standardized and refined management of water resources.

The Company actively responds to the relevant requirements of the Hebei Province Water Conservation Regulations and the Hebei Province Water Balance Test Management Measures. Since 2020, it has commissioned professional testing units to conduct water balance tests on a regular basis, proactively cooperated with water resources departments for supervision and inspection, and formulated and implemented special rectification plans based on test results to continuously improve water resource utilization efficiency. At the same time, the Company implements the "whole-process clean production and circular economy" management model, incorporates water footprint into the core evaluation indicators of wheel product environmental performance, conducts water resource impact assessment across the full life cycle from raw material procurement to product scrapping, and builds a full-chain water resource control system.

In 2025, the Company continued to promote water-saving projects such as reclaimed water reuse equipment and closed cooling tower energy-saving transformation in each production link. Through technical transformation and equipment upgrading, it steadily reduced production water resource consumption and effectively improved the level of water resource recycling.

Indicator	Unit	2025
Reclaimed water reuse volume	Ten thousand cubic meters	39.8
Fresh water withdrawal volume	Ten thousand cubic meters	282.3
Fresh water withdrawal intensity	Ten thousand cubic meters /RMB 1 million revenue	0.0088
Total water withdrawal ¹	Ten thousand cubic meters	282.3
Water recycling rate ²	%	12.4
Total water consumption ³	Ten thousand cubic meters	179.9
Water consumption density	Ten thousand cubic meters / RMB 1 million revenue	0.0056

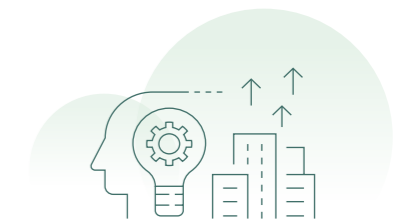
Calculation method: 1. Fresh water withdrawal volume = alternative water withdrawal volume; 2. (Recycling volume / (Recycling volume + Water withdrawal volume)) × 100%; 3. Total water withdrawal – Total water consumption.

Case Closed Cooling Tower Energy Saving Transformation Project

Lizhong Group, in practicing the development concept of energy saving, water saving and green low-carbon, improved production water utilization efficiency and carried out the closed cooling tower energy saving transformation project. By optimizing equipment operating parameters and reducing cooling tower make-up water volume, precise and stable control of production site water supply temperature was achieved. Energy-saving data shows that after the transformation, the closed cooling tower water-saving rate reached 75.4%, saving 89 tons of water per day. Calculated at a water price of RMB 7.9 per ton and equipment operation of 350 days per year, it can save RMB 250,000 in water costs annually. While achieving significant water-saving and cost-reduction benefits, this transformation continues to ensure stable water supply temperature at the production site, fully meeting the water temperature requirements of each production process.

Circular Economy

Since its establishment, Lizhong Group has upheld the principle of "primary metals are limited, recycled circulation is unlimited", deeply engaged in the recycling and processing of scrap metal, focused on the manufacture of advanced aluminum alloy materials and products, and integrated the circular economy into the entire business process. The Company focuses on recycled aluminum utilization and aluminum ash resource disposal, promotes circular packaging materials, practices green office, and implements the circular economy through multiple measures.



Recycled Aluminum Recycling and Utilization

The Company adheres to the concept of "harmless treatment of toxic elements and beneficial utilization of non-toxic elements" in recycled aluminum alloys. Supported by its global base layout, it has built a full-chain recycled aluminum circulation system. It has currently established three major sorting bases in Baoding, Jiangsu and Thailand, equipped with flotation and X-ray sorting equipment, with an annual sorting capacity of over 200,000 tons, taking into account internal supply and direct supply of ADC12 materials to small and medium-sized customers. At the same time, it plans the fourth major base in Guangdong Qingyuan to expand supply by relying on local imported resources, focusing on scrap deformed aluminum alloys to align with industry trends.

Relying on the base layout, the Company has built a stable recycled metal recovery network, stabilized the supplier team to form core competitiveness, radiated to major domestic collection and distribution centers, and maintained smooth overseas import channels to meet its own and customers' needs. Each base performs refined processing of recycled metal through crushing, X-ray sorting and other processes, classifies, processes and stores it, and provides customized ratio matching to improve material utilization rate, reduce carbon emissions, enable customers to use it by direct melting, and avoid secondary processing losses.

Each base is equipped with multiple types of recycled aluminum melting furnaces. With profound production experience and independent furnace group R&D capabilities, it optimizes processes to adapt to different raw material characteristics, improving recycled metal utilization rate and product category coverage. The Company implements full-process digital management, replacing experiential production with the self-developed second-generation batching software to increase the amount of scrap recycling. Its subsidiary Hebei Lizhong Qingxin Recycled Resources Utilization Co., Ltd. actively applied for inclusion in the Ministry of Industry and Information Technology's Waste Copper and Aluminum Processing and Utilization Industry Specification Conditions enterprise directory. In addition, two products of another subsidiary have passed the Kingfisher certification, strengthening product traceability and low-carbon credibility.

The Company leverages its full-chain circular layout and technological empowerment to create a benchmark for environmentally friendly and economical products. The low-carbon recycled aluminum A356 alloy developed by the Company can reduce carbon dioxide emissions by 11 tons and save 22 tons of water for every ton produced.



Case Lizhong Group and Asahi Seiren Jointly Promote the Upgrading of the Aluminum Industry Hazardous Waste Resource Utilization Industry

In January 2025, Lizhong Group reached a joint venture cooperation with Japan's Asahi Seiren in the Quyang Circular Economy Industrial Park, Hebei. Relying on Lizhong Group's industrial layout and local resource advantages in the aluminum alloy circular economy field, combined with Asahi Seiren's nearly 100 years of hazardous waste deep-processing technology and management experience, both parties focus on the recycling and utilization of hazardous waste resources in the aluminum industry. This cooperation not only helps the construction of a regional "zero-waste city" but also promotes the green and low-carbon transformation of the industry, setting an industry model for resource circular utilization in the sustainable development of the aluminum industry.



Case Kingfisher Recycled Content Certification

In August 2025, Guangdong Longda Aluminum Co., Ltd., a subsidiary of Lizhong Group, successfully passed the SCS Kingfisher Recycled Content Certification. The certification accurately verified the proportion of post-consumer raw materials in its recycled aluminum products. The acquisition of this certification precisely responds to the core demands of international customers such as Google and Amazon for supply chain material traceability and low-carbonization, helping the Company's products successfully obtain green procurement access qualifications in the international market. This certification realizes transparent and credible disclosure of recycled aluminum composition, transforming waste into high value-added materials with environmental premiums, significantly enhancing product market competitiveness.



Case Generation Slag Resource Utilization

The Lizhong Sitong New Materials segment, in order to deeply implement the relevant requirements of the Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China on solid waste resource utilization, took small-scale technological transformation as the starting point. By adjusting powder material ratios, it improved product absorption performance while increasing the alumina content in production waste slag, making the generation slag composition meet the raw material composition requirements of brown corundum, thereby changing it from general solid waste to a by-product. This technological transformation realized the transformation of solid waste into treasure and resource utilization, reducing solid waste emissions by more than 1,000 tons per year.

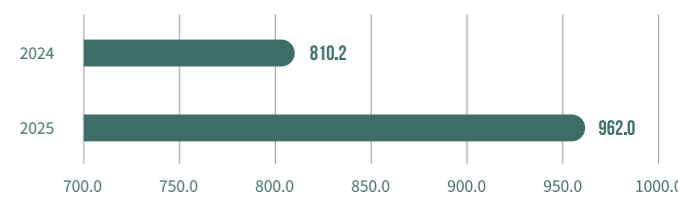
Circular Packaging Materials

The Company builds an integrated management system of "governance leadership, full-chain control, and green collaboration" around raw materials and packaging materials, taking into account supply chain stability, cost controllability and sustainable development goals, with both raw material and packaging material management coordinated by the Procurement Department. For packaging materials, the Company fully incorporates them into green supply chain management, with "reduction, recycling and greenization" as the core orientation, actively promoting the application of circular packaging materials, building packaging recycling networks, and promoting collaborative low-carbon transformation in the packaging link of the industrial chain.

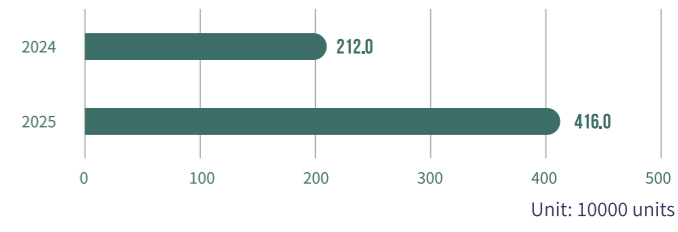


Domestic and Overseas Promotion and Usage of Circular Packaging Materials

The Company has promoted the use of circular packaging materials with 24 domestic customers; in 2025, the order volume of circular packaging materials reached 9.620 million units, accounting for 98.9% of the total order volume of domestic supporting customers. The planned usage in 2026 is 10.759 million units, continuing to expand the coverage scale of circular packaging materials.



The Company has promoted the use of circular packaging materials with 11 overseas customers; in 2025, the order volume of circular packaging materials was 4.16 million units, accounting for 30% of the total order volume of overseas supporting customers. The overseas circular packaging material usage target for 2026 is set at 4.86 million units, steadily increasing the penetration rate of circular packaging materials in overseas markets.



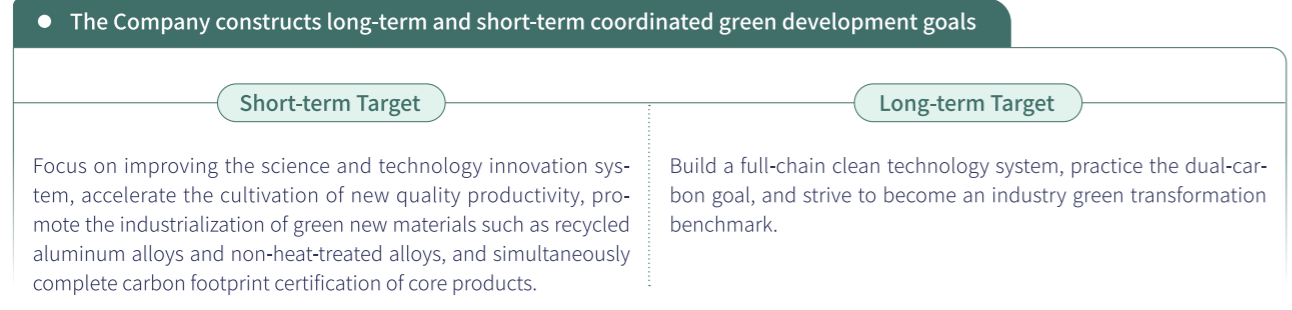
Green Office

Lizhong Group takes green office as an important starting point for sustainable development, anchors low-carbon and environmentally friendly goals, and makes every effort to create green and efficient office scenarios.

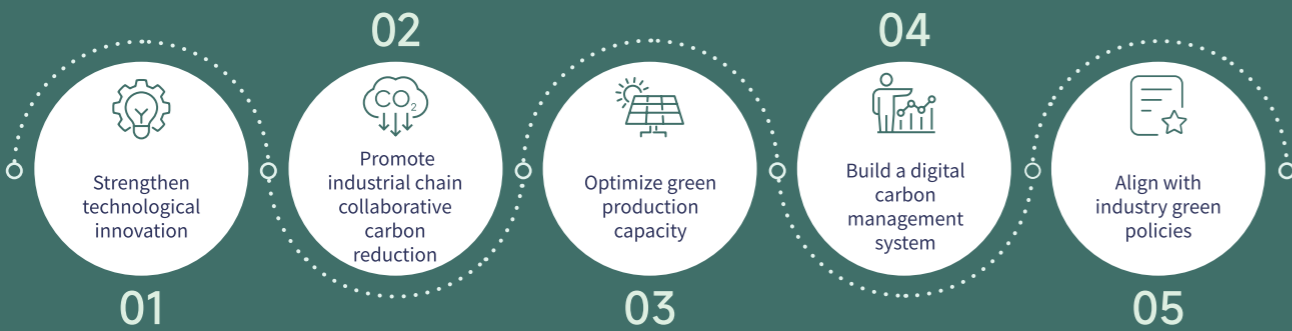
- Implement paperless office, relying on digital platforms such as the OA system and cloud tools to reduce paper consumption at the source and comprehensively promote the green transformation of office links;
- Advocate green and low-carbon travel, encourage employees to prioritize public transportation, cycling, carpooling and other environmentally friendly modes, and convey the concept of green office;
- Popularize LED lighting, energy-saving air conditioners and high-energy-efficiency office equipment, build a solid office energy-saving and consumption-reduction defense line through hardware upgrades, and comprehensively deepen the implementation of green office.

Clean Technology Opportunities

Lizhong Group takes becoming a global leading low-carbon light alloy material and automotive component supplier as its goal, seizes clean technology opportunities, and strengthens global-level sustainable management. It focuses on improving the science and technology innovation system, promotes large-scale application of recycled and non-heat-treated alloys, deeply cultivates green production and resource circulation, and consolidates competitiveness with clean technology layout.



The Company clarifies five major implementation paths



Among them, technological innovation is the core support. The Company drives green development with clean technology innovation, continuously increases R&D investment, focuses on renewable energy application, intelligent manufacturing, energy efficiency management and other fields, relies on national and provincial innovation platforms and other endowments, and accelerates achievement transformation.

Won the First Prize of the 2025 China Nonferrous Metals Industry Science and Technology Award

"Key Technology Development and Industrialization of High-Quality Aluminum Master Alloy Preparation" Project

The achievement has been evaluated by experts to reach the international leading level

"High-Performance Aluminum Alloy Manufacturing Technology and Industrialization for Core Components of New Energy Vehicles" Project

Won the Second Prize of the 2025 Tianjin Science and Technology Award

"Key Technology R&D and Application of Digital and Intelligent Manufacturing for High-Strength and Tough Aluminum Alloy Heavy-Duty Wheels" Project

Won the Third Prize of the 2025 Hebei Province Science and Technology Progress Award

"Key Technology and Industrialization of Lightweight, Green and Low-Carbon Manufacturing for Recycled Aluminum Alloy Wheels" Project

Won the 2025 China Automotive Supply Chain Innovation Achievement

"Key Technology Innovation and Integrated Application of Green Manufacturing for Aluminum Alloy Wheels"



Case Recycled Aluminum from "Primary Utilization" to "Multi-Stage Utilization"

Primary recycled aluminum follows the principle of "same grade recycling and regeneration", that is, when a product uses a certain grade of aluminum alloy ingot, the corresponding grade of scrap parts is recycled for regeneration production. Multi-stage recycled aluminum breaks through the limitation of a single grade, uses market-recovered 3-series, 6-series and other multi-grade scrap aluminum for remelting, and prepares multi-stage aluminum ingots. The Company relies on information technology to realize full-process data collection and monitoring of recycled aluminum production, covering key links such as raw materials, production and warehousing, and establishes a systematic database to ensure that the production process is controllable and traceable. After nearly [text cut off in original], products with 75% low-carbon recycled aluminum added have key indicators such as mechanical properties and molten aluminum purity that all meet standard requirements.



Case High-Strength and High-Toughness Low-Carbon Non-Heat-Treated Aluminum Alloy Material for Integrated Low-Pressure Battery Packs

In June 2025, the LZHM-05 non-heat-treated cast aluminum alloy material successfully obtained national invention patent authorization. The LZHM-05 alloy independently developed by the Lizhong Alloy segment combines higher strength and toughness, fully exerts the upper limit of high impurity elements, and has the advantages of low carbon and low cost. The alloy can add 90%-100% scrap aluminum, with tensile strength 270-320 MPa, yield strength 140-170 MPa, and elongation 3%-14%. It is mainly suitable for large-scale integrated die-cast battery pack and other shell structural parts that require higher yield strength.

Case Development of Ultra-Fine Dispersed High-Melting-Point Aluminum-Molybdenum Intermediate Alloy Products

In 2025, the Lizhong Sitong New Materials segment targeted the technical pain point that high-melting-point element molybdenum (Mo, melting point 2622° C) is prone to insufficient dissolution and coarse segregation of second-phase particles when directly melted in aluminum melt, and innovatively developed a pre-alloying technology based on aluminothermic reduction, effectively overcoming the industry problem of severe segregation of intermediate alloy components containing high-melting-point elements. The key indicators of the product manufactured by this technology, such as microstructure uniformity, composition consistency and dissolution speed, are significantly better than similar products at home and abroad. Currently, this product has been successfully applied to the production of non-heat-treated alloys for new energy vehicle battery pack components.



Innovation Driven

Lizhong Group upholds the concept of "relying on scientific and technological progress to promote enterprise development", takes scientific and technological innovation as the core competitiveness and the key starting point of the ESG strategy, builds a full-chain innovation system, empowers industrial upgrading, green low-carbon and global competitiveness enhancement with technological breakthroughs, and assists sustainable high-quality development.

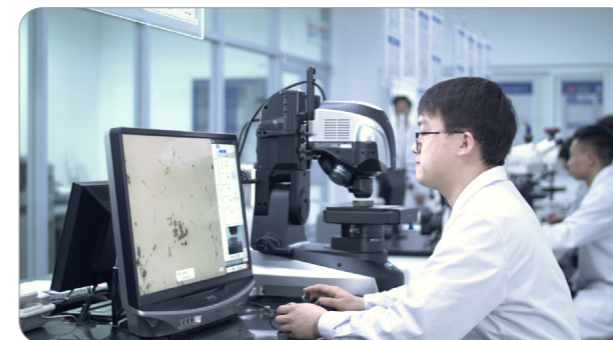


■ Innovation Development System

■ Innovation Governance Structure

The Company has improved the innovation governance structure and institutional system. Relying on the Lizhong Research Institute, it has built a four-level R&D architecture of "Group coordination – Research Institute leadership – Business center collaboration – University-enterprise platform support", formulated supporting systems for the entire R&D process, resource guarantee, innovation incentives and intellectual property protection, incorporated R&D results into core performance assessment, directly linked them with compensation, promotion and excellence evaluation, and clarified quantitative reward standards for innovation achievements.

The Company has passed ISO series, IATF16949 and other domestic and international authoritative management system certifications. Many of its entities have passed the Aluminium Stewardship Initiative (ASI) audit. It has cumulatively led and participated in the drafting of 48 national, industry and group standards, and deeply integrated into industry associations and innovation alliances.



03

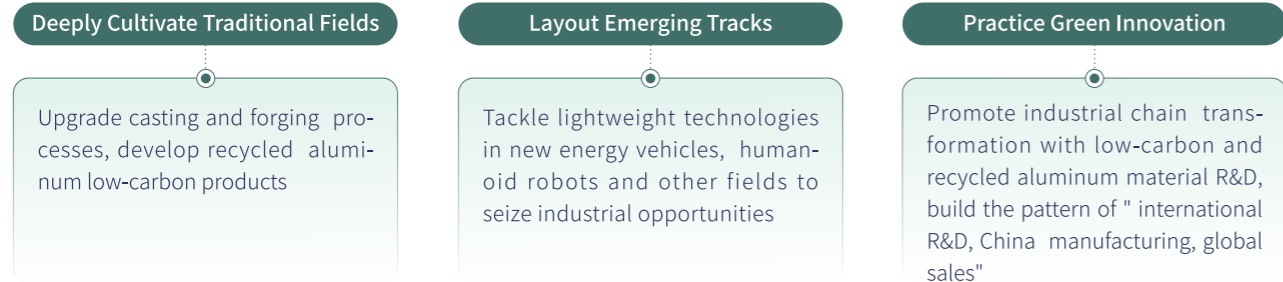
Social Chapter Innovation Empowers, Co-Creating Diverse Value

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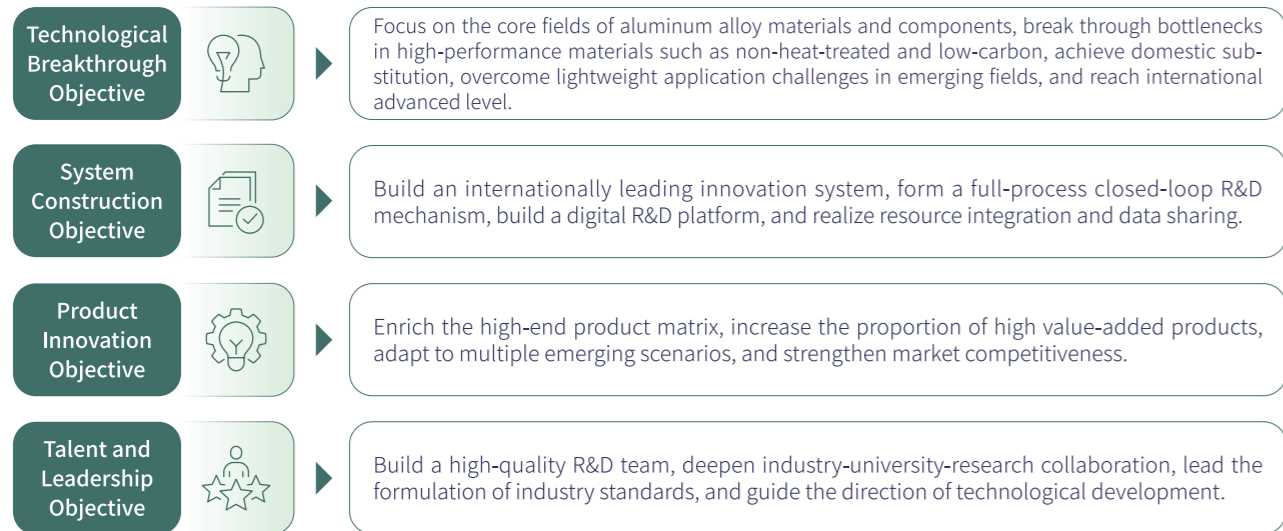
Innovation Strategic Positioning

The Company closely follows the national innovation-driven development strategy, relies on industry trends and full industrial chain advantages, establishes the scientific and technological innovation strategy of "market-oriented, technology as the core, product as the focus, and talent as the support", and anchors the development positioning of "advantage technology inheritor, modern technology innovator, and industry technology leader". The implementation of the strategy focuses on three major directions:



Innovation Core Objectives

The Company sets four major R&D innovation objectives and clarifies the paths for technological breakthroughs and system construction:



Funds and Resource Guarantee

Lizhong Group ensures innovation development through the "resource investment + platform empowerment" model, with R&D investment reaching RMB 1,055.73 million in 2025. Relying on the Lizhong Research Institute to pool R&D forces from the three major business segments, it has assembled more than 2,310 technical R&D personnel, equipped with more than 400 sets of R&D and testing equipment, and laid out overseas bases to advance global R&D layout, precisely adapting to the needs of global high-end customers. The Company invested approximately RMB 4.5 million for the renewal of three categories of software for vehicle docking, technology R&D and business application, providing digital support for R&D and business operations.



Technological Innovation Practice Achievements

Cumulative patents owned: **960**, including **183** invention patents; promoted the drafting of **48** standards.

Core Technology Breakthroughs at Multiple Points:
Non-heat-treated aluminum alloys have achieved domestic substitution and are in large-scale mass production in the field of new energy vehicle integrated die-casting, and have been certified by leading automakers; high-strength and high-yield alloys have entered the verification stage for humanoid robots and drones, reaching a 5-year fixed-point cooperation with Weijing Intelligence to supply 5,000 sets of processed parts; special intermediate alloys are indirectly applied in the aerospace field, and silicon-aluminum dispersed composite materials are adapted to medium-volume equipment parts.

Case: Development and Application of New Recycled Aluminum Materials for Aluminum Alloy Wheels (Reached International Advanced Level)

The Lizhong Wheel segment responded to the automotive industry's energy-saving, emission-reduction and green supply chain needs by developing new recycled aluminum materials for aluminum alloy wheels to assist the industry's resource recycling and low-carbon development. Through innovative multi-grade aluminum alloy mixed recycling technology and the application of the 3633DOE digital R&D system, the proportion of recycled aluminum in wheels reached 60%-100%, broadening the scope of scrap recycling. Relying on micro-alloying technology to transform Fe-rich phases and pairing with high-calcium-fluoride low-temperature refining agents, the oxide slag content was reduced from 0.14% to 0.03%, lowering energy consumption and emissions. The achievement provides a replicable path, and the technology has been evaluated as reaching the international advanced level.

Case: Research and Application of Process Simulation and Structure Simulation System Driving Ultra-Lightweight Wheel Manufacturing

The Lizhong Wheel segment independently developed a simulation system to drive ultra-lightweight wheel manufacturing technology, building a full-process closed loop of "simulation - manufacturing - monitoring" to break through traditional bottlenecks. Three major technological innovations empower low-carbon: innovative algorithms achieve precise transmission of simulation data with error $\leq 3.5\%$, grid mapping efficiency increased by 20%, reducing R&D consumption; a topology optimization framework was built to achieve spoke weight reduction while meeting performance constraints; flow gate control and directional solidification technology were developed to reduce defects and improve material utilization rate. The technology realizes synergistic optimization of lightweight, high performance and low energy consumption, overall reaching the international advanced level.

Case: "Key Technology Development and Industrialization of High-Quality Aluminum Intermediate Alloy Preparation" Project Wins Award

In December 2025, the "Key Technology Development and Industrialization of High-Quality Aluminum Intermediate Alloy Preparation" project of the Lizhong Sitong New Materials segment won the First Prize of the 2025 China Nonferrous Metals Industry Science and Technology Award. The project focuses on the urgent demand of China's high-end manufacturing, especially aerospace, new energy vehicles and high-end electronics fields, for ultimate, homogenized and purified performance of aluminum materials, realizing domestic substitution and performance improvement of key materials, and strongly promoting the independent controllability and upgrading of China's high-end aluminum alloy industrial chain.

Case LZHM-09 Solderable Cast Aluminum Alloy Wins Gold Award at the 10th Zinc Brazing Award



The LZHM-09 solderable cast aluminum alloy developed by the Lizhong Alloy segment targets the current situation where flow plates in new energy vehicle thermal management systems mostly use hot forging or machining, achieving the breakthrough of "casting replacing forging". This alloy solves the pain points of high cost and mismatched thermal conductivity of existing high-temperature brazing die-cast aluminum alloys in low thermal conductivity scenarios, with significant cost-performance advantages. After brazing, its tensile strength is 150-190 MPa and thermal conductivity is 30-100 W/(m · K), meeting the flow plate requirements in low thermal conductivity scenarios. The alloy received an invention patent in April 2025 and won the Gold Award at the 10th Zinc Brazing Award in November, demonstrating the dual recognition of Lizhong Alloy Group in technology and market.



Case Lizhong Group Wins "Aluminum Industry Era Pioneer" Award at China International Aluminum Industry Exhibition

In July 2025, at the annual industry event China International Aluminum Industry Exhibition, Lizhong Group won the "Aluminum Industry Era Pioneer" Award presented by the conference for its continuous innovation and market leadership in the field of automotive lightweight aluminum alloy materials. This award demonstrates the industry's high recognition of Lizhong Group's technical strength and industrial contribution, further consolidating its brand position as a benchmark enterprise in the aluminum processing industry and injecting strong momentum into its expansion and cooperation in the high-end manufacturing market.



Case High-Strength and High-Toughness Low-Carbon Non-Heat-Treated Aluminum Alloy Material for Integrated Die-Cast Battery Packs

In 2025, the Lizhong Alloy segment focused on the high-strength demand for automotive integrated die-casting and innovatively developed and iterated low-carbon non-heat-treated aluminum alloy materials. The launched LZHM-05 alloy combines the advantages of high strength and toughness, high upper limit of impurity elements, low carbon and low cost. The alloy can add 90%-100% scrap aluminum, with tensile strength 270-320 MPa, yield strength 140-170 MPa, and elongation 8-14%, suitable for large-scale integrated die-cast battery pack shell structural parts that require high yield strength. In May 2025, the LZHM-05 non-heat-treated cast aluminum alloy material successfully obtained an invention patent.

Case UNESCO International Science and Technology Strategy Training Class Visits Lizhong Research Institute

In August 2025, trainees of the 12th UNESCO International Science and Technology Strategy Research and Training Center (CISTRAT) International Training Class visited Lizhong Research Institute to gain an in-depth understanding of the enterprise's technological R&D and innovation application achievements. During the visit to the exhibition hall and experimental center, the relevant person in charge systematically introduced the Company's innovation practices and industrialization experience in the fields of aluminum alloy materials and new energy vehicle components, intuitively demonstrating the technological innovation strength of Chinese enterprises and providing useful reference for trainees to promote scientific and technological innovation in their own countries.



Case Lizhong Group Reaches Strategic Cooperation with Weijing Intelligence

In October 2025, Lizhong Group reached a strategic cooperation with Weijing Intelligence to accelerate the layout of the humanoid robot industry and prepare to establish a robot company. Lizhong Group leverages its advantages in high-end aluminum alloy and magnesium alloy materials and precision manufacturing to provide lightweight component manufacturing, complete machine assembly and testing scenario support; Weijing Intelligence, with its stereo vision and AI decision system, builds intelligent factory vision solutions covering quality inspection, logistics handling and safety protection. This cooperation realizes the deep integration of "hard manufacturing" and "soft intelligence", further expands the application boundaries of new materials in emerging fields, and strengthens industrial collaboration and core competitiveness.



Lean Management

Lizhong Group focuses on lean management to improve quality and efficiency, promoting its comprehensive upgrading and value chain extension. Lean management has leapt from an "auxiliary support" role to a "strategic driving" role. Lean thinking has extended from the manufacturing end to the full value chain of R&D, finance, logistics, etc., implementing the "full-process lean" strategy. At the same time, it has built a three-level lean governance system of "General Manager + core senior executives + department heads – frontline backbone", issued the Lean Promotion Management System, 6S Management System and Creative Proposal Management System, providing solid institutional support for the implementation of lean management.

Three-Level Lean Governance System

Strategic Level

General Manager + Core Senior Executives (formulate lean vision and goals integrated with the Company's strategy)

Tactical Level

Department Heads (lead strategic improvement projects and tackle key bottlenecks)

Execution Level

Frontline Backbone (within the responsible value stream or area, use lean tools for daily management and continuous improvement)

Lizhong Group focuses on the core goals of quality improvement and efficiency enhancement, implements lean management measures from multiple dimensions, and promotes the deep penetration of lean thinking into the full value chain. The Company creates lean benchmarks that meet the "24 standards" and possess the "six transformations" characteristics to demonstrate and lead all employees to eliminate waste and pursue excellence; it cultivates internal lean professional teams, builds a lean trainer team, and establishes a lean knowledge dissemination and capability replication system; it comprehensively promotes lean tools and methods such as 6S management, SMED rapid change-over, TPM total productive maintenance, etc.; it carries out lean-themed training on a large scale, completing 101 training sessions covering 3,550 people.



During the Reporting Period

Completed training

101 sessions

Coverage

3,550 people

Case Improving Coating Powder Capacity Project

Tianjin Lizhong Wheel faced capacity pressure as the order proportion of powder coating products rose from 35% to 60%. By optimizing the production process and adjusting equipment parameters, it successfully overcame the capacity bottleneck. The team focused on the five dimensions of "man, machine, material, method and environment", used the fishbone diagram analysis method to accurately identify key constraints, and implemented targeted track and manipulator speed-up transformations, increasing the operating efficiency of the powder coating curing section by 25%. This improvement increased single-hour capacity by 45 units and overall production efficiency by 24%. While ensuring on-time order delivery, it effectively reduced energy and material consumption, achieving synergistic optimization of production efficiency and resource utilization, demonstrating the Company's continuous practice of environmental responsibility and governance performance in operations.



Case AGV Forklift Empowering Full-Process Automation of Aluminum Ingot Production Logistics

In April 2025, the Lizhong Sitong New Materials segment implemented an aluminum ingot automated production and logistics conveying project in the workshop. The project was put into use successively in August of the same year. The project is equipped with AGV forklifts to complete the automatic transfer of aluminum ingots to platform scales and finished product warehouses, realizing automated operations for the entire process of handling, weighing and warehousing. It effectively reduces manual operations, achieves automation upgrade of the workshop production process, and realizes seamless automated docking between production links and finished product logistics, ultimately building an end-to-end continuous production system.

Digital Transformation

Lizhong Group is based on the national "manufacturing powerhouse" strategic deployment, closely follows the industry direction of "intelligence, greenization and high-endization", and systematically promotes digital transformation with strategic top-level design as the guide, leaping from traditional manufacturing to intelligent manufacturing and building a solid foundation for high-quality development.

The Company's internal digital transformation takes "data-driven, full-chain empowerment" as the core and builds a complete system of "policy benchmarking – problem diagnosis – path design – implementation guarantee". At the strategic level, the Company precisely aligns with national manufacturing informatization requirements, combines industry trends with its own reality, clarifies overall goals and phased tasks, and ensures that the transformation resonates with the national strategy at the same frequency.

Three Major Core Tasks of Transformation

1

Solidify Digital Foundation

Rely on 5G + Industrial Internet to build and upgrade the core management system, break "data silos" and realize full-chain information connectivity.

2

Deepen Technology Integration

Promote the adaptation of digital technology to all business links and cultivate new intelligent business forms and models.

3

Activate Data Value

Build a full life-cycle data governance system and achieve multi-dimensional breakthroughs in efficiency, cost, quality and safety through intelligent decision-making.

Significant Implementation Results in Various Business Scenarios

- At the production end, 5G + AI vision technology is used to realize intelligent wheel sorting and quality inspection, and digital dashboards provide real-time control, freeing up manpower and ensuring safety.
- At the equipment end, a full life-cycle management system is built, relying on a digital cockpit to monitor multi-dimensional indicators; the project is steadily advancing.
- At the warehousing end, an intelligent system is launched, achieving full-process automation through AGV collaborative scheduling and reducing human error.

At the same time, Lizhong Group promotes the digitalization of safety management, builds a closed-loop and visualized management system, and extends it to overseas business, completing the adaptation and launch of multi-language modules. The Company consolidates the foundation of transformation through all-round 5G factory construction, demonstrating its responsibility and commitment to sustainable development.



Case Unmanned Aluminum Ingot Production Line Project

Lizhong Alloy New Materials (Chongqing) Company independently designed and developed a full-process unmanned aluminum ingot automated production line, covering the entire process from casting, forming, cooling, palletizing, weighing, packing, labeling to warehousing, achieving highly continuous operations from raw materials to finished products. The production line replaces traditional links such as manual ingot placement, scrap ingot removal, demolding monitoring, hot lifting and labeling, forklift transfer and weighing packaging, significantly reducing labor costs and safety risks. Relying on precise control and real-time data feedback, it optimizes production takt time and resource utilization rate, providing a complete solution for the enterprise's intelligent and lean production.

Case Baoding Lizhong Dongan Light Alloy Parts Manufacturing Co., Ltd. Selected into the MIIT 5G Factory List

In August 2025, Baoding Lizhong Dongan Light Alloy Parts Manufacturing Co., Ltd. was successfully selected into the Ministry of Industry and Information Technology's 2025 5G Factory Directory. The Company vigorously promotes the deep integration and application of 5G technology with the entire industrial chain links of R&D and design, production and manufacturing, quality inspection, warehousing and logistics. Relying on the built 5G fully connected factory system, the enterprise realizes interconnection of production equipment, real-time collection and analysis of production data, and intelligent scheduling and optimization of production processes, effectively improving production efficiency and product quality.



Industry Cooperation

Lizhong Group adheres to the development concept of openness and collaboration, takes deep industry-university-research integration and industry ecosystem co-construction as the starting point, builds an all-round cooperation system, and assists industrial upgrading and sustainable development.

Industry-University-Research Cooperation

The Company has established long-term and stable cooperative relationships with many universities such as Beihang University, University of Science and Technology Beijing, Shandong University, Hebei University of Technology, Yanshan University, Qilu University of Technology and Yancheng Institute of Technology, focusing on the R&D and achievement transformation of key core technologies for aluminum alloy materials and components, and consolidating the foundation of technological innovation. At the same time, relying on the Hebei Province Automotive Lightweight Parts Industry Innovation Consortium, it unites upstream, midstream and downstream enterprises in the industrial chain, scientific research institutions and universities to form a technology innovation organization with deep industry-university-research-application integration, and builds a full industrial chain from recycled aluminum recovery, material R&D, component manufacturing to vehicle integration and application.



• Lizhong Group and Thailand King Mongkut's University of Technology School-Enterprise Cooperation Signing Ceremony



• Signing of Cooperation Agreement with Beixin Coatings and Hebei University of Technology

Ecological Co-construction

The Company actively participates in various industry activities to deepen industry exchanges and the dissemination of concepts. Lizhong Group has successively delivered keynote speeches at the China Automotive Wheel Industry Annual Conference and the China Automotive Supply Chain Conference; it received representatives of member enterprises of the Hebei Province Casting and Forging Industry Association who visited the Lizhong Research Institute for thematic exchanges; it also participated in activities such as the China Electric Vehicle 100 Forum, engaging in multi-dimensional, in-depth industry participation to promote coordinated industrial development and common progress.



• China Automotive Wheel Industry Annual Conference



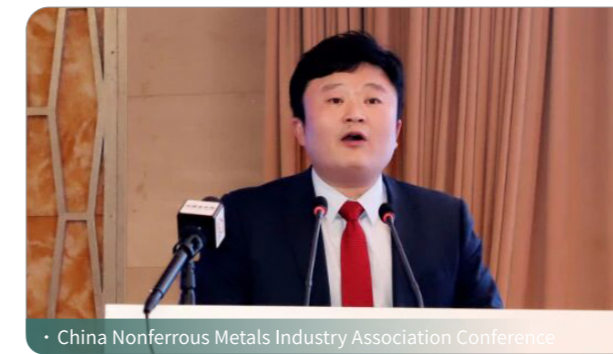
• China Automotive Supply Chain Conference



• Cutting-edge Technology Seminar



• Listing of Cast Aluminum Alloy Futures, Lizhong Group Secures the First Order



• China Nonferrous Metals Industry Association Conference

Case The Series of Standards "Chemical Analysis Methods for Aluminum and Magnesium Alloys" Participated in Drafting Won the Second Prize of National Nonferrous Metals Standards

In November 2025, the series of standards "Chemical Analysis Methods for Aluminum and Magnesium Alloys" (Part 2 and Part 4) participated in drafting by the Lizhong Sitong New Materials segment won the Second Prize of Technical Standards awarded by the China Nonferrous Metals Standardization Technical Committee. The standard adds determination methods for beryllium, copper, nickel and titanium elements, providing reliable testing basis for the quality control of magnesium and magnesium alloy products.

Sustainable Supply Chain

Lizhong Group takes sustainable supply chain construction as the core development strategy, builds a full-process closed-loop supply chain management system, constructs a responsibility mechanism of "decision-making level overall guidance – procurement departments of each business segment implementing execution", coordinates the full-process management of suppliers, and issues special systems such as the Supplier Management Procedures and the Supplier Blacklist Management Measures. It implements full life-cycle control of suppliers of "admission – notification – evaluation – exit". In 2025, the Company further deepened supply chain ESG management and upgraded the Potential Supplier Recommendation Form, significantly increasing the weight of sustainability indicators.

Supplier Full Life Cycle Management

Supplier Admission	Strictly screen from the dimensions of supply capability, quality control and compliance qualifications; include in the list after passing sample testing, due diligence investigation and small-batch trial verification.
Supplier Notification	Organize suppliers to sign the quality agreement, the Aluminium Stewardship Initiative (ASI) Performance and Chain of Custody Standard System Commitment Letter, the Conflict-Free Metal Procurement Policy and the Stakeholder Notification Letter.
Supplier Evaluation	Incorporate ESG indicators into the assessment, implement monthly evaluation and annual audit, and conduct on-site audits for core suppliers accounting for more than 5% of procurement volume.
Supplier Exit	For suppliers with serious quality problems or violations of contracts, initiate the exit mechanism after approval and simultaneously update management records.

Supply Chain Risk Management

Lizhong Group comprehensively uses multiple strategies and methods, covering multiple links such as risk identification, assessment, response and monitoring, to ensure the comprehensiveness and effectiveness of supply chain risk management.

Risk Identification

- **Establish a risk inventory:** comprehensively sort out all links in the supply chain such as procurement, production, logistics and warehousing, and list possible potential risk points.
- **Integrate internal and external information:** internally collect operational and financial data; obtain market, policy and industry trend information through participating in industry exhibitions.

Risk Assessment

- **Determine assessment indicators:** establish a scientific risk assessment indicator system, such as the likelihood of risk occurrence, impact degree and detectability, and incorporate it into the risk management system.
- **Quantify risks:** analyze the potential impact of risks on human rights, conflicts and compliance against supply chain policies, international standards and laws and regulations, and classify risks into high, medium and low levels.

Risk Response

- **Formulate risk management plans:** develop targeted response strategies based on risk level and type:
 - ① Low risk: can cooperate with confidence and conduct routine monitoring.
 - ② Medium risk: need to formulate risk control measures and conduct regular reviews.
 - ③ High risk: prohibit cooperation or terminate existing cooperation.
- **Implement risk control measures:**
 - ① Negotiate with suppliers to formulate rectification plans, clearly defining improvement requirements and acceptance standards.
 - ② Assist suppliers in capacity building to improve their due diligence level.
 - ③ Physically isolate high-risk goods and strengthen transportation and storage safety control.
 - ④ Prohibit cooperation with suppliers that have serious infringement or funding conflicts.
- **Continuous monitoring and tracking:** regularly check the rectification status of suppliers, track the effectiveness of risk reduction measures, and conduct additional fact and risk assessments based on environmental changes.

Risk Monitoring

- **Establish a monitoring system:** rely on information technology channels to monitor the system in real time, and use ERP and SRM systems to monitor key supply chain indicators such as inventory levels, supplier delivery times and logistics transportation status.
- **Regular assessment:** regularly re-assess supply chain risks to timely identify new risk points and changes in existing risks.
- **Continuous improvement:** timely adjust risk management strategies and measures based on the results of risk monitoring and assessment, and continuously improve the supply chain risk management system.

Establish Cooperation and Communication Mechanism

- **Internal collaboration:** strengthen collaborative communication among procurement, production, sales, logistics and other departments to ensure the implementation of risk management work.
- **External cooperation:** establish close cooperative relationships with suppliers, customers and logistics service providers to share information and jointly resist risks; sign agreements with suppliers to clarify risk management rights and responsibilities.
- During the reporting period, Lizhong Group had no supply interruption incidents.

Supplier Due Diligence

At the beginning of each year, Lizhong Group formulates a supplier audit plan and relies on the network to publicly carry out audit work. During the audit process, it focuses on conducting due diligence on suppliers, filling out and issuing supplier investigation forms covering multiple aspects such as basic supplier information, technical R&D strength, quality management level, equipment capacity, anti-bribery and anti-corruption mechanisms, environmental and human rights protection, logistics and emergency management. The investigation results will serve as one of the scoring bases for the supplier's comprehensive evaluation and will be incorporated into the annual supplier upgrade and management assessment system.

Supplier Sustainable Management

Lizhong Group takes building a green, compliant and responsible supply chain ecosystem as the core goal, comprehensively advancing the systematic construction of the supplier sustainable management system. In the supplier admission audit link, the Company introduces the Global Aluminium Stewardship Initiative (ASI) special evaluation system, and around core dimensions such as corporate integrity, greenhouse gas emissions, product carbon footprint and pollutant control, establishes a quantitative scoring and grading ranking mechanism. In 2025, the Company carried out a comprehensive revision and optimization of the Potential Supplier Recommendation Form, focusing on expanding and significantly increasing the content proportion of sustainability-related evaluation dimensions, thereby solidifying the foundation of supplier sustainable development from the source.

At the Procurement Compliance Management Level

The Company formally signs the Sunshine Procurement Agreement with suppliers, clearly defining the rights and obligations of both parties, and implements normalized anti-corruption and anti-bribery compliance supervision on business partners. In the field of responsible raw material procurement, it formulated and issued the Procurement Policy Statement on Conflict-Free Metals, solemnly committing to procure raw materials only from suppliers that fulfill environmental and social responsibilities, ensuring that the metal materials in the procured raw materials are not sourced from conflict areas.

At the Supply Chain Collaborative Empowerment Level

Lizhong Group systematically publicizes responsible procurement policies and management requirements to suppliers, assists partners in building and optimizing supplier due diligence systems, and supports them in carrying out on-site audits of upstream secondary suppliers. In addition, the Group regularly organizes supplier symposiums, incorporating ESG concepts and management requirements into core communication topics, and promotes the formation of a value consensus on sustainable development across the upstream and downstream of the supply chain through regular two-way communication and concept transmission, helping to build a symbiotic and win-win supply chain sustainable development ecosystem.



Equal Treatment of Small and Medium-Sized Enterprises

Lizhong Group upholds the core value of "every excellent supplier is part of Lizhong Group's core competitiveness" and equally empowers small and medium-sized enterprises to grow steadily.

The Company starts from ESG compliance guidance, deepens small and medium-sized suppliers' ESG awareness by formulating codes of conduct and sending stakeholder notification letters; it shares industry dynamics and policy information in real time to promote potential suppliers to complete quality system and ESG audits. At the same time, with capacity enhancement as the starting point, it regularly holds supplier symposiums to open information channels, organizes "strengthening suppliers to help enterprises" activities, invites experts to guide suppliers in using futures tools to stabilize operations, and carries out customized training on technology, cost control, AI applications, etc., to comprehensively enhance the comprehensive strength of small and medium-sized suppliers.

At the financial support guarantee level, the Company insists on timely payment, shortens payment terms and increases the proportion of cash payments as needed for suppliers under financial pressure, and jointly builds financing bridges with cooperative banks, effectively ensuring no overdue payments to small and medium-sized enterprises.

Product and Service Safety and Quality

Lizhong Group has always adhered to the quality policy of "Lizhong products, pursue perfection; serve users, dedicate to society; rely on scientific and technological progress to promote enterprise development". We have built a complete procedural system covering production and manufacturing, process and product audit, non-conforming product control, customer complaint handling, supplier and human resource management, and continuously refine product and service quality. We steadily achieve the quality goal of "zero defects, high quality".

Product Safety and Quality

Quality Management System

The Company's major subsidiaries have all passed ISO 9001 and IATF 16949 quality management system certifications. The quality departments of each business segment coordinate and advance full-process quality management work. In 2025, the Company officially launched the document and archive management system, taking platformization, integration, standardization, digitization and intelligence as the core drivers to complete the comprehensive upgrade of the document management system, helping the Group achieve the management goals of scientific decision-making, efficient operation, stable quality, normalized risk control and vibrant innovation.

Improving Product Quality

The Company takes building a solid foundation for product quality and meeting customers' high-quality demands as the core, builds a full-process and multi-dimensional quality control system, and exerts efforts in control strategies, special management, testing capabilities and other aspects to comprehensively improve product quality stability and reliability. It adheres to the principle of "prevention first, quality improvement", focuses on the four key points of supplier control, automation error-proofing, process control and root cause improvement, integrates quality control into the full business process, and strengthens risk prevention and control. It implements "zero defect management", clarifies core control items, establishes an inspection commissioner system, carries out normalized spot checks and hidden danger rectification, continuously optimizes management processes, implements differentiated quality control, and improves customer satisfaction. The Company's 7 laboratories have passed ISO 17025 accreditation, and testing capabilities have been certified by mainstream OEMs such as BMW, Mercedes-Benz, Geely and NIO, strictly controlling product ex-factory quality with a scientific and rigorous testing system.

Intelligent Detection Technology R&D

The Company focuses on intelligent upgrading of quality detection, independently develops equipment and systems around the two major scenarios of machining and appearance detection, effectively reducing errors and costs, and improving detection efficiency and quality stability.

Intelligent Detection Project Development

Develop online detection equipment for machining dimensions to significantly reduce human error and misjudgment risks, and incorporate it into tooling and gauge costs to improve detection quality, process stability and automation level; the equipment can automatically generate SPC process capability analysis data to provide scientific support for quality improvement.



Appearance Vision Detection System Development

Following the trends of automation and AI technology, jointly develop wheel appearance automated detection equipment with professional manufacturers to realize full-process automation of appearance detection, reduce manual input and data entry man-hours; reduce misjudgment and missed judgment rates, automatically generate detection data reports to provide detailed data support for quality improvement.

Product Green Design and Accessibility

The Company takes green factory construction as the core, promotes the full-domain layout of the green supply chain, upholds the dual-wheel drive of "environmentally friendly and energy efficient", and creates a green production model for the full product life cycle through optimizing production processes, improving resource utilization efficiency and reducing pollution emissions, leading the industry's green transformation. As of the end of the reporting period, the Company has successfully built 5 national-level green factories and 2 national-level green supply chain management enterprises; it has also been awarded 8 provincial-level green factories and 2 provincial-level green supply chain management enterprises.

The Company continues to deeply cultivate the global market and has successfully obtained product access certifications and trade qualifications in many countries and regions including Brazil, Indonesia, Vietnam, India, the European Union, the United Arab Emirates and Chinese Taiwan, building a complete internationalized product access system. As of the end of the reporting period, the Company's products have passed a cumulative total of 450 export certifications mentioned above, of which 124 were newly added in 2025, and the globalization market layout continues to deepen.



Product Recall Procedures and Quality Training

The Company has established a complete product full life-cycle quality traceability system, realizing that information in all links of production and circulation can be checked and traced, providing strong support for quality abnormality tracing and hidden danger investigation, and formulating a standardized product recall management procedure accordingly. The procedure builds a closed-loop management of defect information collection, risk assessment, rapid response, full-process execution and rectification optimization. For quality defects of different levels, it quickly carries out verification, communication, recall and disposal work, and simultaneously promotes root cause analysis and rectification improvement. During the reporting period, the Company did not experience any product recall incidents.

The Company centers on the core goals of quality and system construction, builds a "training – assessment – competition – sharing" combination mechanism, achieves full-employee training coverage, and solidifies the foundation of quality system management. Throughout the year, it cumulatively organized 184 quality and system-related training sessions, with content covering core modules such as quality tools, system documents, experience and lessons, and standardization, and simultaneously introduced 18 external professional training sessions to ensure that training knowledge keeps pace with industry frontiers. To promote the deep implementation of the system, it specially carried out 27 group document training sessions, covering 104 documents and 1,335 person-times, and simultaneously organized 964 person-times to participate in assessments, strengthening the implementation of management requirements. For 50 newly issued management documents, it organized 4,951 person-times to participate in question-and-answer tests, realizing immediate transmission and full-employee mastery of system updates.



Case Customer On-site Service Mobile Laboratory

In September 2025, the Lizhong Sitong New Materials segment took the laboratory to the customer site to carry out after-sales service and implemented the molten aluminum purity online slag testing comparison verification project between the melting furnace and the holding furnace. The test results showed that the unit aluminum liquid passing weight of the holding furnace was significantly higher than that of the melting furnace, confirming that its molten aluminum purity is better, and also proving that the customer's refining, degassing and slag removal measures have achieved remarkable results. The customer used the test results as important evidence for product quality improvement and recommended them to downstream customers, helping its business development, image enhancement and demonstration of technical strength. As the only supplier in the industry that can provide molten aluminum online detection after-sales service, we received high evaluation and full recognition from the customer for this service.



Service Safety and Quality

The Company always upholds the core concept of "customer-centric", relies on global layout advantages, builds a customer service system covering the full process of pre-sales, in-sales and after-sales, optimizes the rapid response and closed-loop disposal mechanism for customer quality issues, and continuously improves customer satisfaction and quality trust through standardized management, professional teams and customized services, effectively fulfilling corporate customer responsibilities.

Customer Response Mechanism

The Company establishes a standardized and globalized customer quality issue and complaint response mechanism, strictly implements documents such as the Customer Quality Complaint Management Procedures, with the after-sales service department coordinating global customer quality feedback management, clearly defining complaint handling standards, and extending the response mechanism to pre-sales and in-sales, providing professional technical support simultaneously in pre-sales.

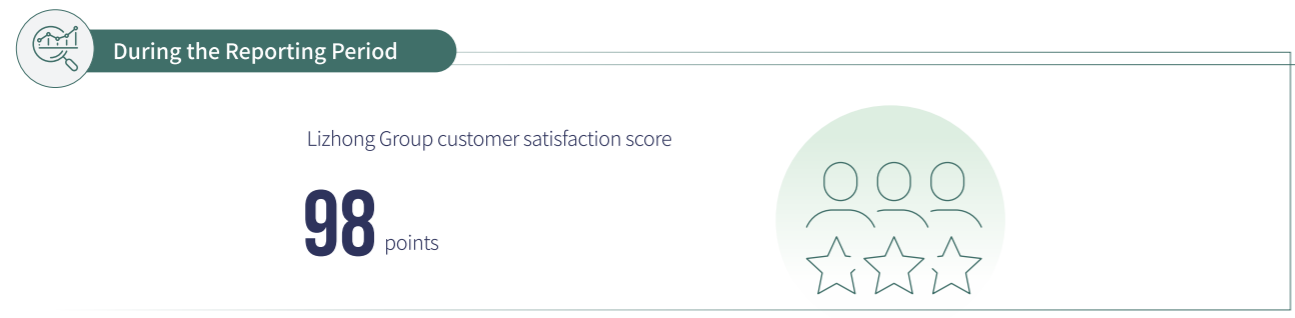
The Company has established a quality engineer team covering Europe and America, Japan and South Korea, domestic and on-site factories, built a Group-wide unified complaint acceptance platform, broke information barriers between domestic and overseas subsidiaries, realized "one-point access, global linkage", and precisely docked local customer needs relying on the collaborative efficiency of regional subsidiaries; it established a regional exclusive engineer responsibility system, clearly defining cross-company collaboration time limits and closed-loop standards. For major quality complaints and issues, it promises to respond quickly within 24 hours and issue temporary solutions, and submit detailed improvement plans within 3-7 working days, strictly adhering to customer time requirements. At the same time, it establishes a special team to deeply investigate the root causes of complaints and quality issues through 8D reports, implement targeted rectification and continuously monitor execution results; all complaint and feedback information is entered into a dedicated ledger for internal real-time sharing. Problem resolution is confirmed through multiple channels such as telephone, WeChat, email and on-site return visits. An experience and lessons database is established to promote the prevention of similar hidden dangers and horizontal promotion, forming a complete closed loop of "complaint acceptance – analysis and rectification – feedback visit – prevention and optimization".



Customer Satisfaction

The Company always takes customer satisfaction as the core business indicator, combines the concept of responsible marketing, and continuously optimizes customer service. Every year, it conducts supporting customer satisfaction surveys, which are systematically planned and statistically analyzed to form survey reports. On a regular basis, it captures customer needs and opinions in real time through multiple channels such as on-site visits, telephone communication, and email follow-ups.

To improve satisfaction, the Sales Center establishes supporting customer files to achieve systematic and standardized management of customer information, solidifying the foundation for precise service and customer relationship maintenance. For customer complaints and dissatisfaction, a special handling team is established to formulate temporary containment measures within 24 hours and quickly resolve customer demands. A four-level training system is built to develop a professional service team that adapts to the differentiated needs of customers in different markets and provides customized services. At the responsible marketing level, the Company conveys the concept of responsibility through full-process high-quality service, transparent complaint handling, and continuous quality improvement, regularly shares quality performance with customers, and initiates quality improvement projects based on customer usage data.



Case: Extending Customer Service, Providing Professional Quality Testing Support

In February 2025, the Lizhong Sitong New Materials segment relied on advanced testing equipment and rich technical experience to provide professional product defect analysis services for GN-SYG customers, conducting organizational testing of 1060 aluminum foil pinhole defects. After analysis, it was precisely determined that the defects were caused by two types of inclusions, SiO₂ and Fe-Cr. At the same time, it was clarified that the SiO₂ inclusions originated in the melting and casting process, while the Fe-Cr inclusions were introduced by foreign inclusions from the rolls during the rolling process. This testing precisely located the defect sources and provided a clear direction for solving product quality problems for the battery tube customer, fully demonstrating our professional technical testing capability and high-quality customized technical service level.

Customer Evaluation Norsk Hydro A.S.

- Four Tong is our key supplier.
- Four Tong performs excellently on materials in all categories.
- Four Tong demonstrates world-class excellence in cost, quality and delivery.
- It meets customer requirements in terms of quality and cost, and there is still room for incremental opportunities in gold-containing additives.
- In fierce competition, never stop and stay hungry.



Data Security and Customer Privacy Protection

The Company has established and improved a data security and confidentiality management system. Through three measures of institutional norms, technical protection and hierarchical control, it builds a solid information security defense line to safeguard data and customer information security.

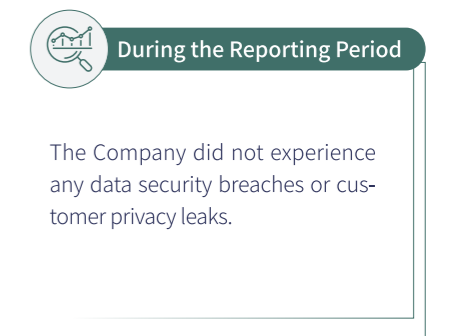
Data Security Management

The Company has cumulatively issued and implemented 19 related management documents, building a full-process protection system. At the technical level, a backup all-in-one machine is deployed for periodic automatic backup of core business to ensure data security and integrity. Strict access control is implemented through role permission division, paired with a file encryption system to control the circulation of core confidential files. At the same time, firewalls, intrusion detection systems and 360 antivirus software are deployed, system patches are regularly updated, and terminal strategies such as password security and U-port control are issued to comprehensively resist external attacks and internal leaks. In addition, multiple factories have passed information security system certification and obtained TISAX labels, strengthening compliance guarantees.



Customer Information Protection

The Company has formulated a confidentiality management control procedure, classifying documents into three levels: "top secret", "confidential" and "secret", with customer information included in confidential-level control. Confidential files are kept by the using department; access and borrowing require submission of an application form and must be carried out under supervision, with copying strictly prohibited. At the same time, a hierarchical leak punishment mechanism is established. The Company has signed confidentiality agreements with customers such as SAIC, Honda, BYD, NIO and Volvo. The sales system has formulated special confidentiality procedures, clearly defining confidentiality requirements for information such as product prices, contract data and order payments. Dedicated personnel are responsible for data collection and storage, forming closed-loop control.



Case: Information Technology Emergency Drill

In April 2025, Lizhong Research Institute organized an information security emergency drill, conducting practical simulations around typical emergency scenarios such as power outages, network failures, system downtime and virus intrusions. The core purpose was to verify the effectiveness and timeliness of the current information security emergency response mechanism. During the drill, the information security supervisor coordinated deployment reasonably and commanded the site in an orderly manner. Each emergency team responded quickly and executed in place, with smooth connections between all links. The entire drill was completed efficiently and successfully achieved the expected goals. This drill effectively tested the team's actual emergency response capabilities, further consolidated the Company's information security emergency management foundation, and improved the emergency response closed-loop system.

Rural Revitalization and Social Contribution

Lizhong Group integrates assistance in rural revitalization and the practice of social responsibility deeply into the enterprise development core and business mission. In the factory site selection and layout link, the Company always insists on synchronizing with local development. By stably providing employment positions and absorbing local labor force employment, it continuously empowers rural revitalization and promotes common prosperity. The proportion of local employees in the Company has remained stable at more than 50% for a long time. At the social public welfare level, the Company relies on its subsidiaries to regularly carry out public welfare donations, and actively advocates and encourages employees to participate in various volunteer service activities initiated by local trade unions and volunteer associations, giving back to the community and society with practical actions.

During the Reporting Period

<p>The Company cumulatively organized various public welfare activities</p> <h2 style="font-size: 2em;">18</h2> <p>times</p>	<p>Employees participating in rural revitalization and social contribution reached</p> <h2 style="font-size: 2em;">212</h2> <p>person-times</p>	<p>Cumulative service hours of employees related to public welfare</p> <h2 style="font-size: 2em;">1,110</h2> <p>hours</p>
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Case Lizhong Sitong New Materials Segment Actively Practices Social Responsibility, Focusing on Employment Security for Persons with Disabilities, with Disabled Employees Accounting for 11.5%

Lizhong Sitong New Materials segment actively practices social responsibility, focusing on employment security for persons with disabilities. Currently, the proportion of disabled employees reaches 11.5%. In 2025, the Company newly recruited 18 disabled employees, cumulatively solving employment problems for 163 disabled persons. As an enterprise that centrally arranges employment for disabled persons, the Company provides overall support for job placement and career planning for disabled employees, and at the same time offers all-round guarantees in humanistic care, compensation and benefits, effectively safeguarding the legitimate rights and interests of disabled employees. Thanks to its solid work in supporting and assisting disabled persons, the Company has successively been awarded multiple honors such as National Disabled Persons Proportional Employment Base, Provincial Disabled Persons Auxiliary Employment Institution, Provincial Advanced Collective in Supporting and Assisting Disabled Persons, and Municipal "Volunteer Assistance for Disabled Persons, Hand in Hand" Volunteer Unit.



Case New Thai Wheel Practices Social Responsibility in 2025 and Delivers Corporate Warmth in Multiple Dimensions

In 2025, New Thai Wheel Manufacturing Co., Ltd. actively practiced corporate social responsibility, carrying out a series of public welfare activities around dimensions such as environmental protection, community care and education support. Throughout the year, it cumulatively organized and participated in 23 activities, with total donations of approximately RMB 420,000, fulfilling Lizhong Group's commitment to creating social value and giving back to society. From June 14 to 15, the Company organized 128 employees to go to the Rayong Beach to carry out the public welfare action "Cohesive Team Strength, Protect the Blue Coast", combining team collaboration training with beach cleaning to help marine ecological protection. At the same time, it responded to government and park calls to participate in ecological activities such as tree planting and releasing. On May 28, it jointly carried out campus environment improvement activities with Banpongsaket School, donating new plastic chairs, painting the exterior walls of teaching buildings, improving the learning environment for teachers and students, and supporting local education. In addition, during holidays, it jointly visited lonely and poor elderly people with village and town cadres, donating daily necessities, delivering corporate warmth to community vulnerable groups, and deepening connections with the community.



Employee

Lizhong Group upholds the "people-oriented" development concept, comprehensively safeguards employees' occupational health and operational safety, effectively protects employees' legitimate rights and interests and welfare benefits, creates a fair and inclusive diverse development environment, opens up dual promotion channels for professional and management talents, and realizes coordinated and healthy development between the enterprise and employees.

Occupational Health and Safety

Management System

Lizhong Group strictly complies with laws and regulations related to production safety, occupational disease prevention, fire protection and other occupational health and safety. With the policy of "safety first, prevention-oriented, comprehensive governance", it establishes and improves the occupational health and safety management system, coordinated by the Group's Sustainable Development Management Committee. The Company has formulated document files such as the Production Safety Responsibility System, Production Safety Rules and Regulations and Occupational Health and Safety Management System, and is equipped with full-time safety management personnel and registered safety engineers in accordance with regulations. All subsidiaries have passed ISO 45001 occupational health and safety management system certification, and major subsidiaries have successfully passed the Responsible Business Alliance (RBA) audit.

Management Objectives

Lizhong Group establishes the safety management concept of "safety comes from design, safety comes from management, safety comes from responsibility", strictly adheres to the "three managements and three musts" safety management principle, and formulates and implements six safety management objectives.

Occupational diseases and suspected occupational diseases	General and above accidents
0	0
Employee occupational health examination rate	Hidden danger investigation and rectification rate
100 %	100 %
Employee safety training plan completion rate	Special equipment operators certified to work rate
100 %	100 %



Risk Assessment and Guarantee

Occupational Health and Safety Emergency Plans

Lizhong Group has formulated the Production Safety Accident Emergency Rescue Plan, established a part-time emergency rescue team, and regularly organizes all employees to conduct emergency drills. Drill contents include: fire emergency drills, molten aluminum leakage emergency drills, heatstroke accident emergency drills, confined space poisoning accident drills, etc.



Occupational Health Examination and Health Monitoring

Lizhong Group conducts occupational hazard testing and current situation evaluation of workplaces in accordance with regulations, strictly implements the "three-examination system" (pre-job, in-job and post-job occupational health examinations) for personnel engaged in occupational hazard operations, and establishes and improves employee occupational health monitoring files.

Occupational Protection and Safety Technology Improvement

Lizhong Group continuously optimizes and upgrades from the dimensions of process, technology and production environment. Through measures such as replacing manual operations with robotic arms and reducing equipment noise and operating environment temperature, it improves the on-site safety coefficient. In 2025, the Company completed the transformation and upgrading of forklifts by adding intelligent identification and anti-collision systems to eliminate forklift collision accidents at the source.

Fire Safety Management

Lizhong Group aims to reduce fire risks and eliminate fire accidents, increases safety investment, replaces high-safety-performance dust removal equipment, installs automatic fire extinguishing devices in fire risk areas and establishes miniature fire stations. Every November, all Group companies organize fire safety knowledge publicity and emergency drills to continuously strengthen the construction of the four fire safety capabilities.

Safety Culture Construction

Lizhong Group deeply cultivates safety standardization management, continuously optimizes from aspects such as warning signs, safety passages and equipment protection, and forms standardized management templates that can be quickly replicated. At the same time, through safety visualization management, video display, one-day safety officer activities and excellent team building and other measures, it strengthens the safety awareness of all employees and builds a solid production safety defense line.

Employee Health Management

Each segment of Lizhong Group has signed consultation service agreements with nearby hospitals to regularly provide employees with health examinations, psychological counseling and other services. At the same time, the factory area is equipped with medicine cabinets and complete first-aid medicines, and personnel are organized to participate in professional first-aid training and obtain certificates, achieving full coverage of professional first-aid personnel in each workshop and each team.



Safety Management Platform

Lizhong Group, with the goal of improving safety management level and strengthening safety control means, has introduced a safety information management platform to promote the comprehensive informatization and intelligent upgrading of the Group's safety management work.



Safety Production Training

Lizhong Group formulates occupational health and safety training plans every year, compiles teaching materials and question banks, carries out graded training for all employees, incorporates safety assessment into cadre appointment conditions, and compacts the production safety responsibility system. It grasps the three-level safety education for new employees; only after professional lectures and passing assessments can they take up their posts. Every June during the Safety Production Month, it carries out training on occupational disease protection and other topics, along with online quizzes and knowledge competitions. It regularly revises teaching materials and publicizes them through multiple channels, enriching training formats. During the reporting period, the occupational safety training coverage rate was 100%, with RMB 10.96 million invested in work-related injury insurance, and personnel coverage rate of 100%.



• Baoding Longda Safety Production Month Activity



• Jiangsu Lizhong Safety Production Month Activity

Situation Explanation

On October 11, 2025, the Company's subsidiary Sitong (Baotou) Rare Earth New Materials Co., Ltd. received the Administrative Penalty Decision issued by the Baotou City Donghe District Emergency Management Bureau due to its failure to promptly report a production safety accident involving a contractor within the plant area. The Company was imposed an administrative fine of RMB 1 million, and the relevant responsible persons were also penalized. The Company has comprehensively upgraded its outsourced safety control by strictly reviewing qualifications and insurance, elevating approval procedures for hazardous operations and placing work permits on site, establishing a linkage mechanism between safety performance and admission, and systematically preventing risks associated with outsourced operations.

Employee Rights and Benefits

Lizhong Group strictly complies with relevant laws and regulations such as the Labor Law of the People's Republic of China, upholds the principle of equal emphasis on material and non-material incentives, and is committed to enhancing employees' sense of happiness and belonging. It has built a complete compensation management system and welfare management system.

Compensation Incentives

The Company builds a diversified compensation system. In addition to basic salary, it sets compensation items such as position salary, performance salary, piece-rate salary, skill salary, overseas assignment allowance, seniority salary and year-end bonus. In 2025, the Company continued to optimize the compensation incentive mechanism, implementing the retention bonus system in New Thai Wheel, LIZHONG MEXICO and some domestic companies to motivate and retain key position personnel. At the same time, it introduced a third-party consulting agency to formulate and implement the Group's mid-to-senior management compensation incentive plan. In addition, in April 2025, the 27th meeting of the Fifth Board of Directors reviewed and approved the Proposal on the Achievement of Vesting Conditions for the Third Vesting Period of the First Grant Portion of the Company's 2022 Restricted Stock Incentive Plan, officially implementing equity incentives for mid-to-senior management personnel, deeply binding the core management team with the enterprise's development interests and strengthening employees' "sense of ownership".

Welfare System

The Company has established a complete welfare management system. The current employee welfare-related systems include the Mobile Phone Call Expense Reimbursement Management Measures, Employee Attendance and Leave Management Regulations, Regulations on Cadre Vehicle Allocation and Vehicle Allowance, etc. The supporting rights and welfare projects are rich and diverse, covering social insurance and housing provident fund, various allowances and subsidies, health examinations, overseas training, creative kung fu awards, QC awards, holiday benefits, birthday gifts, labor protection supplies, etc. At the same time, the Company solidly implements employee care and assistance for those in difficulty. It gives festival gifts to female employees on Women's Day, organizes single-person social events on Qixi Festival, establishes retirement employee honor retirement ceremonies, and regularly visits employees in difficulty and retired employees during Spring Festival and Mid-Autumn Festival every year, effectively safeguarding employee rights and interests.



• Employee Outward Bound Training Camp



• Fun Sports Meeting



• LIZHONG MEXICO Factory Birthday Party



• Lizhong Jingshan Badminton Activity



• Employee Birthday Party Activity



• LIZHONG MEXICO Employee Team-building Activity



• New Thai Wheel Spring Festival Activity



• Women's Day Activity

Democratic Management and Communication

Lizhong Group has built a complete democratic management and communication system, established a trade union and fully respects employees' autonomous willingness to participate in the union. Every year, it standardizes the convening of the employee representative congress; employee representatives are elected by all employees through secret ballot, with a term of two years. At the same time, the Group has established multiple shared communication modes such as OA work groups, WeChat work groups, email, various offline and online meetings, etc., to ensure smooth channels for employees to express themselves.

Employee Performance Appeal Mechanis

Lizhong Group conducts performance appraisal work in accordance with relevant systems. After the performance evaluation results are determined, the employee's superior, in combination with the employee's own situation, conducts face-to-face performance communication and discussion, fully listens to and adopts the employee's reasonable opinions and demands, guides the employee to continuously improve work performance, and standardizes the completion of the Performance Interview Feedback Form, forming a closed-loop performance feedback and appeal mechanism.

Employee Satisfaction Survey

Lizhong Group has formulated the Employee Satisfaction Management Process and the Employee Satisfaction Survey Management Regulations, building a complete employee satisfaction survey system. Subsidiaries organize two employee satisfaction surveys each year, with survey participants accounting for more than 80% of all employees. The Company forms special survey reports based on the survey results and formulates targeted rectification plans. At the same time, it regularly holds employee symposiums to directly listen to employees' voices and collect opinions and suggestions. In June and December 2025, the Company organized employee satisfaction evaluations. The core issues fed back by employees focused on expectations to increase cultural, sports and entertainment activities and improve the quality of cafeteria meals. In response to this issue, the Group has promoted special rectification. As of now, it has cumulatively organized 36 employee activities and, through the regular organization of the cafeteria committee, has specially optimized and improved the quality of cafeteria dishes.



During the Reporting Period

The Company's employee satisfaction rate was

100%

Number of employees in difficulty assisted

58 people

Diversity and Equal Opportunity

Management System and Regulations

Lizhong Group strictly adheres to labor laws and regulations. In accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on the Prohibition of Using Child Labor and other relevant laws and regulations, it establishes and improves an anti-discrimination and diversity management system, formulates complete internal management systems, and specially formulates supporting systems such as the Recruitment and Allocation Management Measures and the Employee Recruitment Management Process around core employment links such as anti-discrimination and diversity management, recruitment and hiring, and anti-child labor and forced labor. It standardizes the entire process of recruitment, hiring and employment, safeguards employees' equal rights and interests, strictly prohibits child labor and forced labor, promotes the diversified development of the employee team, and builds a solid institutional foundation for compliant and fair employment.

The Company takes strict prohibition of child labor and elimination of forced labor as the employment bottom line. In the recruitment link, it strictly verifies applicants' identity documents and conducts regular employment inspections and reviews to eliminate child labor from the source. The Company strictly implements various management systems, builds an open and fair recruitment system, and publicly releases all positions through official websites, recruitment platforms and other formal channels, clearly stating position requirements and qualifications. Recruitment strictly follows a three-step standardized procedure: resume screening is based on position requirements, with no discrimina-

tory conditions such as gender, age or ethnicity; interview assessment is jointly participated in by the human resources department and the employing department to ensure objectivity and fairness; employment approval is carried out through standardized OA processes, resolutely eliminating intervention by personal subjective factors. In addition, the Company actively recruits disabled persons for employment, matches suitable positions, provides labor protection supplies and position training, and ensures that they enjoy equal rights and interests with other employees.

Diversity Management

The Company's business covers 12 provinces, autonomous regions and municipalities in China, as well as multiple countries such as Thailand, South Korea and the United States. It widely recruits global talents and practices a diversified talent strategy. It adheres to equal pay for equal work between men and women, promotes gender equality, abandons all kinds of discrimination based on religion, nationality, marital status, gender, etc., pays attention to employee care, and strives to create a fair, just and open work and development environment.



LIZHONG MEXICO Employee



New Thai Wheel Employee

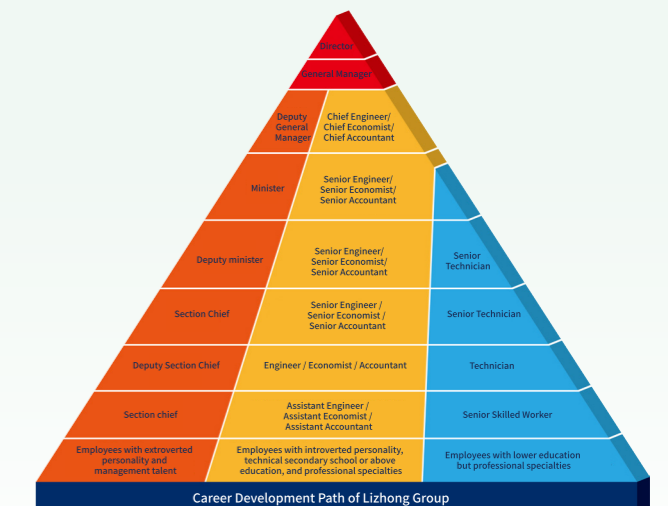
Talent Cultivation and Development

The Company centers on the goals of talent cultivation and development, builds a complete employee training system and supporting training plans, focuses on talent capability enhancement and organizational capability building, and achieves training quality and efficiency improvement through systematic construction, professional advancement and full-employee coverage, laying a solid support for the Company's talent echelon construction and high-quality development.

Employee Promotion

Lizhong Group has formulated three career development channels for employees of different cultures, ages and specialties.

Lizhong Group's employee career development follows the principle of progressing from low to high and advancing level by level. It has established three career development channels for employees: management, technical and skill. This ensures smooth promotion channels for employees, allowing all employees to find a suitable development direction in their career development channel.



Employee Training

The Company has vigorously advanced the establishment of the internal training curriculum system and the professional certification of the lecturer team, solidifying the foundation for talent cultivation. Currently, the Company's internal training course library has been expanded to 369 courses, of which 42% (154 courses) are Lizhong Group-level premium courses, all developed by lecturers with intermediate or higher qualifications and fully digitized and launched online. In 2025, 176 lecturers were certified by alloy segment, accounting for 7.7% of the total number of employees, fully leveraging the experience inheritance and professional leadership role of the management layer.

The Company adheres to full curriculum coverage and full employee participation, focusing on the growth needs of talents in various positions and precisely building a training content system. The training courses cover multiple fields such as production technology, informatization, safety, and management. At the same time, special training for personnel in special operations and employee team-building activities are arranged to comprehensively adapt to the growth needs of talents in different positions. The Company strictly implements the established training plan, promotes it layer by layer with closed-loop management, and effectively ensures the steady improvement of all employees' professional capabilities and comprehensive qualities.



• "Robot" Talent Cultivation Special Training



• Mid-level Cadre Enhancement Program



• Practical English Improvement Training



• Safety and Risk Prevention Training

During the Reporting Period

The Company organized a total of **30,601** training sessions

Number of participants **12,730** people

Training coverage rate **100** %



Report Conclusion

Key Performance Indicators Table

ESG key performance will be presented in table form (see attachment for specific details); as this is the second year of preparing the report with reference to the guidelines, the performance data for both 2024 and 2025 must be disclosed simultaneously as required.

Economic Performance				
Indicator	Unit	2024	2025	
Operating revenue	RMB 10,000	2,724,636.7	3,212,412.9	
Total assets	RMB 10,000	2,142,608.3	2,390,086.1	
Environmental Performance				
Issue	Indicator	Unit	2024	2025
Climate Change Response	Total greenhouse gas emissions	tCO ₂ e	756,000	759,059
	Scope 1 greenhouse gas emissions	tCO ₂ e	445,000	403,866
	Scope 2 greenhouse gas emissions	tCO ₂ e	311,000	355,212
	Total greenhouse gas emissions intensity (Scope 1 and 2) per million RMB	tCO ₂ e/ RMB 1,000,000	27.8	23.6
	Carbon quota trading volume	10,000 t	0	0
Pollutant Emissions	CCER trading volume	10,000 t	0	0
	CCER trading amount	RMB 10,000	0	0
	Environmental protection investment	RMB 10,000	6,828	6,950
	Chemical oxygen demand emissions	t	22.8	30.0
	Ammonia nitrogen emissions	t	1.5	2.0
	Nitrogen oxide emissions	t	243.1	283.7
	Sulfur dioxide emissions	t	57.5	59.1
Waste Treatment	Particulate matter emissions	t	78.5	67.6
	Volatile organic compounds (VOCs) emissions	t	34.7	28.3
	Total hazardous waste	t	60,098	66,715
	Hazardous waste generation intensity	t / RMB 1,000,000	2.2	2.1
	Total general solid waste	t	23,624	21,201

Environmental Performance				
Issue	Indicator	Unit	2024	2025
Energy Utilization	Total direct energy consumption	tce	267,499.6	236,254.1
	Total indirect energy consumption	tce	63,290.6	71,215.3
	Total energy consumption	tce	330,790.2	307,469.4
	Natural gas	10,000 m ³	17,724	19,214
	Gasoline	L	7,017	6,257
	Diesel	L	2,229,325	2,308,787
	Total electricity consumption	10,000 kWh	56,402	59,889
	Clean energy usage (photovoltaic power generation)	10,000 kWh	909	1,943
	Clean energy usage ratio (photovoltaic power generation)	%	1.61	3.24
Water Resource Utilization	Total water consumption	10,000 m ³	170.0	179.9
	Water resource usage intensity	m ³ / RMB 1,000,000	62	56
Circular Economy	Recycled waste utilization volume	10,000 t	75	94
	Reclaimed water usage	m ³	514,594	398,000

Social Performance				
Issue	Indicator	Unit	2024	2025
Rural Revitalization and Social Contribution	Total investment in rural revitalization and social contribution	RMB 10,000	44	45
	Total person-times of employees participating in rural revitalization and social contribution	Person-times	721	212
	Total service hours of employees participating in rural revitalization and social contribution	Hours	1,583	1,110
Innovation Drive	Cumulative number of authorized patents	Items	964	960
	Number of invention patents	Items	170	183
	Number of software copyrights	Items	22	10
	Number of intellectual property infringement incidents	Incidents	0	0
	R&D investment	RMB 10,000	93,756.3	105,572.9
	R&D investment as percentage of operating revenue	%	3.44	3.29
	R&D team size	Persons	2,393	2,310
	R&D team size as percentage of total employees	%	20	18

Social Performance				
Issue	Indicator	Unit	2024	2025
Supply Chain Security	Total number of cooperative suppliers	Companies	3,448	4,651
	Number of Chinese suppliers	Companies	2,935	4,364
	Number of overseas suppliers	Companies	513	287
	Total number of suppliers with contracts containing environmental and labor clauses	Companies	1,634	2,035
	Proportion of suppliers signed integrity agreements	%	100	100
	Customer complaint handling rate	%	100	100
Product and Service Safety and Quality	Customer satisfaction rate	Points	97	98
	Major liability accidents related to product and service safety and quality	Cases	0	0
Data Security and Customer Privacy Protection	Number of complaints received from customers regarding data and privacy security	Cases	0	0
	Number of customer data breach incidents	Times	0	0
	Number of data security incidents	Cases	0	0
Employees	Total number of employees	Persons	12,032	12,730
	Number of male employees at end of period	Persons	9,816	10,561
	Number of female employees at end of period	Persons	2,216	2,169
	Master's degree or above	Persons	151	138
	Junior college and bachelor's degree	Persons	4,299	4,433
	Technical secondary school, high school and below	Persons	7,582	8,159
	Number of employees under 30 at end of period	Persons	3,563	4,330
	Number of employees aged 31–50 at end of period	Persons	7,633	7,632
	Number of employees over 51 at end of period	Persons	836	768
	Social insurance coverage rate	%	100	100
Employees	Number of work-related injuries in the reporting period	Persons	2,375	2,230
	Employee turnover rate	%	16.5	17.5
	Number of labor disputes that occurred during the reporting period	Cases	0	0
	Number of training participations in the reporting period	Persons-times	28,176	30,601
	Training coverage rate in the reporting period	%	100	100
	Number of work-related fatalities	Persons	0	0
	Work-related fatality rate	%	0	0

Social Performance				
Issue	Indicator	Unit	2024	2025
Employees	Investment in work-related injury insurance	RMB 10,000	471	1,096
	Work-related injury insurance coverage rate	%	100	100
	Employee health examination coverage rate	%	100	100
	Number of positions provided for persons with disabilities	Positions	239	358
	Number of employees in difficulty assisted	Persons	148	58

Sustainable Development-related Governance Performance				
Issue	Indicator	Unit	2024	2025
Anti-commercial Bribery and Anti-corruption	Number of corruption lawsuits filed against the Company and its employees	Cases	0	0
	Total number of directors receiving anti-commercial bribery and anti-corruption training	Persons	7	7
	Percentage of directors receiving anti-commercial bribery and anti-corruption training	%	100	100
	Total number of management personnel receiving anti-commercial bribery and anti-corruption training	Persons	754	894
	Percentage of management personnel receiving anti-commercial bribery and anti-corruption training	%	100	100
	Total number of employees receiving anti-commercial bribery and anti-corruption training	Persons	12,032	12,730
	Percentage of employees receiving anti-commercial bribery and anti-corruption training	%	100	100

GRI Standards Index Table

《Sustainability Reporting Standards (GRI Standards)》 Index Table

Usage Note	Lizhong Sitong Light Alloys Group Co., Ltd. referred to the GRI Standards for the period from January 1, 2025 to December 31, 2025 and reported the information referenced in this GRI Content Index.
GRI 1 Used	Foundation 2021

Disclosure Item	Corresponding Chapter
GRI 2: General Disclosures 2021	
Organizational and Reporting Practices	
2-1 Organizational details	About This Report
2-2 Entities included in the sustainability report	About This Report
2-3 Reporting period, reporting frequency and contact person	About This Report
2-4 Restatements of information	Not applicable
2-5 External assurance	Independent Assurance Statement
Activities and Workers	
2-6 Activities, value chain and other business relationships	About Lizhong Group
2-7 Employees	Employee
2-8 Workers other than employees	Rural Revitalization and Social Contribution
Governance	
2-9 Governance structure and composition	Corporate Governance
2-10 Nomination and selection of the highest governance body	Corporate Governance
2-11 Chair of the highest governance body	Corporate Governance
2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13 Delegation of responsibility for managing impacts	Corporate Governance
2-14 Role of the highest governance body in sustainability reporting	Corporate Governance
2-15 Conflicts of interest	/
2-16 Communication of important concerns	Stakeholder Communication
2-17 Collective knowledge of the highest governance body	Sustainable Development Governance
2-18 Evaluation of the performance of the highest governance body	/
2-19 Remuneration policy	Employee
2-20 Process for determining remuneration	Employee
2-21 Annual total remuneration ratio	/
Strategy, Policies and Practices	
2-22 Statement on sustainable development strategy	Chairman's Message

Disclosure Item	Corresponding Chapter
2-23 Policy commitments	See each chapter
2-24 Integrating policy commitments	See each chapter
2-25 Processes to remediate negative impacts	Sustainable Development Governance
2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication
2-27 Compliance with laws and regulations	Corporate Governance
2-28 Membership of associations	Sustainable Development Governance
Stakeholder Engagement	
2-29 Approach to stakeholder engagement	Stakeholder Communication
2-30 Collective bargaining agreements	/
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Sustainable Development Governance
3-2 List of material topics	Sustainable Development Governance
3-3 Management of material topics	Sustainable Development Governance
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	About Lizhong Group
201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Response
201-3 Defined benefit plan obligations and other retirement plans	Employee
201-4 Financial assistance received from government	/
GRI 202: Market Presence 2016	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016	
203-1 Infrastructure investments and services supported	Innovation Drive
203-2 Significant indirect economic impacts	Innovation Drive
GRI 204: Procurement Practices 2016	
204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for corruption risks	Anti-commercial Bribery and Anti-corruption
205-2 Communication and training about anti-corruption policies and procedures	Anti-commercial Bribery and Anti-corruption
205-3 Confirmed incidents of corruption and actions taken	Anti-commercial Bribery and Anti-corruption
GRI 206: Anti-competitive Behavior 2016	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-unfair Competition
GRI 207: Tax 2019	
207-1 Tax policy	Corporate Governance, Risk Management and Internal Control

Disclosure Item	Corresponding Chapter
207-2 Tax governance, control and risk management	Corporate Governance, Risk Management and Internal Control
207-3 Stakeholder engagement and management of tax-related concerns	/
207-4 Country-by-country reporting	Not applicable
GRI 301: Materials 2016	
301-1 Materials used by weight or volume	/
301-2 Recycled input materials used	Sustainable Resource Utilization
301-3 Reclaimed products and their packaging materials	Sustainable Resource Utilization
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Sustainable Resource Utilization
302-2 Energy consumption outside the organization	/
302-3 Energy intensity	Sustainable Resource Utilization
302-4 Reduction of energy consumption	Sustainable Resource Utilization
302-5 Reductions in energy requirements of products and services	Sustainable Resource Utilization
GRI 303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Sustainable Resource Utilization
303-2 Management of water discharge-related impacts	Sustainable Resource Utilization
303-3 Water withdrawal	Sustainable Resource Utilization
303-4 Water discharge	Pollutant Prevention and Ecosystem Protection
303-5 Water consumption	Sustainable Resource Utilization
GRI 304: Biodiversity 2016	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not involved
304-2 Significant impacts of activities, products and services on biodiversity	Not involved
304-3 Habitats protected or restored	Not involved
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not involved
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	Climate Change Response, Key Performance Indicators Table
305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Response, Key Performance Indicators Table
305-3 Other indirect (Scope 3) GHG emissions	/
305-4 GHG emissions intensity	Climate Change Response, Key Performance Indicators Table
305-5 Reduction of GHG emissions	Climate Change Response, Key Performance Indicators Table
305-6 Emissions of ozone-depleting substances (ODS)	Not involved
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Prevention and Ecosystem Protection

Disclosure Item	Corresponding Chapter
GRI 306: Waste 2020	
306-1 Waste generation and significant waste-related impacts	Pollutant Prevention and Ecosystem Protection
306-2 Management of significant waste-related impacts	/
306-3 Waste generated	Pollutant Prevention and Ecosystem Protection
306-4 Waste diverted from disposal	Pollutant Prevention and Ecosystem Protection
306-5 Waste directed to disposal	Pollutant Prevention and Ecosystem Protection
GRI 308: Supplier Environmental Assessment 2016	
308-1 New suppliers screened using environmental criteria	Sustainable Supply Chain
308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	Employee
401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	Employee
401-3 Parental leave	Employee
GRI 402: Labor/Management Relations 2016	
402-1 Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Employee
403-2 Hazard identification, risk assessment and incident investigation	Sustainable Development Governance, Employee
403-3 Occupational health services	Employee
403-4 Worker participation, consultation and communication on occupational health and safety	Employee
403-5 Worker training on occupational health and safety	Employee
403-6 Promotion of worker health	Employee
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee
403-8 Workers covered by the occupational health and safety management system	Employee
403-9 Work-related injuries	Employee
403-10 Work-related ill health	Employee
GRI 404: Training and Education 2016	
404-1 Average hours of training per employee per year	Key Performance Indicators Table
404-2 Programs for upgrading employee skills and transition assistance programs	Employee
404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Corporate Governance, Employee

Disclosure Item	Corresponding Chapter
405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	Employee
GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	Employee
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee
GRI 410: Security Practices 2016	
410-1 Security personnel trained in human rights policies or procedures	Not involved
GRI 411: Rights of Indigenous Peoples 2016	
411-1 Incidents of violations involving rights of indigenous peoples	Not involved
GRI 413: Local Communities 2016	
413-1 Operations with local community engagement, impact assessments and development programs	Sustainable Resource Utilization, Rural Revitalization and Social Contribution, Employee
413-2 Operations with significant actual or potential negative impacts on local communities	Not involved
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers screened using social criteria	Sustainable Supply Chain
414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 415: Public Policy 2016	
415-1 Political contributions	Not involved
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	Product and Service Safety and Quality
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Safety and Quality
GRI 417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Product and Service Safety and Quality
417-2 Incidents of non-compliance concerning product and service information and labeling	Not involved
417-3 Incidents of non-compliance concerning marketing communications	Not involved
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product and Service Safety and Quality

Independent Assurance Statement

To the management and stakeholders of Lizhong Group,

Lianhe Equator Environmental Impact Assessment Co., Ltd. (hereinafter referred to as "Lianhe Equator" or "We") has been engaged by Lizhong Sitong Light Alloys Group Co., Ltd. (hereinafter referred to as "Lizhong Group" or "the Company") to conduct an independent limited assurance on the Lizhong Sitong Light Alloys Group Co., Ltd. 2025 Sustainability Report (hereinafter referred to as "the Report").

The responsibility of Lizhong Group is to undergo due diligence by Lianhe Equator's assurance team, provide the necessary information, data, and institutional documents for this assurance process, and ensure the authenticity and effectiveness of the information, data, and institutional documents provided. The responsibility of Lianhe Equator is to assess the Report within the terms of reference agreed upon with the Company and to issue an Assurance Statement accordingly.

1. Criteria

This assurance process is conducted in accordance with the AA1000 Assurance Standard v3 ("AA1000AS v3").

2. Scope

- The time frame of this assurance is from Jan 1, 2025 to Dec 31, 2025.
- The scope of information for this assurance is limited to the sustainability-related information covered in the Report. It excludes information related to suppliers, partners, and other third parties, as well as the organization's positions, viewpoints, forward-looking statements, and predictive information.
- The on-site assurance was conducted at Lizhong Building, No. 948 Dongqi Road, Baoding City, Hebei Province, China.
- The assurance was conducted in accordance with AA1000AS v3, with a Type 1 engagement and Moderate assurance.

3. Methodology

The assurance conducted by Lianhe Equator mainly includes the following aspects:

- Reviewing sustainability-related information disclosed in the Report.
- Conducting sampling interviews with Lizhong Group's management and personnel responsible for the measurement and collection of performance data.
- Reviewing and inspecting Lizhong Group's management practices, business processes, and evidence collection.
- Verifying the completeness and effectiveness of the sources, collection processes, processing methods, and review mechanisms of the performance data.
- Collecting and assessing evidence and management statements supporting the Company's adherence to AA1000 principles.

4. Limitations

The assurance procedures are limited to sampling checks and calculations of selected information, and may not identify all potential deficiencies or irregularities.

5. Conclusions

Based on the results of the above procedures and considering the extent to which Lizhong Group adherence to the AA1000 standard, as well as the reliability and quality of its specific performance information, we have formulated the following conclusions:

Inclusivity: Lizhong Group adheres to the management philosophy of being proactive and open for collaboration, and has identified its key stakeholders, including shareholders and investors, government and regulatory authorities, customers and potential customers, the public and society, employees, as well as suppliers and business partners. The Group has established a multi-level communication mechanism tailored to different stakeholder groups, collecting feedback and opinions through various methods such as meetings, regular visits, surveys, satisfaction questionnaires, online performance briefings, on-site research, roadshows, and responses on investor Q&A platforms. In response to stakeholder concerns, the Company has taken specific actions, effectively enhancing stakeholder satisfaction and trust, and deeply integrating their expectations into the Company's strategic planning and daily operations. We conclude that Lizhong Group adheres to the principle of inclusivity.

Materiality: Lizhong Group has established a scientific materiality assessment process. By combining national macro-policy orientation, industry trend analysis, and stakeholder concerns, and benchmarking against leading domestic and international peers, while considering core business characteristics and value chain distribution, the Group has identified 28 material topics. The Group evaluated these topics through the dual dimensions of "Importance to Stakeholders" and "Importance to Lizhong

Group's Development," constructed a materiality matrix, and provided systematic and focused disclosure on highly important topics in the Report. We conclude that Lizhong Group adheres to the principle of materiality.

Responsiveness: Lizhong Group has established a multi-dimensional communication and response system, providing substantive responses to stakeholder concerns through regular or ad-hoc channels. The Report provides in-depth responses to highly important topics identified in the materiality analysis, including but not limited to Addressing Climate Change, Pollutant Emissions, Environmental Compliance Management, Occupational Health and Safety, Product and Service Safety and Quality, Employee Rights and Benefits, Innovation Driven, Corporate Governance, Circular Economy, Anti-Unfair Competition, and Supply Chain Security. Furthermore, the Company has enhanced the transparency of its response to stakeholder concerns by demonstrating specific management measures, key performance data, and typical cases. We conclude that Lizhong Group adheres to the principle of responsiveness.

Impact: Lizhong Group comprehensively assesses and manages the multi-dimensional impacts of its business activities on the environment, society, and economy, and has established an ESG governance structure to integrate ESG matters into its development strategy and business activities. Furthermore, the Group conducts risk and opportunity identification for key topics, focusing on the impact of related risks on value chain stability, operational compliance, and long-term value creation, formulates specific performance indicators and improvement plans, and discloses its practices and progress in the Report. We conclude that Lizhong Group adheres to the principle of impact.

6. Independence and Competencies

Lianhe Equator, established in 2015, is a green bond verifier that has passed the market assessment of the China Green Bond Standard Committee, is accredited by AccountAbility AA1000 CIC as a sustainable development assurance provider, and possesses extensive experience in evaluation and certification.

The members of Lianhe Equator's assurance team possess professional expertise and experience in conducting the assurance, adhere to the AA1000AS v3 Code of Practice, and standardize the specific assurance according to the Working Procedures of Assurance of Sustainable Development Report of Lianhe Equator. Except for the entrusting relationship between Lianhe Equator and Lizhong Group as a result of this assurance, there is no relationship between Lianhe Equator, its assurance team members, and Lizhong Group that affects the independence, objectivity and impartiality of the assurance.



Liu Jingyun (Signature)

Executive President

Lianhe Equator Environmental Impact Assessment Co., Ltd.

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Feedback Form

Dear Readers,

Thank you for reading the Lizhong Sitong Light Alloys Group Co., Ltd. 2025 Sustainability (ESG) Report. To better improve the content and format of our report and enhance the quality of information disclosure, we sincerely invite you to fill in the following feedback form. Your valuable opinions and suggestions will help us continuously optimize and improve our ESG responsibility management level.

1. Your overall evaluation of this report is:

Excellent Good Average Poor Very Poor

2. Do you think this report can reflect the Company's significant impacts on the economy, society and the environment?

Yes No

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?

Excellent Good Average Poor Very Poor

4. How do you rate the structure and arrangement of the report content?

Very reasonable Reasonable Average Poor Very Poor

5. How do you rate the layout design and presentation style of this report?

Excellent Good Average Poor Very Poor

6. What other opinions or suggestions do you have regarding the sustainability-related work of Lizhong Sitong Light Alloys Group Co., Ltd.?

Please send the completed form to info@stnm.com.cn. Thank you again for your trust and support!

Advanced production processes and technologies have been used to achieve the recycling of renewable resources, to continuously pursue the goal of green development, and to contribute to achieving carbon peaking and carbon neutrality.


Appreciation Motivation

Concentration Innovation

Released by Lizhong Sitong Light Alloys Group Co., Ltd.

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